



House K-12 Education Budget Committee

Testimony on HB 2143

**Presented by Mike Bodensteiner, Executive Director and
Tina Smith, Director of Procurement and Contract Services**

February 1, 2017

Thank you for the opportunity to testify on HB 2143, a bill relating to the school procurement recommendations included in the Alvarez & Marsal Efficiency Report. We appear as a neutral party, in hopes of providing a more complete picture of purchasing trends among schools.

Greenbush forms partnerships with agencies, businesses, and universities to get the most with increasingly limited financial and human resources. We offer programs that are otherwise impractical or simply more effective and efficient through a cooperative effort. By forming consortiums, Greenbush allows districts to pool resources to stretch funding even further.

The Greenbush Procurement Program is market and district driven. **The program is voluntary** and there is **no membership fee** to participate in the Greenbush Procurement Program.

We would like to note that A&M reached out to discuss cooperative purchasing with Greenbush **after** the report was submitted to the Legislature. The Report and its recommendations did not consider existing cooperative purchasing programs and the savings realized by districts.

Our goal today is to share information about the Greenbush Procurement Program, the impact we currently have on purchasing, and our capacity to partner with the State to realize greater cost savings.

Greenbush Cooperative Purchasing Program

Greenbush Procurement/Cooperative Purchasing services include pre-bid national contracts through Greenbush's representation in the Association of Educational Purchasing Agencies (AEPA). This multi-state, non profit organization is made up of Education Service Agencies from 26 states whose mission is to leverage purchasing power to benefit all schools, public, and non-for-profit agencies with the ability to purchase at equal buying levels. By incorporating a “nationally bid, locally awarded” business model, AEPA enables small- to medium-sized schools and other agencies to have the same purchasing power of larger entities.



School districts, community colleges and municipalities have the ability to utilize pre-bid contracts, which means access to approved contracts and vendors, a streamlined bid process and cost savings. **Pre-bid contracts meet all current Kansas bid law requirements.** *The Southeast Kansas Education Service Bid Advisory Committee oversees the awarding of all bids.*

State and Local Businesses

Greenbush also administers contracts outside of AEPA to meet the purchasing needs of Kansas schools. These contracts are often negotiated with Kansas businesses that may not meet the criteria for participation in the national program, but can provide competitive pricing for Kansas school districts because of proximity or the nature of the service provided (e.g., roofing, HVAC, etc.)

In other cases, **Greenbush helps develop agreements between larger vendors and local businesses**, creating a win-win scenario. Schools can invest in local businesses with the cost savings often derived through negotiating with a national vendor. This has especially been true in our food service and copier contracts.

To ensure that we are able to continue working towards the goal of increased cost savings *and* supporting local businesses, **Greenbush recommends increasing the deviation allowed for local purchases.**

Purchasing Categories

The Greenbush Cooperative Purchasing Program includes thousands of items in more than 25 purchasing categories. Those categories include classroom supplies, office supplies and even natural gas. A list of programs and services is attached.

The Greenbush Energy Consortium includes 44 districts and 5 other municipalities. Through marketing analysis and strategic purchasing, the consortium offers energy alternatives that allow districts to realize greater savings. When compared to the cost of service from the local gas utility, **participating districts saved approximately 41% in FY 2016**, up 10% from FY 2014.

Excluding the Greenbush Energy Program, Kansas entities experienced **cost savings of nearly \$8.2 million** in 14 key categories, with Technology Hardware, Copiers/Document Management, Office Supplies, Classroom Supplies, and Food ranking in the top five for the 2015-2016 fiscal year.

The success of a cooperative purchasing program is contingent upon a number of things. One, the vendor list *and* the categories have to provide options and meet the needs of the people you serve. Whoever manages the program should be constantly evaluating market needs and



attempting to bring in new vendors – these two actions alone increase participation and subsequently drive down cost.

We believe the people closest to the decision-making process should be responsible for making determinations about programs and services that *best fulfill their mission*. At Greenbush, school personnel are involved in the entire process to ensure best quality and pricing. To this end, we recommend:

- **restoring “services” to the list of exceptions in HB 2143.** We believe that removing this category from the list of exceptions will create additional bureaucracy for schools and impede their normal operations. There are many valid reasons why service contracts are not negotiated in cooperative purchasing programs. *The flexibility to structure service contracts in a way that best meets the need of an individual district is key to the ability to save money for the district.*
- **removing the language in HB 2143 that allows the Department of Administration to make the final determination if a district decides not to go with the least expensive good or service.**

Attached, is a one-page summary of programs and services offered through the Greenbush Cooperative Purchasing Program. The document also provides trend data in several purchasing categories.

Thank you for the opportunity to appear before you today and would be happy to answer questions at the appropriate time.



Greenbush Cooperative Purchasing Program

Southeast Kansas Education Service Center (Greenbush) began in 1976 with Cooperative Purchasing as one of its first programs.

Over 40 years we continued to grow, learn, expand, and most importantly seek ways to improve for efficiency and effectiveness.

Greenbush has moved from a paper based bidding and contract management system to an eProcurement System. This web-based solution allows us to maximize efficiencies and streamline the solicitation process through online notifications and online proposal submissions. This comprehensive system is a great resource for registered vendors seeking bid opportunities, with zero cost to the vendor to register and participate.

For our purchasing entities, Greenbush provides an online marketplace to streamline ordering. Our eCommerce system allows eligible entities to access discount pricing in a single online location. The system allows for price comparisons, multiple payment options, and a customizable approval workflow process that aligns to the organization's internal procedures.

Our expertise, along with a commitment to continual improvement efforts that save time and save money, makes us a trusted resource for Kansas school districts, municipalities, and all other eligible purchasing entities.

Greenbush

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Purchasing Categories

- ◇ Athletic Tracks, Courts, Artificial Turf, Hardwood Flooring
- ◇ Classroom and Instructional Supplies
- ◇ Copiers/Document Management
- ◇ Copy Paper
- ◇ Custodial/Janitorial & Industrial Supplies
- ◇ Digital Resources
- ◇ Facilities Management
- ◇ First Aid Supplies
- ◇ Food Consortium
- ◇ Furniture (Classroom/Interior)
- ◇ General Supplies
- ◇ Kitchen Supplies and Equipment
- ◇ Lamination
- ◇ Lighting (Sports Complex)
- ◇ Lightning Detectors
- ◇ Natural Gas Consortium
- ◇ Office Supplies
- ◇ Playground
- ◇ Roofing
- ◇ School Security
- ◇ Scoreboards and Marquees
- ◇ Software
- ◇ Sports Equipment and Supplies
- ◇ Technology



PROCUREMENT

January 2017

Greenbush Cooperative Purchasing Program

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Greenbush also administers contracts with regional vendors that may not meet the criteria to participate in a national program, but can provide competitive pricing for Kansas institutions because of proximity or nature of service provided.

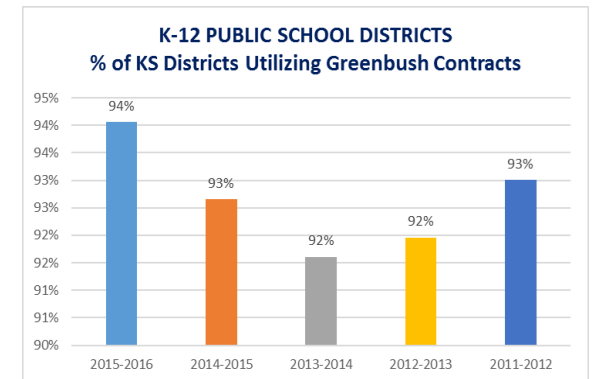
NUMBER OF ENTITIES UTILIZING GREENBUSH CONTRACTS			
YEAR	K-12 Public	Other Entities	Total Entities
2015-2016	269	373	642
2014-2015	265	348	613
2013-2014	262	308	570
2012-2013	263	273	536
2011-2012	266	146	412

A Strategic Partner ~

We help institutions maximize their buying power so they can channel more dollars toward their core mission. But that's not all! Greenbush is highly committed to exceptional customer service—it's what we are known for and we excel at it.

Kansas entities value this relationship as evidenced by a 5-year trend of **increasing participation**.

There is **no cost** or membership fee to participate in the Greenbush Cooperative Purchasing Program.



Who Benefits

Public and Private Schools (K-12); Post-Secondary Institutions; City, County, & State Government Entities; Not-for-Profit Entities; and Public Libraries have the ability to utilize pre-bid contracts.

- ◆ **More than 600 entities across Kansas are saving an average of 22% through their participation in the Greenbush Cooperative Purchasing Program.**

Pre-bid contracts meet all current Kansas bid law requirements.

Cooperative Purchasing through Greenbush saves:

- Time and administrative burden—We facilitate the preparation and overall management of contracts.
- Money— Combined purchasing volume leads to better pricing and improved services from vendors.

DATA

HIGHLIGHTS

YEAR	PURCHASES	Percent Change from Previous Year
2015-2016	\$ 28,559,449	.2%
2014-2015	\$ 28,515,990	2%
2013-2014	\$ 27,919,762	27%
2012-2013	\$ 21,934,208	28%
2011-2012	\$ 17,169,805	27%

YEAR	SAVINGS	Percent Change from Previous Year
2015-2016	\$ 8,181,083	-4.9%
2014-2015	\$ 8,604,764	41.4%
2013-2014	\$ 6,086,930	-8.5%
2012-2013	\$ 5,612,002	38%
2011-2012	\$ 4,067,689	3.5%

Food Consortium

Saving time and money is easy with our Food Bid Program. The evolution of our program has allowed schools the opportunity to decrease amount of on-site food storage with the ability to receive multiple deliveries per week, track delivery trucks online, as well as make online orders from any handheld device with web access.

A district's purchasing power through this pre-bid contract provides savings and insulation from market and inflation swings.

GREENBUSH FOOD CONSORTIUM			
YEAR	PURCHASES	GROUP	DISTRICTS
2016-2017	Not Yet Available	SEK	33
		NWK	12
2015-2016	\$ 2,249,173.55	SEK	40
2014-2015	\$ 1,352,290.08	SEK	46

Data Points

- Greenbush manages two Food Consortium groups:
 - SE Kansas: 33 Districts
 - NW Kansas: 12 Districts
 - This is the first year for the NW Kansas Consortium.
- 2014-2015 was the first year to utilize a prime vendor for the Food Consortium.
- Districts saved approximately 15% on their food and kitchen supply purchases in 2015-2016; and 14% in FY15.

Data Points

Utilization of Contracts

- 94% of KS USD's utilized pre-bid contracts through Greenbush in FY 16; up slightly from FY 15.
- KS USD's accounted for 42% of the total 642 entities utilizing Greenbush pre-bid contracts in FY 16.

Savings to Districts

- On average districts saved 22% by using pre-bid contracts in FY 16.
- Purchases were virtually unchanged from 2014-2015 to 2015-2016, with an associated slight dip in the recorded savings. This is likely attributable to the fiscal anxiety of district administrators due to funding uncertainties.

Savings Performance

Outside of the Energy program, Kansas entities experienced cost savings of nearly \$8.2M in 14 key categories, with Technology Hardware, Copiers/Document Management, Office Supplies, Classroom Supplies, and Food ranking in the top five for the 2015-2016 fiscal year.

Greenbush works hard to consistently provide purchasing categories that result in significant savings to participants, doubling the annual savings in the most recent five year period.

CATEGORY	2015-2016
TECHNOLOGY HARDWARE	\$ 2,541,420
COPIERS/DOCUMENT MGMT	\$ 2,398,067
OFFICE SUPPLIES	\$ 1,093,263
CLASSROOM SUPPLIES	\$ 947,584
FOOD/KITCHEN SUPPLIES	\$ 718,245
COPY PAPER	\$ 115,542
PLAYGROUND EQUIPMENT	\$ 101,346
CUSTODIAL/JANITORIAL	\$ 86,785
SCOREBOARDS	\$ 58,605
TRACK/FIELD	\$ 36,789
ROOFING	\$ 30,686
SPORTS EQUIPMENT	\$ 29,652
WORK ORDER/ASSET MGMT	\$ 22,380
HVAC EQUIPMENT	\$ 720
TOTAL SAVINGS	\$ 8,181,083



DATA

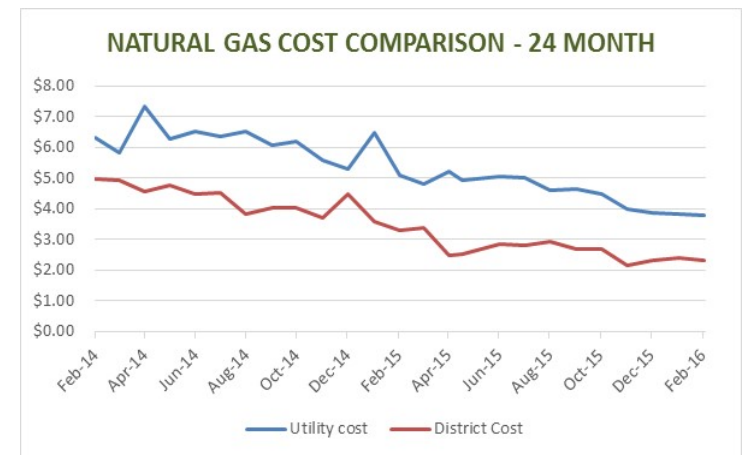
HIGHLIGHTS

Energy Group

The Greenbush Energy Group offers a unique partnership of eligible entities working together to buy natural gas, advocate for favorable tariff regulation and manage utility expenses.

Benefits include:

- Significant Savings
- Strategic Buying
- Contract Management
- Purchase Recommendations
- Initial Savings Analysis
- Market Analysis
- Ongoing Regulatory Updates
- Minimal Fees to Participate



Data Points

Greenbush Energy Consortium

- 49 total participants; 44 USD's.
- When compared to the cost of service from the local gas utility, participants increased their savings over the last three fiscal years:
 - FY 16: 40.7% savings (July 2015-Feb 2016)
 - FY 15: 36.8% savings
 - FY 14: 31.8% savings