A Snapshot of Cost Efficiencies in School Districts and Educational Service Districts

A Preliminary Report to the QEC

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Introduction

Legislative and economic developments over the past two decades have placed Washington state school districts in a tight squeeze between high academic expectations and limited resources. The recent recession has intensified the pressure. In this environment, school districts have pursued a number of strategies to become more cost efficient both in managing their operations and providing educational services. The state's Office of Superintendent of Public Instruction and the nine Educational Service Districts[1] have played a central role in this effort.

This report gives policymakers a big picture look at how efficient school districts are in carrying out their many responsibilities. Specifically, we reviewed 1) how school districts use joint purchasing agreements, pooled resources, and energy conservation to save money and reduce costs, and 2) the types and results of formal reviews, audits or studies that occur to ensure districts are good and efficient stewards of taxpayer dollars.

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[1] The state is geographically divided into nine regions with each region served by an Educational Service District (ESD). The nine ESDs employ about 1,400 people and served 295 school districts.

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Cost Efficiency Strategies of School Districts

School districts and ESDs[2] have pursued three broad strategies - joint purchasing agreements, pooling resources, and energy conservation - to save money and reduce costs in both instructional and non instructional areas.   Typically, districts work together to form their own cooperative or join an existing cooperative managed by a third party to take advantage of joint purchasing agreements and to pool resources.

Before surveying various types of cost-saving cooperatives and initiatives in the K-12 community, we first explain how joint purchasing agreements work and then how OSPI and Education Service Districts have played key roles in implementing them.

Joint Purchasing Agreements Provide Economies of Scale

Joint purchasing agreements allow districts to cooperate with one another to achieve economies of scale and reduce duplication of efforts. The larger service area of multiple districts makes lower per unit costs possible. Economies are achieved either by pooling the resources of two or more districts to jointly provide services or by contracting with a single, large regional service provider.

Typically, the joint purchasing contracts are competitively bidded and include a clause that allows other districts to take advantage of the contract pricing on the awarded contract. The other districts must first sign a joint purchasing agreement with the originating entity before making use of the awarded contract. Districts save money through reduced pricing for high-volume purchases and low costs for advertising and bidding.   Local, state and national government entities as well as private organizations and companies may originate a joint purchasing agreement and form purchasing cooperatives.

Two chapters in state law authorize the formation of joint agreements in the K-12 community to provide or procure services in an efficient manner.   First, under RCW 39.34, The Interlocal Cooperation Act, local entities such as school districts may enter into agreements with each other and cooperate on the basis of mutual advantage in order to provide services in an efficient manner. Under RCW 48.62, Local Government Insurance Transactions, local entities may individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and jointly contract for risk management, claims, and administrative services.

OSPI and Education Service Districts Catalyze Cost Efficiencies

As the state leader of K-12 education in the state, OSPI is perfectly positioned to achieve economies of scale in purchasing services, supplies, and equipment for statewide use and in providing information and services to all districts, either directly or through third

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[2] In this report, the term 'districts' refers to both school districts and Educational Service Districts (ESDs).

parties.   For example, OSPI's Digital Learning Department (DLD) is a resource for educators, students, and parents that provides online access to information and services to every school in the state.

Also, OSPI administers many state and federal grant programs that intentionally require or at least permit the formation of cooperatives that pool resources to provide services to multiple districts. For example, OSPI administers the federal Title IV grants that encourage the creation of Community Learning Centers, a partnership of school districts and other local entities, designed to help students in high poverty schools.

To leverage its impact, OSPI works with the nine ESDs to initiate, disseminate and explain new policy guidelines and programs, provide educational assistance and training, collect student, employee and financial data, and disseminate useful information on educational best-practices, technologies, and subject matter content.

By the nature of their legislative charge, ESDs have played a major role in helping school districts access much-needed services, supplies, and equipment at reduced prices and in leveraging limited resources.   Their legislative purpose is to:

- Provide cooperative and informational services to local school districts.
- Assist the Superintendent of Public Instruction and the State Board of Education in the performance of their respective statutory or constitutional duties.
- Provide services to school districts and to the school for the deaf and the school for the blind to assure equal educational opportunities.[3]

Through cooperative arrangements, ESDs provide a wide array of noninstructional and instructional services including financial support and guidance, purchasing and contract management, construction management, networking, technology support, database management, teacher certification and training, staff development, and services to support basic education, special education, struggling students, and bilingual education, CTE, and highly capable programs among others.

Besides providing services to all school districts within their region, all ESDs also provide services to school districts outside their region and even in other states. Such efforts allow one ESD to share its expertise with others and avoid duplication of effort.

To extend their reach, ESDs collaborate with and seek grants from a broad array of non-profit organizations, businesses, and government agencies at all levels, thus securing a substantial leveraging advantage. For the 2008 fiscal year, ESDs leveraged the $5.6 million that all nine ESDs received from the legislature as their core allotment into $216 million in programs and services for students; a return of $38.7 for every dollar of core investment.[4]

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[3] RCW 28A.310.010.
[4] http://www.k12.wa.us/safs/PUB/FIN/0708/FinSum4.pdf

For a more complete picture of the extensive services provided by ESDs, see Appendix B of SAO's 2007 Performance Audit Report on Educational Service Districts.

Many Cooperatives Produce Cost Efficiencies for School Districts

Education-related cooperatives are diverse and numerous and therefore difficult to categorize. Cooperatives are formed to address the needs in a wide array of noninstructional and instructional areas. Cooperatives may use any combination of the three cost-saving strategies - joint purchasing agreements, pooled resources, and energy conservation - in providing their services. The beneficiaries of cooperatives are students, teachers, parents, educational staff associates, para educators and other support staff, and school and district administrators.

We have compiled a list of 32 cooperatives, which is by no means an exhaustive list. However, they do help illustrate the diversity and creativity of districts' cost-saving efforts. We have divided them into seven groups to provide an overall view of the cooperatives currently serving the state's K-12 education community. A list of the 32 cooperatives/initiatives with a brief explanation is included in Appendix A.

- Many cooperatives are dedicated **to improving the use of technology** in school districts. We begin by describing the Educational Technology Support Centers (ETSCs) funded by the state legislature. These ETSCs (1) have in turn developed or gained access to other cost-efficient technology-oriented coops and programs (2-9). The last member of this group is the K-20 Education Network (10), a statewide initiative that is fast making online course and other resources available to all schools.

- A cooperative that has grown to become essential in helping school districts **manage their increasingly complex data requirements** is the Washington School Information Processing Cooperative (WISPC) (11). WISPC has partnered with an industry expert to develop software -termed WESPaC- uniquely tailored to the database needs of Washington state schools. (12)

- School districts can join a number of **purchasing cooperatives** that are located in Washington and other states to take advantage of economies of scale. The most well-known and well-used coop appears to be the King County Directors' Association (13). Another state wide coop is Washington state's Department of General Administration purchasing coop (14). We also describe three coops whose home bases are located beyond our state's boundaries and presumably serve a very large clientele base (15-17). Finally, we describe one regional cooperative, the Instructional Resources Cooperative (18) that largely serves the eastern part of the state.

- Two areas where many districts have sought to save money are in the **purchasing of insurance and energy conservation**. The need to do so is driven home by the fact that many school districts must spend the lion's share of their non-employee related cost (NERC) allocation from the state on utilities and insurance - at the expense of buying instructional material and supplies. See box insert below.

  We identified two cooperatives that provide insurance coverage and risk management to its member districts: The Washington Schools Risk Management Pool (19) and the Southwest Washington Risk Management Insurance Cooperative (20). We also described four programs and initiatives that help school districts reduce costs through energy conservation efforts. (21-24). We provide examples of three resource conservation programs in Appendix B.

  > Since the 1994-95 school year, 64 school districts in Washington state have at least once used nearly all of their non-employee related cost (NERC) allocation from the state just to pay for utilities and insurance expenses.
  >
  > Currently, 48 districts do not receive enough of a state NERC allocation to even cover their utility and insurance expenses. On average, only about 83 percent of these districts' utilities and insurance expenses is covered by the state's allocation.
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  > In the spring of 2009, 25 of these 48 districts applied for at least one of the Energy Efficiency Improvement Grants offered by the Office of the Superintendent of Public Instruction. These 25 districts requested a total of $8,975,485 to pay for their improvements.

- Next, is a group of cooperatives whose aims are **to support students** by improving the academic status or the physical and emotional health of students (25-28).

- Finally is a group of regional cooperatives that were formed to **address the unique needs of their client districts**. The four coops provide services in the areas of transportation, staff recruitment, construction and policy advocacy. (29-32)

Audits and Reviews of School Districts and ESDs Yield Favorable Findings with Some Room For Improvement

Public education in our state is a $9.5 billion enterprise encompassing 304 school districts and ESDs faced with the challenge of educating a million students while complying with numerous federal and state program requirements that change annually. A challenge made more severe by declining state revenues. In this setting, it's not unexpected to find inefficiencies and noncompliances.

Under such circumstances, audits and reviews of districts' operations and financial statements are critical to ensure the most efficient and effective use of resources. As detailed below, the State Auditor's Office (SAO), the state's primary auditor, found many areas where districts could be more efficient and effective in their performance.

However, in proof that school districts are good stewards of public resources, SAO also found that 84 percent of the 250 school districts audited in the last year had no reportable findings. Further, in its Performance Audit of the nine ESDs, SAO found that the ESDs are operating efficiently in many areas and are providing a wide range of needed services to individual school districts. Such information provides important perspective as we delve into some of the findings of audits and reviews presented below.

Audits and Reviews of School Districts and Educational Service Districts (ESDs)

The Washington State Auditor's Office (SAO) conducts routine and annual financial audits and program reviews of school districts. As of November 2005, SAO also has authority under Initiative 900 to conduct performance audits of state and local governments including school districts. Types of SAO audits and reviews include:

- SAO financial and accountability audit reports that include compliance reviews with federal grants, and audits of school districts' enrollment figures and staff mix for purposes of apportionment funding. SAO conducts annual reviews of all districts whose enrollments exceed 8,000[5] and a good many more of the remaining districts. In the span of a year ending Oct. 21 2009, SAO published reports on 250 of the state's 295 school districts whose operations were reviewed for the 2007-08 school year. SAO reported findings for 39 of these 250 school districts. These findings are detailed in a section further below.

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[5] As of October 2008, the enrollments of 38 districts exceeded 8,000 and represented about 60 percent of the state's total enrollment.

- SAO Performance Audit Reviews: As required by citizen-approved initiative 900, SAO has begun conducting performance audits and so far has conducted and published four related to K-12 education, which are detailed further below:

  - Education Service Districts   Sept. 18, 2007
  - Administrative and Support Services at the 10 Largest K-12 School Districts   September 30, 2008
  - School District Travel Practices   November 12, 2008
  - Opportunities for the State to Help School Districts Minimize Costs and Interest Paid on Bond Debt   August 24 2009

- SAO Fraud Reports from January 1, 2008 to December 31, 2008.   SAO reviewed four cases of fraud in four school districts. In each of two school districts, a district employee falsely claimed additional hours not actually worked to obtain payments. The two payments totaled $12,249; both employees were fired. In the third case, a school district employee misappropriated about $6,500 from student lunch accounts and is now being investigated by the county sheriff. Finally, someone misappropriated money from a football stadium concession, but SAO could not determine who was responsible. http://www.sao.wa.gov/EN/Investigations/Fraud/Documents/Fraud_Report_2008.pdf

The Office of Superintendent of Public Instruction (OSPI) also conducts annual reviews of certain programs in school districts and Educational Service Districts under its Consolidated Program Review (CPR). As required by federal regulations (OMB 113-A), OSPI monitors multiple federally funded programs under the Elementary and Secondary Education Act (ESEA), also known as the No Child Left Behind Act (NCLB). OSPI reviews the largest districts annually and two Educational Service Districts and certain districts within these ESDs' jurisdictions on a cyclical basis.   ESDs 101 and 114 are to be reviewed for the 2009-10 cycle.

The CPR process consists of a team from OSPI reviewing the compliance of school districts with the requirements of federal and selected state programs, and provides the opportunity for dialogue between district program administrators and their counterparts at OSPI. The review looks at how the federal resources are contributing to the five ESEA performance goals that focus on improving student achievement. OSPI provides a final review report to the school district and to the U.S. Department of Education.

The CPR process helps identify trends in compliance problems and leads to opportunities for the U.S. Department of Education, OSPI and the school districts to clarify policies and procedures in federal programs such as Title I, special education, and transitional bilingual. http://www.k12.wa.us/ConsolidatedReview/

Beyond these state-initiated audits and reviews, some districts independently arrange or conduct an assessment of their own financial operations. For example, eight school districts recently received the Association of School Business Officials' Certificate of Excellence in Financial Reporting[6]. To earn this award, ASBO reviewed the accounting practices and reporting procedures used by these school districts in their Comprehensive Annual Financial Reports. Districts that earn the coveted Certificate of Excellence receive promotion from ASBO and enhanced credibility for the financial management of their school system. http://asbointl.org/index.asp?bid=5699

Summary of SAO Financial and Accountability Findings

We reviewed all SAO financial and accountability reports on school districts that were issued from October 21, 2008 to October 21, 2009. The SAO reports addressed districts' compliance with government standards for financial reporting and with various federal and state program requirements in 250 of the 295 school districts. The audit period was usually fiscal year 2008, but in some cases also included fiscal years 2006 and 2007.

SAO reported 51 findings - instances of noncompliance - in 39 of the 250 school districts. Below is a summary of the trends we found in the types of problems that SAO found, the program areas where problems typically occurred, the cause of problems, their impact, and districts' responses to SAO's reports.

The most common type of problem was not ensuring that a vendor was hired through a competitive bid process or that the vendor was not debarred or suspended. Districts made this error in many different federal programs, accounting for 14 of the 51 findings. Other typical problems included

- Not properly verifying or documenting students' eligibility for child nutrition or special education services (9 findings),
- Not properly reporting enrollment in vocational education, skills centers, basic education or bus ridership (6 findings), and
- Not properly verifying and documenting the years experience and course credits of teachers and para professionals in career & technical education, Title I programs, or basic education (5 findings).

Finally, SAO found two districts in poor fiscal health whose General Fund ending balances continued to decline.

Looking at the findings by program, we found that most occurred in the federal Special Education (10 findings) and Children's Nutrition programs (11 findings).

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[6] The eight school districts that received ASBO's 2008 Certificate of Excellence are the Auburn, Clover Park, Everett, Kent, Renton, Spokane, Sumner and Tacoma School Districts.

The most common reasons for noncompliance were nonfamiliarity with requirements and policy, staff turnover in a key position, lack of training, and no or inadequate internal controls to ensure that procedures are done in a timely and proper fashion.

SAO reported some impacts as a nonquantified risk that school districts were assuming by not, for example, pursuing a competitive bid process. The monetary value of some impacts could not be determined because of the lack of documentation.   Other impacts were zero because the districts were able to prove during the course of the audit that the cost was legitimate. Actual dollar amounts that SAO questioned included:

- The legitimate cost of $658,435 that one district erroneously charged to the federal special education program and instead of charging to the state program for children from birth to 2 years.

- Overpayments totaling $327,159 that five districts received for over reporting enrollments in basic education, transportation, skill centers or vocational programs.

- Whether three districts charging a total of $157,021 to federal programs was allowable because the charges were not verified with the proper documentation.

- One district's failure to report the loss of $118, 911 worth of assets to SAO.

- A total of $71,742 in teacher pay and benefits because two districts improperly accounted for the teachers' work experience or education credits.

- One district erroneously supplanting $21,667 worth of state special education expenditures with federal special education funds.

In response to all findings except one, districts reported they would make (or had already made) requested changes to their policies or procedures to remedy the problems.   In the case of the one exception, SAO said a district did not have the authority to lease land to a nonpublic entity. However, district officials said the transaction financially benefited the district and served many interests in the community.
http://www.sao.wa.gov/EN/Audits/Pages/Search/AuditReportSearch.aspx

Summary of Four SAO Performance Audit Reviews:

1. SAO Performance Audit Report: Education Service Districts   Sept. 18, 2007

In a review of ESD operations as of fiscal year 2006, SAO found that the nine ESDs are operating efficiently in many areas and are providing a wide range of needed services to individual school districts. It commended each ESD for various aspects of its performance. For example, SAO commended ESD 121 for using the Carver Policy Governance Model as a way to clarify its goals and roles and encourage accountability.

SAO made 215 recommendations spread among the state's nine ESDs.   Several recommendations urged ESDs to conduct state-wide strategic planning to better coordinate state-wide services and avoid duplication.

Altogether, SAO identified possible cost savings of $23.5 million over a five-year period. Large cost savings came in two areas:

● School districts could save about $10.7 million over a five-year period if ESDs helped them take better advantage of the E-rate discount by providing more upfront consulting and ongoing technical support.

● Two ESDs and their school districts could save about $7.8 million a five-year period if the ESDs were to reduce the number of their administrators through attrition, reclassification as program specialists, or reassigning administrators to school districts' staff.   Both ESDs objected to this finding saying that the audit did not correctly represent the numbers and categories of staff in the administrative tiers of their ESDs.

SAO also reported that no system-wide data is collected on the cost effectiveness of ESDs in providing their services to school districts.   SAO noted that "The ESDs have no formalized process for communicating, in economic terms, their efficiency levels or the fiscal impact of the services or products delivered to member school districts. This results in a lack of understanding of ESD services and products in terms of their effect on school districts and resulting impact on state funding of important school district activities."

Yet, it is clear that the state's school district superintendents find the services provided by the ESDs as invaluable.   Of the approximately 100 school district superintendents who responded to the SAO survey for the study, over 90 percent responded "strongly agree" or "agree" to statements that their ESDs were highly efficient and effective, provided quality services, and were critical to the successes of their district's programs and operations.
http://www.sao.wa.gov/auditreports/auditreportfiles/ar1000004.pdf

2. SAO Performance Audit Report: Administrative and Support Services at the 10 Largest K-12 School Districts   September 30, 2008

SAO reviewed the economy and efficiency of the administrative and support services at the 10 largest school districts for fiscal years 2004 through 2006[7]. SAO found exemplary performance in many areas. For example, SAO reported that eight districts saved costs by using purchasing cards or an automated bus routing system, or by maintaining a small inventory of portables.

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[7] The 10 largest districts are Edmonds, Evergreen, Federal Way, Kent, Lake Washington, Puyallup, Seattle, Spokane, Tacoma, and Vancouver.

Still, SAO found almost $54.3 million in possible cost savings over a five year period because of the operational inefficiencies in the following areas of school districts:

- Inefficient methods to manage bus routes in three school districts ($8 million over a five-year period),
- Large backlogs of deferred maintenance in three school districts, which risk higher repair and/or replacement costs in the future,
- An excessive number of portable classrooms in four districts, which are more expensive to maintain and pose risks to health and safety (cost savings not estimated),
- Less than optimal use of purchasing (credit) cards in five districts ($20.8 million over a five-year period),
- The Tacoma School District's human resource department has too many managers based on comparisons to the other nine school districts ($8.4 million over a five-year period), and that the District spent too much time recording and tracking low-ticket equipment that is unlikely to be stolen ($85,000 over a five-year period), and
- The Seattle School District has more classrooms than students to fill them and that the District's executives and managers (cost savings not estimated) and supervisors are overstaffed as compared to the other nine school districts ($10.5 million over a five-year period).

With regards to the state, SAO found that state requirements for school districts to document and evaluate teacher experience and education are inefficient and increase districts' administrative costs ($6.5 million over a five-year period).

Finally with regard to organizational efficiencies and controls, SAO found that all school districts needed a better picture of the cost to operate programs and could make better use of internal auditors, four of the 10 school districts needed to improve their strategic planning process, and the Vancouver School District's lack of a fund balance management policy resulted in a notably low fund balance.

All five districts agreed to expand the use of purchasing cards to create efficiencies. However, the districts questioned whether using purchasing cards in lieu of purchasing orders would eliminate the need for as many staff as SAO estimated. The districts said SAO's cost savings were overstated because the districts would still need staff to ensure appropriate spending and accounting.

Although the three districts generally agreed that an automated bus routing system would be more cost efficient, one districts said that it lacked the funding to implement such a system and the other two said SAO overstated the possible savings.
http://www.sao.wa.gov/auditreports/auditreportfiles/ar1000013.pdf

3. SAO Performance Audit Report: School District Travel Practices November 12, 2008

SAO audited the travel practices of employees in 13 school districts from September 2005 through August 2006.[8] SAO found that districts needed to update and clarify policies regarding allowable and reasonable rates for lodging and retreat locations. If school district employees had followed more economical practices in these two areas, SAO estimated the districts could have saved $254,443 in fiscal year 2006.
http://www.sao.wa.gov/auditreports/auditreportfiles/ar1000131.pdf

4. SAO Performance Audit Report: Opportunities for the State to Help School Districts Minimize Costs and Interest Paid on Bond Debt   August 24 2009

SAO found no requirements for state or local governments to assist districts with bond sales. State law does not require school districts to sell bonds at the lowest possible rate and fee or to follow accepted best practices when selling bonds. Although OSPI and the Washington State School Directors' Association publish manuals that provide guidance on bond sales, some school districts were unaware of this information. Further, school district officials did not know that the Office of the State Treasurer has expertise in these matters and could provide independent market condition information.

In a statistical analysis of bonds issued from 2003 to 2007, SAO found that if all bonds had been competitively issued and had garnered a realistic and lower interest rate, the school districts could have saved an estimated $44.6 million to $79.4 million in costs over a five-year period.
http://www.sao.wa.gov/auditreports/auditreportfiles/ar1001304.pdf

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[8] The 13 school districts are Central Valley, Clover Park, Evergreen, Pasco, Port Angeles, Seattle, Spokane, Sunnyside, Tacoma, Toppenish, Vancouver, Walla Walla, and Yakima.

Appendix A. List of Cooperatives and Initiatives

1. <u>The Educational Technology Support Centers</u> (ETSCs) reside at the nine regional Educational Service Districts in the state of Washington, and are state-funded in support of Education Reform, Chapter 28A.650 RCW to improve technology infrastructure, monitor and report on school district technology development, promote standards for school district technology, promote statewide coordination and planning for technology development, and support state activities.   One important role of the center is to help districts maintain their eligibility for E-rate and Title IID funds by helping them prepare technology plans aligned with school improvement goals. http://www.edtech.wednet.edu/

2. <u>The Washington Learning Source (WLS)</u> is a statewide program developed by Washington's nine regional Educational Service Districts and managed by the Educational Technology Development Center at Puget Sound ESD 121. This program is an expansion of the Ed Tech Support Centers and its goals are to provide a single source for the educational resources currently provided through the various Ed Tech Support Centers to ensure that all school districts have equal access to high quality products and services and to provide these products and services at a lower price than a district could get on its own.   The Ed Tech Development Center is financed by an OSPI grant.   http://www.walearningsource.org/

3. <u>The Digital Edge Program</u> operated by the Vancouver Educational Service District 112 provides contracts on educational technology and audio-visual solutions that are competitively bid and made available to K-12 public and private schools, colleges and universities, public libraries, regional service agencies, state departments, and other governmental agencies in eight western states. Now in its seventh year, the DigitalEdge program has saved purchasers an average of 17% on their technology costs.   http://www.esd112.org/digitaledge/

4. <u>Microsoft Select Agreement</u> - Schools may purchase Microsoft products through a statewide contract with Dell. This provides educational institutions the flexibility for volume-based software acquisitions designed to reduce total cost of ownership. The Select License is based on a forecast of the total volume of Microsoft licenses purchased across the state rather than in a single district. http://accessories.us.dell.com/sna/default.aspx?customer_id=RC983683&~tgt=snp_default&c=US&l=en&s=k12&cs=RC983683&pmha=6

5. <u>Thinkfinity-Verizon</u> - provides an online source of teacher resources.   Its goal is to improve student achievement in traditional classroom settings and beyond by providing high-quality content and extensive professional development training. Partnering with national education organizations, Thinkfinity provides educators with over 55,000 standards-based K-12 lesson plans, student materials, interactive tools and reference materials. The Education Technology Support Centers'

partnership with Thinkfinity includes teacher training and resources aligned with Washington State standards.
http://www.edtech.wednet.edu/NewsDisplay.cfm?NewsID=22

6. <u>Northwest Council for Computer Education</u> – NCCE is an affiliate of the International Society for Technology in Education (ISTE). The organization serves as a leader for the effective use of technology to enhance teaching and learning in Washington, Oregon, Idaho and Montana. The ETSC partners with NCCE in offering summer technology bootcamps and professional development opportunities in the region.
http://www.ncce.org

7. <u>Microsoft Partners in Learning - Partners in Learning</u> (PIL) is a global initiative designed to actively increase access to technology and improve its use in learning. Goals focus on helping schools gain better access to technology, foster innovative approaches to pedagogy and teacher professional development and provide education leaders with the tools to envision, implement and manage change. The ETSC collaborates with Microsoft to advance teaching and learning through PIL programs including the Enhanced Peer Coaching program.
http://www.microsoft.com/education/pil/partnersinlearning.aspx

8. <u>Puget Sound Center for Teaching, Learning and Technology</u> - The Puget Sound Center for Teaching, Learning and Technology (PSCTLT) is a private, non-profit center with funding from federal and state governments, private foundations, corporations, and individuals. Their mission is to leverage the power of technology, diversity and leadership to transform teaching and learning. The PCSTLT partnership with the ETSC lead to the expansion of the Peer Coaching program throughout Washington State.   http://www.psctlt.org/splash.html

9. <u>I-Safe</u> - Founded in 1998 and endorsed by the U.S. Congress, i-SAFE is a non-profit foundation dedicated to protecting the online experiences of youth everywhere. i-SAFE incorporates classroom curriculum with dynamic community outreach to empower students, teachers, parents, law enforcement, and concerned adults to make the Internet a safer place. The ETSC provides training for i-Safe programs to school districts and community organizations.   http://www.i-safe.org/

10. <u>K-20 Education Network</u> is a high-speed, high-capacity network that links K-20 school districts, libraries, colleges and universities – across 476 locations in Washington. This powerful network connects educators, students and communities with innovative, affordable programs and services that promote 21st century market skills and life-long learning. The K–20 Network provides video and data services such as distance learning for students and teacher training. The network operates under a governing board chaired by the Director of the Department of Information Services and comprised of representatives from the education community and state legislature.   http://www.wa-k20.net/

11. <u>Washington School Information Processing Cooperative (WSIPC)</u> is a unique public agency that provides information services at a reasonable cost to the state's school districts.   Specifically, WSIPC develops, licenses and maintains software that helps districts manage student, employee, and financial data. The software is continuously updated to ensure that districts produce reports that are in compliance with state and federal reporting requirements. WSIPC also provides centralized technical support and network management. WSIPC membership includes 279 school districts and nine Educational Service Districts, whose member districts serve approximately 650,000 students in 1,463 schools throughout the state of Washington.   http://www.wsipc.org/

12. <u>WESPaC</u> - Working in collaboration with Skyward, Inc., a national leader in ERP[9] software development for K-12 schools, WSIPC created a comprehensive suite of student, human resources, and financial management modules for public and private Washington schools. The WSIPC Enhanced Skyward Point-and-Click (WESPaC) software suite is the result of this collaboration, and today WSIPC and Skyward continue to develop and support the software to meet the changing needs of Washington schools. http://www.wsipc.org/products/products.html

13. <u>King County Directors' Association</u> (KCDA) is a non-profit purchasing cooperative owned by Washington's public school districts. KCDA saves money for members by ordering in volume and supporting their purchasing and distribution requirements. This non-profit association helps members to save money by creating volume purchasing and fulfilling bid law requirements. KCDA manages centralized receiving, warehousing and distribution while offering additional contracts and services to provide a single-source for school supplies, furniture, equipment and services. KCDA has grown to include virtually all of the 295 public school districts in Washington with associate members in Alaska, Arizona, California, Idaho, Illinois, Massachusetts, Minnesota, Montana, Nebraska, Oklahoma, Oregon, Pennsylvania, Texas, Washington and Wisconsin.   KCDA annually is audited by the State of Washington ensuring compliance for all members.   http://www.kcda.org/

14. <u>The Washington State Department of General Administration's</u> (GA) state purchasing cooperative has increased supplier access to contracting opportunities and created efficiencies for suppliers and agencies seeking bids. GA worked with suppliers and customers to develop Washington's Electronic Business Solution (WEBS) system. WEBS helped eliminate dozens of agency-managed bidder lists and provided suppliers with one place to register and receive bids from over 471 registered government users, including school districts. Of special note is the role GA played in helping school districts comply with the Mercury Education and Reduction Act of 2003 that mandated the proper disposal and recycling of many mercury containing products. GA allowed schools, governments, and non-profits to purchase

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[9] Enterprise Resource Planning (ERP) is a term usually used in conjunction with ERP software or an ERP system which is intended to manage all the information and functions of a business or company from shared data stores.

low mercury or mercury-free products using their pre-negotiated contracts. In addition, other contracts dealt with the purchasing and disposal of low mercury fluorescents bulbs, green purchasing products, and hazardous waste disposal. http://www.ga.wa.gov/Business/index.htm

15. The Cooperative Purchasing Network (TCPN) is a national governmental purchasing cooperative that offers very competitive pricing to its members. TCPN competitively issues bids and awards contracts to national vendors in accordance with purchasing procedures mandated by state procurement laws and regulations. This means equal pricing for the smallest entities and the largest buyers. TCPN contracts are available for use and benefit all entities that must comply with state purchasing laws. Contracts cover technology, office supplies and equipment, instructional supplies, recreation and sports, janitorial supplies and equipment, roofing and construction services among other commodities and services. http://www.tcpn.org/

16. Interlocal Purchasing System (TIPS/TAPS) - The Interlocal Purchasing System is sponsored by the state of Texas' Region VIII Education Service Center and is available for use by all public and private schools, colleges, universities, cities, counties, and other government entities in the states of Arkansas, Arizona, Illinois, Kansas, Louisiana, Missouri, New Mexico, Ohio, Oklahoma, Oregon, Tennessee, Texas and Washington. The TIPS and TAPS purchasing cooperatives have joined together government entities in multiple states to increase their buying power in acquiring products and services; lower administrative procurement costs; and improve overall business performance at each entity. Other benefits include: Centralized Vendor Listing; e-Commerce Store; Toll-Free Help Line; Competitively Bid Procurement Process and Vendor/Member Reporting Service. http://www.tips-usa.com/

17. Northwest Textbook Depository serves northwest schools and districts, serving as a one-stop resource for K-12 instructional materials in Oregon, Washington and Alaska. NTD works closely with publishers to provide schools and districts economies of scale in their purchases. NTD eliminates the need to contact each publisher directly, saving time, reducing freight costs and simplifying purchasing procedures. http://www.nwtd.com/

18. Instructional Resources Cooperative - A regional cooperative managed by Spokane ESD 101 manages and coordinates the consortium purchase of online library and media services for its 42 member school districts. In addition to basic service resources, members have options for purchasing subscriptions to online streaming media libraries, reading resources and discounts on a variety of professional development programs. The basic services package includes district-wide and home use subscriptions to the following online resources: Proquest, eLibrary, CultureGrams Online, and World Conflicts Today. http://www.esd101.net/16961071011548393/site/default.asp

19. The Washington Schools Risk Management Pool is a self-funded group of over 75 school districts, educational service districts, and school district interlocals in Washington State that have joined together to prevent, control and pay for liability and property risks.   The 65 school districts who are members of WSRMP account for about 45 percent of the state's K-12 student population. WSRMP's Executive Director said that, compared to its competitors, WSRMP is better funded and as a result, covered a greater share of a member's loss; is more flexible in setting rates depending on how much the member wanted to pay in deductibles; and denied fewer claims. Beyond the coverage, WSRMP also emphasizes risk control measures by providing training in liability prone areas such as transportation and science labs, and on-site reviews of facilities, policies and procedures.   http://www.wsrmp.com/

20. The Southwest Washington Risk Management Insurance Cooperative provides claims handling and risk management for property and casualty liabilities to its membership through group funding. The insurance coverage is for property, vehicle and mobile equipment physical damage, equipment breakdown, crime, electronic data processing equipment, and general liability, automobile liability, employment practices liability, errors and omissions liability and statutorily required bonds. Thirty school districts, the Educational Service District 112, the KWRL Transportation Cooperative and the Washington Schools Information Processing Cooperative belong to the Risk Cooperative. http://www.esd112.org/insurance/sw_risk.cfm

21. Resource Conservation Managers Program, Puget Sound Energy - School Districts can improve their energy efficiency and reduce operating costs through Puget Sound Energy's (PSE) Resource Conservation Manager (RCM) program. PSE helps pay for a dedicated RCM who receives training to work with maintenance staff and building occupants to reduce the usage and costs of electricity, natural gas, water, sewer and solid waste.   PSE provides the software to monitor and record resource usage. Most savings are achieved by low or no cost behavioral changes in building occupants and do not require major investments in equipment.

With the assistance of its Resource Conservation Manager, a district can become eligible for PSE incentives by making improvements in lighting, HVAC, water heating, or thermal insulation systems of buildings, or by adopting improved operating and maintenance practices.

According to PSE's Program Manager for the RCM Support Program, over 30 school districts have taken advantage of the RCM program, including Federal Way, Bellevue, Seattle and Auburn. PSE reports that typical school districts spend $2 to $3 million per year on energy costs, roughly $1.00 per square foot.   The RCM program targets a 5 percent reduction in energy use per year. For a school district, a 5 percent reduction in total energy can be enough savings to power a whole school. http://www.pse.com/solutions/forbusiness/pages/efficiencyComPrograms.aspx?tab=2&chapter=1

22. <u>Energy Star Partner Districts, U.S. Environmental Protection Agency and U.S. Department of Energy</u> - ENERGY STAR, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy, is designed to save money and protect the environment through energy efficient products and practices. Nationwide, ENERGY STAR has helped saved enough energy in 2008 alone to avoid greenhouse gas emissions equivalent to those from 29 million cars — all while saving $19 billion in utility costs.

    By becoming an ENERGY STAR partner, school districts commit to measure, track, and improve the energy performance of their facilities with the help of ENERGY STAR's resources and tools.   ENERGY STAR provides information on standardized measurement systems, proven energy management strategies, new cost-effective energy efficiency technology, and ways to achieve rigorous energy efficiency benchmarks in constructing new buildings.

    ENERGY STAR partners in Washington state include the 17 school districts of Aberdeen, Auburn, Bellevue, Bethell, Chewelah, East Valley, Evergreen, Ferndale, Grapeview, Highline, Lake Washington, Northshore School District, Renton, Spokane, Tacoma and Wenatchee.

    EPA has also awarded the ENERGY STAR label to 39 schools in Washington state for measurably lowering their operation costs and improving environmental quality by adopting prudent energy management strategies and proven technologies. The EPA reports that top performing ENERGY STAR-labeled schools cost forty cents per square foot less to operate than the average performer.   The ENERGY STAR-labeled schools are located in Bethel, East Valley, Northshore, Renton, Vancouver, and Wenatchee school districts. All but the Vancouver School District is also an Energy Star partner.
    http://www.energystar.gov/

23. <u>Energy Savings Performance Contracting, Washington State General Administration</u>
    Energy Savings Performance Contracting is a cost-effective way for government agencies and public entities including school districts to identify, finance, and implement energy-saving projects. By leveraging utility savings along with grants and capital dollars, projects can typically be funded within existing budgets.   An energy-service company, prequalified by the state's General Administration, conducts a free energy audit of the school district's facilities and proposes projects guaranteed to save energy costs.   The project costs may be covered by the utility savings or financed with low-interest state funds.   The energy service company completes projects as selected by the school district.   GA engineers help manage the project and monitor the long-term performance of the project's savings.   Typical projects include energy management systems, interior and exterior lighting, boiler replacement and repair of steam distribution systems, and installing high-efficiency HVAC systems.

As example of the savings, the West Valley School District reduced energy use and improved the lighting of classrooms and gymnasiums in 12 of its buildings.   The annual cost savings was $54,800.   http://www.ga.wa.gov/energy/index.html

24. Energy Efficiency Improvement Grant Program, Office of the Superintendent of Public Instruction, Washington State - OSPI manages the $16.9 million appropriated by the legislature for the Energy Efficiency Grant Program. The Program's objectives are to increase energy efficiency in school facilities, reduce operating expenditures, leverage funds with local resources, and improve safety and health of learning environments.   Grant funds are for up to $500,000 for qualifying energy efficiency projects in K-12 instructional space. The grant is designed to encourage districts to obtain an energy performance contract with the state's General Administration and a pre-qualified energy service contractor. Suitable projects include lighting upgrades; heating, ventilation and air conditioning systems; control systems; roofs; and energy information systems. Some projects such as lighting and controls tend to have short payback periods and are considered good candidates.   The projects need to be completed and all final claims made before June 30, 2011. http://www.k12.wa.us/SchFacilities/Programs/EnergyEfficiency/RecipientInfo.aspx

25. Leadership and Assistance for Science Education Reform (LASER) is a partnership program that started in 1999 with the National Science Resources Center (NSRC), OSPI, the Pacific Northwest National Laboratories, Pacific Science Center and educational service districts and lead school districts from across Washington State. The goal of the program is to assist school districts with implementing an ongoing, research-based science program, aligned with the Washington State Essential Academic Learning Requirements. OSPI funds ten Washington State LASER Alliances. The LASER Alliances provide training, guidance, and technical support to districts that are considering participation in LASER, as well as to districts that are already in various stages of implementing the program. Each alliance is comprised of members from a myriad of educational and scientific institutions (e.g., school districts, ESDs, and universities).   http://www.wastatelaser.org/

26. School Nurse Corps - The School Nurse Corps (SNC) began in the 1999-2001 biennium as a statewide program funded by the Legislature to provide limited school nursing services in needy schools, mostly rural, where there was little or no experience with school nursing services. OSPI manages and coordinates the efforts of the nine SNC nurse administrators positioned in each ESD. The SNC program provides school nurse services to school districts and their students through RN consultations, supervision and training of unlicensed school staff. The program also provides direct services so that students receive the nursing care they need by the appropriate staff in order to experience optimal health, remain safe and in school. In addition, SNC provides educational resources and professional development opportunities for school nurses across the region. http://www.k12.wa.us/HealthServices/SchoolNurse.aspx

27. <u>Building Bridges - Drop Out Prevention, Intervention and Retrieval</u> - The 2007 legislative session created "Building Bridges" (H.B. 1573) - a state level workgroup to develop recommendations for the legislature and a grant program for partnerships of schools, families, and communities to build a comprehensive dropout prevention, intervention and retrieval system. The grant was designed to leverage community resources in support of this at-risk population of students. This program supports the creation of local school, workforce, and community partnerships to build comprehensive dropout prevention, intervention and retrieval systems to identify students "at risk" of dropping out of school, provide timely inventions/supports and re-engage students who have already dropped out of school.   The 15 grantees in 2008 each included schools, school districts or ESDs in their partnerships. http://www.k12.wa.us/BuildingBridges/default.aspx

28. <u>21st Century Community Learning Centers</u> - A federally funded grant program authorized by Title IV, Part B, of the Elementary and Secondary Education Act to support the creation and expansion of community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low performing schools. The program: helps students meet state and local student standards in core academic subjects, such as reading and math; offers students a broad array of enrichment activities that can complement their regular academic programs; and offers literacy and other educational services to the families of participating children. http://www.k12.wa.us/21stCenturyLearning/default.aspx

29. <u>KWRL Transportation Cooperative</u> is comprised of the Kalama, Woodland, Ridgefield and La Center School Districts.   The Coop is responsible for managing and operating public school transportation services for the students within the four member districts. Supervisor Chuck Anderson 360-225-8075 andersonc@woodland.wednet.edu

30. <u>The Public Schools Personnel Cooperative</u> (PSPC) recruits candidates for administrative, certificated and classified positions for 14 member school districts that serve 36,000 students. These districts are located along the I-5 corridor between Seattle and Portland. PSPC recruits qualified candidates for administrative, certificated and classified positions in the member districts and provide members with a pool of candidates for each job opening. Olympia ESD 113 operates this cooperative.   http://pspc.esd113.k12.wa.us/

31. <u>The Construction Services Group</u> - A public, not-for-profit entity in the Vancouver ESD 112, CSG is a construction project management group that can help districts manage the budget, quality and schedule of construction projects, review project plans to determine likelihood of potential change orders, and test new building systems to determine whether they meet the design expectations. CSG reports that its cost of services is less than those listed in the most recent national survey of construction management firms. CSG receives no direct state funding and has

provided services to over 70 of Washington's 295 school districts.
http://www.esd112.org/csg/

32. <u>The Rural Education Center (REC)</u> is a statewide cooperative of small and rural school districts committed to achieving the highest quality of learning on behalf of children in their districts. There are currently 64 members (school districts, ESDs, other educational organizations).   The REC serves its members by providing policy advocacy, information exchange and leadership networking. The REC provides support and information to superintendents, building administrator and school board members who serve small and/or rural school districts. Northeast Washington Educational Service District 101 serves as the fiscal agent for the Rural Education Center.   http://www.wsu.edu/~rec1988/

Appendix B. Examples of Three Resource Conservation Programs

Bethel School District
Bethel School District became an energy star partner in 2005; the same year they entered into a partnership with Texas based Energy Education Inc., and hired an energy manager to implement a comprehensive energy conservation and education program. The district's efforts have saved $1.4 million in utilities cost since 2005. Over the same period of time, kilowatt usage has been reduced by over 7.6 million kilowatts. This is the equivalent of the electricity usage for all 15 elementary schools for an entire year. Through EPA's Portfolio Manager, the district has shown a nearly 15 percent increase in energy efficiency, with an average overall portfolio rating of 70 for 22 buildings. In 2008, ten of the district's schools received the ENERGY STAR for superior energy efficiency.

Additional help and training for the district's energy program has been obtained through local partnerships, including: the Washington State University Extension Energy Program, the state of Washington General Administration office and Puget Sound Energy.

Federal Way School District
In June 2008, Puget Sound Energy presented the Federal Way School District a $25,000 solar power grant and a $20,000 Resource Conservation Manager (RCM) grant. The solar power grant, offered through PSE's Solar Schools Program, will allow Thomas Jefferson High School to install a 1.1 kilowatt photovoltaic system (a technology that converts light directly into electricity) along with a web-based monitoring system with an interactive touch-screen kiosk to display real-time data about the amount of electricity generated by the school's solar array, as well as software enabling students to assess system performance over time.

According to a PSE Resource Conservation Manager, the Federal Way School District achieved an overall energy reduction of 6 percent in its 2006-07 school year, resulting in a savings from electric and natural gas reductions of more than $113,600 in energy bills. The district has been participating in the conservation program for the past four years (since April 2004), resulting in overall savings of more than $500,000.

Kent School District
The Kent School District has had a resource conservation (RC) program since a 1994 bond provided the funds to hire a RC manager.   The resource conservation program lowered utility costs and saved the district money which it then used to help pay for the RC manager's salary and new energy-saving equipment and technologies.   Due to budget limitations, the district chose not to finance a full-time RC manager after she left in 2006.   Over the next year and a half, the district again experienced rising costs in

utilities. In response, the district formed a team of existing managers and maintenance workers to ensure buildings use appropriate energy saving measures.

Utilities by themselves take a big bite out of districts' Nonemployee-related costs (NERC) allocation, the pot of money used to fund instructional supplies, textbooks and equipment, and insurance, utilities and other contractual services such as computer maintenance.

In school year 1994-95, utility costs accounted for 50 percent or more of the NERC allocation in 39 districts.

By school year 2008-09, that number had grown to 189.   Further, utility costs exceeded the entire NERC allocation in 15 districts.   On average, the NERC allocation covered just 79 percent of the utility costs in these 15 districts.

Sources:
Washington State Auditor's Office - http://www.sao.wa.gov/EN/Pages/default.aspx

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Bethel School District - http://www.bethelsd.org/operations/energy_conservation
Puget Sound Energy - http://newsroom.pse.com/article_display.cfm?article_id=171

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