

**House Education Budget Committee
Testimony on HB 2729**

**Presented by Brad Stefanoni, Director of Procurement and Contract Services
Southeast Kansas Education Service Center**

March 16, 2016

Thank you for the opportunity to testify on HB 2729, a bill relating to the procurement of goods and services for school districts. We appear as a neutral party because we were asked to appear before the committee for the purpose of providing additional information about the Southeast Kansas Education Service Center (“Greenbush”) Procurement Program.

We form partnerships with agencies, businesses and universities to get the most with increasingly limited financial and human resources. By forming consortiums, Greenbush allows districts to pool resources to stretch funding even further.

All Greenbush programs are voluntary. There is **no membership fee**; districts **pay only for services received**. Our procurement program is market and district driven.

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.

In 2014 – 2015, the major purchasing categories were IT Equipment, classroom supplies, office supplies, copy paper and playground equipment. *The total savings (to districts) in these categories was nearly \$5.5. million.*

In this area, Greenbush strongly encourages the committee to restore services to the list of exceptions in HB 2729. 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.*

The success of a cooperative purchasing programs is contingent upon a number of things. One, the vendor list *and* the categories have to provide option 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 removing the language in HB 2729 that allows the Department of Administration to make the final determination if a district decides not go with the least expensive good or service.**

We appreciate the work this committee has undertaken and the time you have spent discussing this issue. **Greenbush is well-positioned to partner with the State and wants to work with you.**

We are happy to answer any questions you may have at the appropriate time.



Greenbush Procurement

AEPA

Greenbush serves as the Kansas representative of the Association of Educational Purchasing Agencies (AEPA). This multi-state, non-profit organization is made up of Educational Service Agencies from 26 states whose mission is to leverage purchasing power to benefit all schools, public, and not-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.

AEPA conducts solicit bids nationally and bid responses are reviewed and evaluated by all AEPA member agencies. Contracts are awarded for one base year with options to renew for three additional years.

Member States: CA, CO, CT, FL, IN, IA, KS, KY, MA, MI, MN, MO, MT, NE, NJ, NM, ND, OH, OR, PA, TX, VA, WA, WV, WI, WY

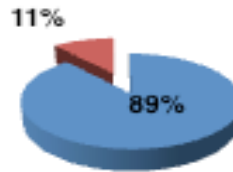
Greenbush Procurement

Greenbush also administers contracts outside of AEPA in order to meet the purchasing needs of schools. These contract categories include:

- Classroom supplies
- Playground equipment
- Roofing
- HVAC
- School security systems
- Food

Fast Facts

- Utilizing Greenbush Contracts
- Not Utilizing Greenbush Contracts



- Contracts available to K-12 Public & Private Schools; Post-Secondary Institutions; City, County, & State Government Entities; Not-for-Profit Entities; Public Libraries
- In 2014-2015, Greenbush contracts assisted Kansas school districts in receiving \$8.5 million in savings (all contracts)

Top Vendors:

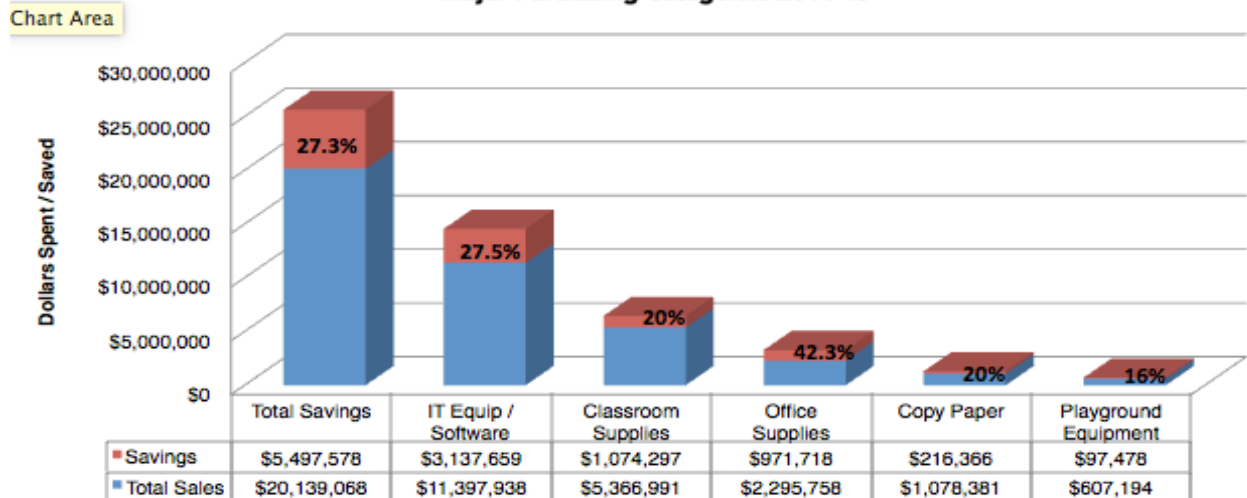
- CDW-G, School Specialty, Konica Minolta, Quill, WTI/Tremco

Kansas-Based Businesses

The following vendors have either a Kansas-based office and/or “boots-on-the-ground” support:

- Daktronics, Inc.
- Fieldturf USA, Inc.
- Hellas Construction, Inc.
- Konica Minolta Business Solutions
- School Specialty
- Staples
- Techline
- WTI/Tremco
- Knipp Equipment
- Building Controls & Services
- A-Lert Roofing
- Lou’s Sporting Goods
- Nill Bros. Team Sports
- Francis Sporting Goods
- ABCreative
- Architectural Innovations
- Hollis & Miller Architects
- Netchemia
- National Screening Bureau
- Patron Insight
- Asset Services
- Advance Catastrophe Technologies

Major Purchasing Categories 2014-15

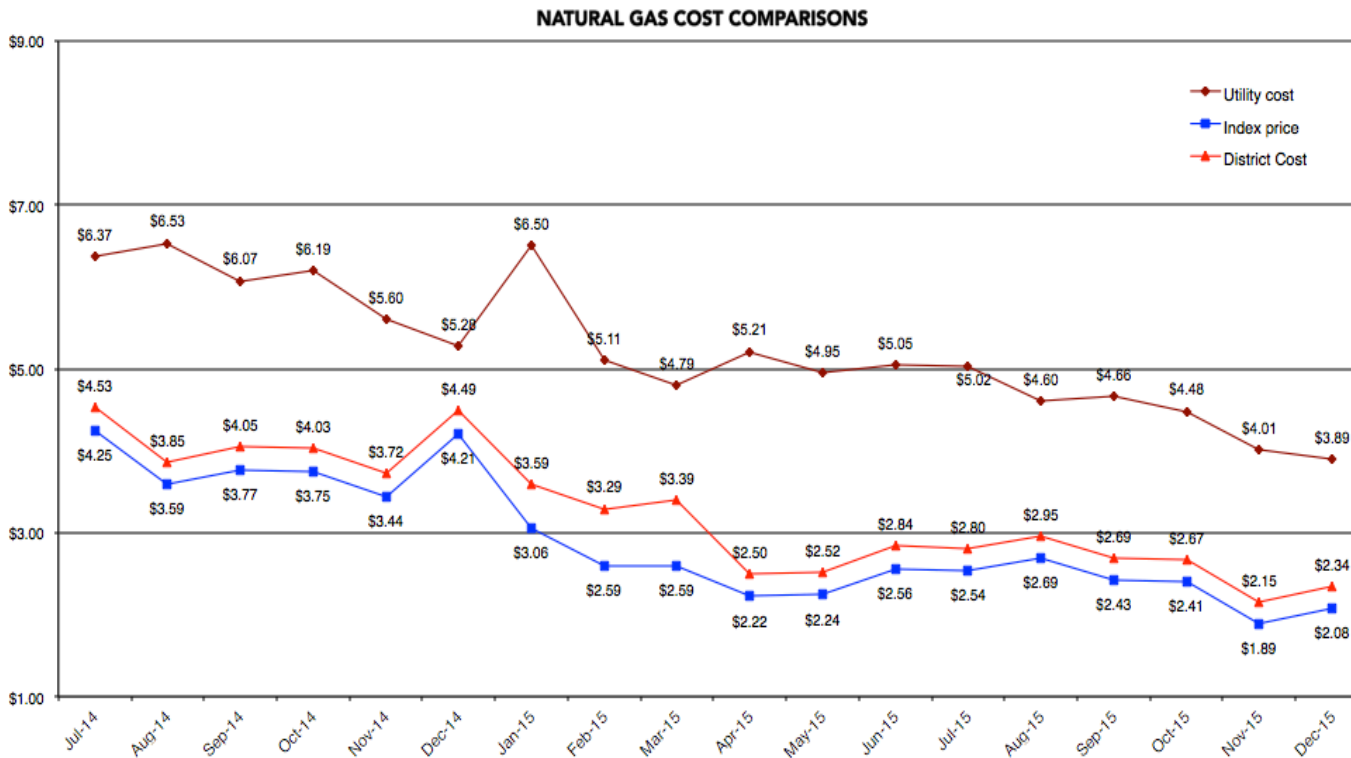




Greenbush Procurement

Greenbush Energy

Greenbush provides 47 school districts, three cities, and one community college the opportunity to cooperatively purchase natural gas. This model allows schools to more accurately project the cost of natural gas and consistently generate savings exceeding 30%. During the 2013-2014 school year, more than \$1.75 million (35%) was saved when compared to the cost of service from the local gas utility.



Food Purchasing

Greenbush assists nearly 50 school districts in saving money through its Cooperative Purchasing Food Program, with 2014-2015 being the first year Greenbush utilized a prime vendor for food purchases. Savings for food products ranged from 15-20% based on total sales exceeding \$2 million professional development to address food safety and leadership, food delivery, and support with child and adult care food programs.

Purchasing Categories

- Athletic Tracks, Courts, Artificial Turf, Hardwood Flooring
- Baseball/Softball Supplies
- Basketball Supplies
- Classroom Supplies
- Copiers/Document Management
- Copy Paper
- Custodial Supplies (light bulbs, HVAC filters, etc.)
- Digital Resources
- Facilities Management
- First Aid Supplies
- Food (school food bids)
- Football Supplies
- Furniture
- General Supplies
- Industrial Supplies
- Kitchen Supplies & Equipment
- Lamination
- Lighting (sports complex)
- Lightning Detectors
- Mobile Learning Solutions
- MRO (maintenance, repair, & operation)
- Musical Instruments, Equipment, & Supplies
- Natural Gas Purchasing Consortium
- Office Supplies