Indiana Department of Education

SUPPORTING STUDENT SUCCESS

TO: Honorable Mitch Daniels
Governor, State of Indiana

Honorable Dr. Tony Bennett
State Superintendent of Public Instruction

Members of the Indiana House of Representatives
Members of the Indiana Senate

SUBJECT: Submission of report required pursuant to IC 20-42.5-3-3

DATE: October 29, 2009

FROM: Indiana State Board of Education

IC 20-42.5-3-3 states: "Not later than November 1 of each year, the state board, assisted by the Office of Management and Budget and school corporation officials, shall submit a report to the state superintendent, the governor, and the general assembly concerning the following:

1. Consolidated purchasing arrangements used by multiple school corporations, through educational service centers, and throughout Indiana.
2. Shared services arrangements used by multiple school corporations, through educational service centers, and the state as a whole.
3. The efforts of school corporations to explore cooperatives, common management, or consolidations.

The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6."

Please find the report for school corporations and education service centers attached.

Summary of Consolidated Purchasing Arrangements, Shared Service Arrangements and The Efforts of School Corporations to explore Cooperatives, Common Management, Or Consolidations as reported By Education Service Centers and School Corporations For the 2008-2009 school year

Indiana Department of Education
November 2, 2009

Introduction

In accordance with I.C. 20-42.5-3-3, the State Board of Education is required to submit a report no later than November 1st of each year to the state superintendent, governor, and the Indiana General Assembly concerning:

1) Consolidated purchasing arrangements used by multiple school corporations, through educational service centers, and throughout Indiana;

2) Shared service arrangements used by multiple school corporations, through education service centers, and in Indiana as a whole;

3) The efforts of school corporations, to explore cooperatives, common management, or consolidations.

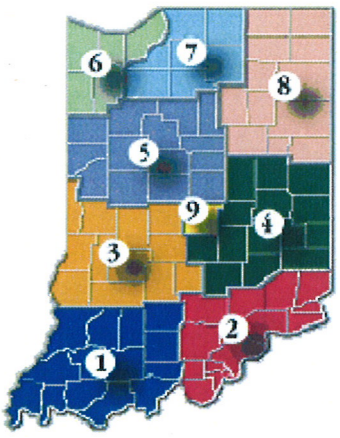
The Department of Education conducts the annual survey and collects and reports the data supplied from public school corporations and education service centers. The time frame for collecting data for schools and education service centers is the same and the information is based on 2008-2009 school year. Summary information provided on both surveys is included in the framework of this report. Surveys covered the three required statutory elements of consolidated purchasing arrangements, shared service arrangements, and efforts of school corporations to explore certain areas, and the results are analyzed in separate sections.

➢ EDUCATION SERVICE CENTER SURVEY RESULTS

Education Service Centers (ESC)

Educational service centers are organized in a nine-region structure (see diagram below) that serves the needs of its 269 member school corporations, 10 charter schools, and other associate members by providing core services such as educational planning, project piloting, commodity buying, media and technology services, as well as providing professional development opportunities. ESCs support and facilitate actions by school corporations through a wide range of products and services, which enable members to realize dollar savings through volume discounting. Each center's bids are open and available to members of all other service centers. Service centers enable cooperative purchasing, and service sharing activities as well. Identified savings can be translated into additional available dollars for classroom instruction and instructional activities. This structure allows school corporations the opportunity to offer cooperative and shared programs and services that it may not be individually able to provide but can collectively provide through the Education Service Center.

ESCs are funded through a state appropriation within the Indiana Department of Education's budget and are eligible to set membership fees, administrative fees, and develop other self-generated income activities, such as grant writing and entrepreneurial programs. Membership in an ESC is not mandatory, but voluntary, for school corporations, with membership fees varying from $3.25 per ADM to over $5.75 per ADM and the minimum required fee is set at $3.00 per ADM. The Indiana General Assembly determines the minimum required fee as part of the biennium budget.



1	Southern Indiana ESC
2	Wilson Education Center
3	West Central Indiana ESC
4	East Central ESC
5	Wabash Valley ESC
6	Northwest Indiana ESC
7	Northern Indiana ESC
8	Region 8 ESC
9	Central Indiana ESC

With today's economic climate, it is imperative that school corporations find ways to direct additional dollars into instruction and instruction related activities. Education Service Centers actively recruit new membership in order to reduce costs to schools that may be working independently to make purchases or provide services. (See Service Center Membership by Region below) By helping corporations realize economies of scale, the service centers are helping school corporations, charter schools, and private schools become more efficient and effective in their efforts to direct monies to the classroom.

ESCs regularly survey their membership in an effort to identify potential service needs and then use that information to research the feasibility of piloting and/or offering those services to member schools. This report will touch on some of these efforts as both the ESCs and corporations continue to seek ways to save money and provide valuable services and/or programs.

Through cooperative and shared services, ESCs can assist school corporations with offering, supplementing, equalizing, and supporting their initiatives and activities in a school district that may not be able to provide supplemental programs and services to its students without these arrangements.

Service Center Membership by Region

School Corps	Charters		
34	0	1	Southern Indiana ESC
27	1	2	Wilson Education Center
23	1	3	West Central Indiana ESC
45	0	4	East Central ESC
35	1	5	Wabash Valley ESC
23	6	6	Northwest Indiana ESC
31	1	7	Northern Indiana ESC
33	0	8	Region 8 ESC
18	0	9	Central Indiana ESC
269	10		Total Membership

Table 1 Public School Corporation & Charter School Membership by Region

Role of the ESC in Consolidated Purchasing and Shared Services

Educational Service Centers actively assist, support, and facilitate procurement activities for school corporations by removing much of the administrative overhead involved with specifications writing, advertising, bidding, evaluating, and awarding products through the use of ESC cooperative agreements.

Each task in the bidding and procurement process carries significant costs to school corporations in terms of time, staff, and financial resources and this is particularly true for smaller school districts. When ESC's services are utilized, the resulting monetary savings can translate directly into increased dollars available for the classroom.

In this year's survey, it was reported by ESCs that they jointly supported 268 public school corporations, 10 charter schools, multiple private schools, and 1 state-operated school with cooperative purchasing practices. Total ESC membership to date is 333 entities, of which over 80% are publicly funded school corporations. Membership has increased by one school since last year's report. Additionally, ESCs provide supplemental services and programs to over 780,395 students and 49,543 educators in Indiana. Although private schools, parochial schools, and other governmental entities participate in cooperative purchasing through the ESCs, their participation and purchasing practices are not included in the results of these surveys.

ESC Accomplishments in 2008-2009

This year, the ESCs have assisted school corporations by:

- Working with the Indiana Department of Education to improve professional development programs in conjunction with the Department's goals.
- Continuing to focus on growing membership to further enhance efficiencies and economies of scale with consolidated purchasing and shared services for members.
- Working on a statewide school bus bid in conjunction with the Indiana Department of Administration and the Indiana Bond Bank, which entailed looking at funding options available to school corporations.
- Continuing to increase the use of shared services and resources between school corporations. The survey shows a 5.0% increase in cooperative purchasing from the prior year.
- Implementing the use of statewide video streaming projects, which made web sources available to member schools and improved the use of technology with ESCs.
- Implementing, under professional development, a Teacher Reading Academy for Grades K-3. This serves as a role model for future training opportunities.
- Instituting the Supplemental Education Services program for Title I schools not meeting AYP, which was piloted for three years in Central Indiana and resulted in a 13% increase in reading and 28% increase in math skills for participating schools.

- Continuing to explore potential new areas in which the ESC might further develop alliances that could save school corporations and other members more money in the future.

- Continuing with marketing services to non-member schools and local units of government in an effort to increase the potential savings available through volume purchasing.

Questions 1 & 2 - ESC Consolidated Purchasing Efforts

Question 1 – This question inquired whether or not Education Service Centers entered into consolidated purchasing arrangements on behalf of multiple schools or charter schools.

There was one new member joining Education Service Centers in 2008-2009, bringing the total to 269 members overall.

Question 2 – Asked Education Service Centers to provide a listing of such consolidated purchasing arrangements to include the commodity or item purchased, volume (if known), participating school corporations or charter schools, and estimated savings realized.

As reported on the 2007-2008 ESC survey, a total of $164,380,972 was purchased through the combined ESC model. For 2008-2009, total dollar volume was $177,163,492, comprising a 7.7% increase over the prior year. The top six Educational Service Centers reporting sales and increases from 2008 to 2009 were West Central Indiana ESC with total purchases of $11,443,045, an increase of 16.4%; Wabash Valley ESC with purchases of $23,515,908, an increase of 23%; Northwest Indiana ESC with purchases of $26,099,710, an increase of 8.1%; Region 8 ESC with purchases of $13,894,646, an increase of 3.7%; and Central Indiana ESC with purchases of $70,595,631, an increase of 8.4% over the prior year. Southern Indiana ESC had the largest increase in purchases from 2008 to 2009 at 67.7% although the total volume was $6.1m. The largest decrease in purchases was at Wilson ESC, which dropped 17.7% from $10,125,793 to $8,435,192.

The majority of purchases were in the areas of liability insurance at $55,865,275; food services at $27,038,298; information technology at $22,491,318; school bus purchases at $25,167,887; and dairy at $11,449,529. Other collaborations were in the area of administrative software, carpeting, copy paper, custodial, furniture, office, roofing, copy machines, commodity food, waste disposal, natural gas, furniture and cartridge/toner/ribbons with other minor categories included too.

All ESCs reported purchases in the areas of AV, carpeting, copy paper, lamps-ballasts, custodial, information technology, office, liability insurance, and school bus purchases, which comprised 33% of the total purchases made in 2009.

School bus bidding had expenditures of approximately $26.2m in 2007-2008 and in 2008-2009 the amount decreased to $25,167,887, which was a 4% decrease. However, school bus bidding remains a strong category of purchasing activity. Attributable reasons for the decline may include a legislative change effective in 2008-2009 that required schools to adopt a twelve year bus replacement plan, instead of a ten-year plan, and delayed receipt of property tax revenues

used for the purchase of buses. There was an overall increase in the number of school corporations using the bus bid.

The information shows that in all areas offered, education service centers are participating in most of the categories. A few areas such as classroom supplies, commodity food, fire safety, waste disposal, and cellular phones showed lower participation among the education service centers but still warrant consideration as an available item.

The total ADM count for members was 780,395 resulting in total purchases per student of $227.02. The highest ADM reported for a service center was at the Central Indiana ESC with total purchases of $70,595,631, ADM of 173,329 and total purchases per student of $407.29. Given this area includes Marion County, Hamilton, County, Hendricks County and Boone County; it is understandable that there would be stronger purchasing activities. The lowest ADM of 52,393.76 was reported in the Southern Indiana ESC with purchases of $6,180,509 and total purchases per student of $117.96. This area includes the counties of Vanderburgh, Perry, Dubois, Knox, Spencer, Orange, Daviess, Crawford, Greene, Dubois, Martin, Gibson, Pike and Washington.

Food Commodities is an area of continued growth. When looking at this area as a whole, it includes cafeteria, dairy, bakery and commodities. By treating these as working hand-in hand, ESC members experience greater savings because of combined buying power into each one of the food bids. By continuing to work together to expand each of the food bids, ESC have the opportunity to provide schools with the best bids possible, which results in a wider selection of needed food products and cafeteria supplies while not sacrificing quality nutrition to students.

In the Southern IN Education Center, the Food Co-op assists districts with finding the best values and spending funds for commodities stretches further. Before the efforts began four years ago, schools left up to 30% of their commodity dollars unspent. The Co-op holds sessions geared toward tasting products, making food selections that are more nutritional and tasty, networking with other Food Service Directors, and gathering useful information on commodity products. Additionally, directors save about $0.05 to $0.08 per meal, which adds up when over 3.5 million meals are served by the co-op members.

In the area of Consolidated Purchasing Revenue, 2008-2009 had $322,188 in revenue. The participating school corporation's ADM count was 780,395, resulting in revenue per student of $0.41. The highest revenue per student was in the Wabash Valley ESC at $0.87 and the lowest revenue per student at Northern Indiana ESC and Central Indiana ESC with both ESC at $0.23 per student.

Total revenue at Wabash Valley ESC was $65,995 and $14,890 at Northern Indiana ESC. Information technology earned the most revenue at $112,457 with copy paper at $24,268; and INCOLSA at $21,020. Wilson Education Center ESC maintains a bid origination fee for the IAESC procurement sales, excluding computers. Total sales were $39,249,529 with a 1.2% maintenance fee of $470,994 and Bid origination fee of 0.5% and $112,765, resulting in a total of $583,760. Northwest ESC had bid origination fees for statewide computer sales of $83,482 based on 0.5% of computer sales totaling $16,696,463.

Questions 3 & 4 - ESC Shared Services Efforts

Question 3 – Asked Education Service Centers if, during the last twelve months, the Service Center entered into any shared service arrangements on behalf of multiple school corporations or charters schools.

Question 4 – Asked Education Service Centers to provide a listing of shared services arrangements among school corporations or charter schools, including the kind of the shared service, the school corporations involved, and an estimate of savings realized from this arrangement.

This year the Shared Services category deviated from a dollar amount to a raw number that includes the number of contacts or opportunities for a particular service. Depending on the type of service under review in the report, ESC could be reporting on the total number of staff, students, meetings, videos, purchase orders, or school corporations related to the service provided. In previous reports a dollar value was tied to each service and that dollar value may have varied by reporting service centers. This year's ESC report focused more on numerical data as far as contact information and opportunities provided. This change results in apples to oranges comparison in the shared services category for 2007-2008 when compared to 2008-2009. However, with next year's report using similar reporting numbers, a valid comparison can be made.

In 2009, 40 categories of shared services were reported which reflects the same number reported in 2008. Shared service opportunities offered by school corporations totaled 151,027. For 2007-2008, this area was hard to quantify, as far as dollars, because some services offered provided an increase in the number of credits for attendees, opportunities for professional growth training, or ordering efforts. There are many categories of shared services, which provided different results depending on the program. In media services, there were over 35,901 orders from school corporations for classroom materials, while schools accessed Star-lab 969 times, and 93 schools used the interlibrary loan system through the State library.

In the area of professional development, 22,785 individuals attended training opportunities and resulted in representation from all ESC regions. ESC professional meetings were attended by 1,866 individuals. Remediation services were provided for 344 students through supplemental education services. Approximately 2,964 students took Indiana on-line courses. About 32 individuals used on line calling for substitute teacher systems, with the majority from Region 8 ESC. ESC entered 49,704 purchase orders for school corporations. Eleven school corporations participated in the property/casualty and workmen's compensation insurance trust.

Wabash Valley ESC, at 37,177, participated in the most shared service activities and or opportunities with Wilson Education Center ESC following with 21,108 shared service activities.

Questions 5 & 6 - ESC Shared Services Efforts

Question 5 – This question asked whether a Service Center explored cooperating purchasing, shared management services, or consolidations on behalf of school corporations or other charter schools.

All nine ESC regions reported that their Center had explored cooperative purchasing, shared management services, or consolidations on behalf of school corporations. It appeared that in

some areas of Explored Services that only one or two schools explored an area rather than all schools. The least explored, but offered, areas were Custodial maintenance audits, off site backups, and district office sharing with numbers in the single digits. There were no areas where all schools explored the same service. The total of explored services by Regions was 1,408 with 21.8% of the total from Southern Indiana ESC and 26.8% of the explored services from Wabash Valley ESC.

Question 6 – Asked for a listing of activities pertaining to cooperative purchasing, shared management services, or consolidations to include the nature of the activity and the school corporations or charter schools involved.

The most requested services by school corporations were in the areas of parent notification systems, risk management services, substitute provider services, supplemental education services, and a variety of video-related services. One explored service was On-line Drivers Education, which is part of a summer study committee. Supplemental education services were an explored service and are now a shared service provided by ESCs. With new legislation requiring teacher background checks, that has now become an explored area for service by ESCs. Back office consolidation comes at a time when school corporations are trying to consolidated administrative functions. The list below details the break-out, by number, of member corporations requesting exploration of additional services that might be procured or shared collaboratively in the future.

Number of Corporations Requesting	Item Requested
39	Data Warehousing
96	Substitute Provider Services
34	Online MSDS Sheet Storage and Retrieval
34	Utility Auditing
85	Emergency Notification Systems
76	Risk Management
35	Curriculum Standards Audits
40	Technology Recycling
28	Online Drivers Education
78	Streaming Video
89	Supplemental Education Services
35	Gov Pro
46	Background Checks
60	Natural Gas
7	Lawn Equipment
3	Light Bulb Recycling
7	Russ Grant
42	Fiber Deployment
42	Online Teacher Training
19	3rd party Food Service Bids
7	Outsourced custodial services
7	Bus Maintenance Share
2	District Office Share
76	Video Conference Training
8	Video Conference Meeting
1	Off Site Backup
42	State on Demand Video
19	Staff Application Services
7	Back office consolidation
20	Online Credit Recovery
42	IRS and 403B Services

19	Online Teacher Recruiting
7	Shared Maintenance Equipment
5	Mimio
8	Power Station Charging
11	School Calendars
6	Document Management
16	Job Fair
6	Special Activity Vehicle Physicals
3	Alternative Schools
5	School wires Web Pages
35	Electronic Newsletter
6	Ice Melt
7	Student Management Systems
37	ESCRFT Liability Insurance
45	National School Leaders Academy
45	National Instruction Coaches Association
1	Custodial Maintenance and Audits
4	Workers' Comp and Casualty
14	Wind Farm
2	E-Procurement Statewide

➢ SCHOOL CORPORATION SURVEY RESULTS

Introduction

This part of the report analyzed Indiana school corporations' use of consolidated purchasing arrangements, shared services arrangements, and efforts to explore cooperative purchases. The Department posted a survey consisting of 5 multi-part questions asking respondents to answer whether or not they had undertaken any of the individual opportunities listed. If they responded with a yes, they were asked to provide information concerning the activity and possible savings realized from the activity. The questionnaire addressed the same 3 areas targeted in the education service center survey of purchasing, shared service practices, and efforts to further explore purchasing or service options. School corporations were asked to respond with information about activities that were undertaken ***excluding*** activities through education service centers.

Approximately 58% of Indiana's school corporations responded to the on-line survey and approximately 5.36% of charter schools in operation during the survey year of 2008-2009 responded to the survey. It is not clear why response efforts by school corporations and charter schools were lower than in the 2007-2008 survey. One thought is that school corporations were focused on the special session of the Indiana General Assembly and potential legislative changes that could affect them during the next biennium.

Question 1 – School Corporations – Member Information

The first question asked whether or not a school corporation was part of a formal education service center, special education, vocational education, insurance trust, fuel consortium, or energy consortium. If the school corporation was a member of a consortium, the question asked whether there was an ADM or other fee associated with membership.

Question 1A – This question asked schools whether or not school corporations or charter schools belong to a special education cooperative. Of the respondents, 149 expressed that they

were members in a special education cooperative. Larger school districts, particularly those in Marion County, have a special education population large enough to justify in-house special education programs and services at their facilities.

Costs associated with membership in a special education cooperative varied across the state. A school in northern Indiana commented that there is no per student fee charged for the special education cooperative or the career center. Fees provided to special education students for that school corporation are based on the cost of the disability program applicable to the student and prorated according to the number of students in the program. Given the wide disparity in dollar amounts per ADM, it was determined that some schools entered the data believing it would automatically include two decimal places, as in prior year reports, and therefore their membership fee per ADM is inflated. School special education membership fees reflect amounts from $4.00 per member to amounts in the thousands.

Of the charter schools responding to the survey, several are members of Ball State's Virtual Special Education Cooperative. Other charter schools are a member of the Charter School Service Center. It does not appear that any charter school is currently using a cooperative arrangement with a school corporation facility.

Question 1B - The second part of question 1 asked school corporations and charter schools whether or not they belong to a vocational education cooperative.

Of school corporations, 142, or 84% of respondents, reported that they participated in a vocational education cooperative. No charter schools responding to the survey stated that they participated in a vocational program serving their student population as the majority of charters are educating elementary grade level students.

The cost of participation in a vocational education cooperative is based upon a per student membership fee developed to cover the operating budget of the cooperative. As a result, membership fees vary widely. It appears that most schools provided a total for fees collected using an ADM basis versus whether or not fees were based on an "other" basis, which may be a flat fee. Fees based on an ADM basis showed numbers as small as $44 and as high as $347,500, which means there may have been different interpretations of the question or issues with whether or not a school entered decimal places. Vocational education career centers listed include Central Nine Career Center, Four County Vocational Co-op, Northern Central Area Vocational Center, West Central Career and Technical, Heartland Career Center, Elkhart Career Center, and Porter County Educational Services among others.

Question 1C- The third part of question 1 asked school corporations and charter schools whether or not they belong to a purchasing cooperative or education service center.

Of those school corporations responding, 155, or 91% of schools reported that they currently are a member of one of the nine regional education service centers. One school responded that they could not justify the cost of membership at approximately $26,000 to be a member of an education service center. Another school stated that the school board voted down membership in a career center. One school responded that they have used ESC pricing and QPA pricing as a negotiation tool but have consistently found the prices obtained for supplies and technology equipment to be equal to or, in some cases, slightly better than that obtained through an education service center. Additionally, the school corporation did not have to pay a membership fee to obtain the better prices. Charter schools' participation in ESC is

considerably less, with only ten charter schools currently belonging to an Education Service Center. School corporations paid amounts ranging from $3.25 per ADM to $5.75 per ADM for membership in the Service Centers. Some schools reported a membership fee in the thousands per student, which may indicate the total membership fee collected for all students rather than on a per student basis.

Question 1D- The fourth part of question 1 asked school corporations and charter schools whether or not they were members of an insurance trust. Seventy-nine, or 46% of survey respondents, stated they were a member of an insurance trust. The trust could be accessed through an ESC or any organization that pools resources in order to obtain insurance. School corporations in one county pooled together their insurance packages for savings. The package covered property, casualty, and liability insurance. One schools savings amounted to $118,000 alone, or 18% of total cost. Reflecting on the ESC study in this area, several schools have asked for explored shared services in the areas of risk management and IRS and 403B services.

Those responding that they currently participate in an insurance trust listed MASE, ESCRFT, ISTA Insurance Trust, county and municipal insurance consortiums, Wabash Valley Trust, SEBT Insurance Trust, Hoosier Heartland, and ESC selected trusts as their membership source. Typically, there was no membership fee noted as a condition of participation. In other cases, the membership fee was as small as $500 with many reporting thousands of dollars other school corporation's reporting amounts greater than $1m. Most schools listed an "other fee" rather than a per ADM fee. Two schools listed a fee per ADM of less than $20, while one school listed a fee per ADM of $9,419.45.

Questions 1E and 1F- The fifth and sixth parts of question 1 asked school corporations and charter schools to respond whether or not they were a member of a fuel or energy consortium.

Of the responding school corporations, 26, or 15%, indicated that they purchased fuel through an alliance or consortium, often locking in prices for budgeting purposes. A few schools indicated partnerships with municipal entities or other schools in the area. Nine respondents indicated fees associated with membership in a fuel consortium.

Of the schools participating in an energy consortium, 75, or 44%, listed MEGA, Proliance Energy, East Central IN Gas Consortium, Center Point, Maverick Consortium, Stand Energy, local consortiums, and other ESC-offered entities as the vendors of choice. Most membership fees were in the range of $4,000 to $6,000 as part of the energy consortium.

Of continued interest are the Howard County school corporations who purchase natural gas through Kokomo Gas and Fuel Company, now owned by NiSource, the parent company of NIPSCO. NIPSCO provides natural gas discounts through Maverick Energy to the majority of school corporations in northwest Indiana. Although Howard County School corporations have attempted to take advantage of the same discounts available to other NIPSCO natural gas user schools through Maverick, Kokomo Gas and Fuel does not afford Howard County school corporations the opportunity to buy natural gas at a discount as they consider themselves an "independent" utility. Due to the nature of public utilities, Howard County schools served by Kokomo Gas and Fuel cannot join another consortium to take advantage of any potential savings that may result from being a member. Therefore, the school corporations continue to purchase natural gas at regular municipal rates. This is the same hurdle that the county's schools faced last year.

Question 2 & 3 – School Corporation Independent Purchases

Question 2 – This question asked school corporations and charter schools whether they have purchased supplies or services independently that are available through a membership in any of the above listed organizations.

All schools have the option to purchase cooperatively or independently and 143, or 84%, of school corporations acknowledged that there are occasions when they do not purchase cooperatively. The percentage of schools reporting that they purchased supplies or services independently in 2008 was 77.7% of the schools responding to the survey.

Question 3 – If the corporation responded that it purchased products and/or services independently, this question addressed the reasons why it did not use a cooperative purchasing organization. Note that the question was non-specific with regard to either product or service. Respondents were provided the seven selections below:

- Independent buying achieved better pricing
- Availability of brand preference
- Negotiated vendor pricing using ESC pricing
- Contractual obligations
- Availability of teacher packaging service at no additional charge
- Local vendor allegiance
- State QPA
- Other

One hundred sixty nine schools, or 99%, responded that they achieved better pricing with independent buying. In 2008, 66% of schools responding to the survey achieved better pricing through independent buying. Sixty percent, or 102, schools responded that availability of brand preference was a reason that they purchased supplies or services independently when it may have been available through the membership in a cooperative or consortium.

Of survey respondents, 115, or 68% of schools were successful in negotiated pricing with vendors using ESC pricing as a negotiation strategy to achieve better prices than the ESC vendor was currently offering. Thirty one schools, or 18% of survey respondents, noted contractual obligations as a reason for purchasing supplies or services independently, which is an increase over the 11.7% reported in 2008. Twenty four, or 14%, of schools reported that teacher packing availability was the reason for purchasing from a specific vendor compared to 10% last year. Teacher packing is a service provided by a few vendors that offers large discounts, free shipping, and packing of orders by teacher or classroom upon request. Teacher packaging is a desired benefit by many schools due to lack of staff to receive, sort, and distribute individual teacher orders.

For 94 members, or 55% of schools responding to the survey, local vendor allegiance was reported as the reason that they purchase products and services locally at least from time to time. Last year 33.7% of respondents replied local vendor allegiance was a reason for purchasing products and services locally. School corporations are aware that they must buy locally if they want local businesses to support the schools. When local businesses assist a school corporation with a capital expense or funding related to an extracurricular activity, schools and business understand the benefits of reciprocity. For some schools not using a local vendor, the result is

less monetary or other support from the vendor. Other schools cited timing as a reason for independent purchase activities.

Use of the State QPA accounted for 82, or 48%, of purchases by school corporations in the past school year. Although the State QPA process has been available to all units of state government, historically school corporations have elected to use other processes in lieu of the State QPA system.

The last option available to corporations in this question was "Other." Seventeen schools or 10% of survey respondents, provided reasons why they did not use ESC cooperative buying arrangements for certain purchases. Those reasons include:

- Free and reduced shipping costs offset the cheaper unit prices;
- Other purchasing contracts for office supplies;
- Bulk discounts with sponsoring corporation (Goodwill);
- Special price programs for government entities;
- User friendly purchase prices;
- Hospital Purchasing Services through a Michigan based food cooperative buying group;
- Availability of discounts through a corporate sponsor;
- Food commodity consortium;
- Existing contracts for office supplies;
- US Communities – a non-profit, no membership, national government purchasing alliance available to schools and all other units of government; and
- Convenience, delivery terms and/or timingBetter quality and pricing available than ESCs

Questions 4 and 5 - School Corporation Other Consolidated Purchasing Arrangements

Question 4 – This question asked school corporations and charter schools if they have other Consolidated Purchasing or Service Arrangements that are not covered in the above enumerated list.

Eighty-two schools, or 48% of survey respondents, replied that they do have other consolidated purchasing or services arrangements.

Question 5 - If a school corporation or charter school's answer was yes to Question 4, they were asked to mark which other entities or vendors participated in the arrangements.

Thirty four, or 20% of those surveyed, stated they used other governmental sources and forty eight, or 28% of those surveyed, stated they used other corporations. Of those responding yes to question 4, arrangements have been made using technology directors and service companies of neighboring schools; the SW Indiana Chamber of Commerce; internet service provided to the school; Computer Consulting Firm; US Commodities Food Pricing; Goodwill Industry of Central Indiana; Food Purchasing Cooperatives; Office Depot ASBO and US Commodities Purchasing Program; and bus repair service agreements with other neighboring schools.

School corporations and charter schools were asked to provide an estimated savings associated with belonging to a special education or vocational education cooperative. Of those schools responding, the estimated savings for special education cooperative varied from a low of $5,000 to a high of $2.2 million. Of those schools responding, the estimated savings for the vocational

education cooperative ranged from a low of $7,432 to a high of $2.5 million. No schools provided and explanation for the savings.

Conclusion

Education Service Centers continue to expand and explore product and service offerings in the educational marketplace each year in response to member requests and legislative changes. In doing so, its membership continues to grow as it serves an important function for Indiana school corporations. Today, a growing number of school corporations belong to one of the nine ESC located throughout Indiana.

The changing economy serves as an on-going incentive for schools to pursue products and services using an Education Service Center, to enter into agreements with other school corporations, or to use its own buying and negotiating power to adequately fund programs and services. Revenue constraints require school officials to get the most out of every dollar spent and impress the need for continuing or developing cooperative or other shared service or purchasing agreements with vendors, other school corporations or municipalities using Education Service Centers or through their own efforts.

When conducting future analysis in the areas of consolidated purchasing, shared services, and the efforts of school corporations to explore and utilize the various types of programs available, it is increasingly important to ensure that survey questions provide the necessary detail to learn program successes and/or failures and to better understand future needs and whether or not legislative or other action is necessary.