

Chalkboard's K-12 Action Plan

#6: CREATE A CENTRALIZED SYSTEM OF ONLINE PURCHASING

Goal: Centralize online purchasing to save money.

Recommendation: Oregon Department of Education (ODE) and the Oregon Department of Administrative Services should combine the buying power of schools across the state. It's a simple fact that when you buy in bulk you spend less. Online purchasing also increases efficiency. Oregon should identify and implement best purchasing practices for schools across the state.

Success Measurement: Centralized purchasing could reduce costs by 2 percent to 5 percent, in which case Oregon should see a savings of \$14 million to \$34 million annually.

Concept: Cooperative bulk purchasing, combined with improved online inventory-tracking technology, can reduce costs. It can also free existing educational resources that could be redirected to academic instruction. ODE should randomly audit districts to discover best purchasing practices, then distribute those methods to all schools in the state. Chalkboard suggests a centralized purchasing *method*, which would not affect local control over purchasing decisions. Local savings would remain in local district budgets where funds can then be directed toward student achievement.

Public Opinion: According to Chalkboard's public opinion poll, there is a funding divide in Oregon: 40 percent of Oregonians do not think that funds are spent efficiently, while 47 percent of Oregonians believe that most of the waste and inefficiency in their school district has been eliminated. Chalkboard's Citizen Feedback Guide survey asked Oregonians to rate the suggestion that Oregon experiment with purchasing cooperatives. Respondents gave the idea a rating of 3.8 on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree).

Supportive Research: In its audit of expenditures on K-12 support, the Secretary of State found that districts that purchased in groups with other districts or other government agencies spent less on supplies. E-procurement (or cooperative online purchasing) increases efficiency and reduces administrative costs. Group purchasing leverages the buying power of schools across the state, resulting in greater purchasing power for all school districts.

Less than 10 percent of all state government purchases in Oregon are conducted electronically. Currently, school districts have at least three options to purchase supplies cooperatively online.

- The Oregon Cooperative Purchasing Program (ORCPP) allows qualified agencies and organizations to use state contracts for purchasing goods and services. The program also offers procurement training. Fewer than 90 Oregon school districts currently use ORCPP. The Oregon "Smart Buy" project leverages the state's volume purchasing power to obtain better value for goods and services.
- Umatilla-Morrow ESD's Intermountain Cooperative Purchasing Program has joined with purchasing cooperatives in nine other states to form the Association of Educational Purchasing Agencies (AEPA). The program offers a surplus catalog with special discounts on excess office supplies, computer equipment, furniture and cafeteria supplies.
- The Salem-Keizer Purchasing Cooperative welcomes other Oregon school districts to purchase art supplies, audio-visual equipment, computers, cleaning supplies, library resources, office and classroom furniture and equipment.

Two factors prevent wider implementation of e-procurement strategies: local businesses pressure school boards and business managers to buy locally, and local purchases can be more convenient than online purchasing. To stimulate wider use of e-procurement among Oregon school districts, ODE should collect figures on the amount of goods and services purchased annually *by each school district* through Oregon's major e-procurement sites. ODE could then compare e-procurement purchases to total purchases for a specified set of goods and services. By combining the data, ODE could estimate a district-by-district baseline of e-procurement practices. ODE would also better understand variations in use of the practice across districts. Next, ODE could direct districts to develop purchasing goals benchmarks (what share of goods and services would they purchase online and cooperatively).

Positive outgrowth of the recommendation could include greater cooperation among all government agencies (cities and counties as well) and more regional cooperatives.

It's difficult to accurately estimate the potential savings of e-procurement. However, the Manhattan Institute recently estimated that government agencies could anticipate 2 percent to 5 percent reductions in their procurement budgets. In 2001-02, Oregon school districts spent \$707 million on supplies and services. Applying the 2 percent to 5 percent potential savings, Oregon could estimate that wider use of e-procurement in that year would have saved districts between \$14 and \$35 million.

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(Please visit the "Download Center" section of www.chalkboardproject.org to see source data: Citizen Public Opinion Statewide Poll: Highlights of Key Findings; Citizen Feedback Guide Survey Results; ECONW Condition of K-12 Education in Oregon, pp. vi to x, 4-1 to 4-15; ECONW Finance Full Report, Ch. 6, p. 6-4; ECONW K-12 Business Practices: Issue Paper, pp. 1, 3-6.)