



**JOINT
EDUCATION and BUSINESS/FINANCE
COMMITTEE MEETING**

Monday, January 5, 2009 at 5:30 – 8:00 p.m.

Board Committee Room

**Education Committee Chair: Mr. Thomas Sumpter
Business/Finance Committee Chair: Mr. Floyd McCrea**

Agenda

- | | | |
|-----------|---------------------------------------|--|
| 5:30 p.m. | I. CTE Workshop – <i>Continued</i> | <i>Dr. Linda Croushore</i> |
| - | | <i>The Consortium for Public Education</i> |
| 7:30 p.m. | | |
| 7:30 p.m. | II. Common Cents Shared Initiatives | <i>Christina Dorfhuber</i> |
| - | Results for Pittsburgh Public Schools | <i>Deloitte Consulting, LLP</i> |
| 8:00 p.m. | | <i>Dr. Jan Heiple</i> |
| | | <i>Lyceum Group</i> |



Common Cents Shared Services Initiative Results

School District of Pittsburgh

January 5, 2009

Common Cents Objectives and Goals

Background: Governor Rendell's 2007-08 budget allocated funds to provide expert advice to school districts to learn about ways they can share services and programs in order to increase the efficient use of tax payer resources and improve service delivery for students. Common Cents offers these volunteer districts free advice – and no mandate.

Project Objective: *To implement a shared services program across Pennsylvania's participating school districts as a way to reduce administrative costs and allow school districts to invest more dollars in the classroom.*

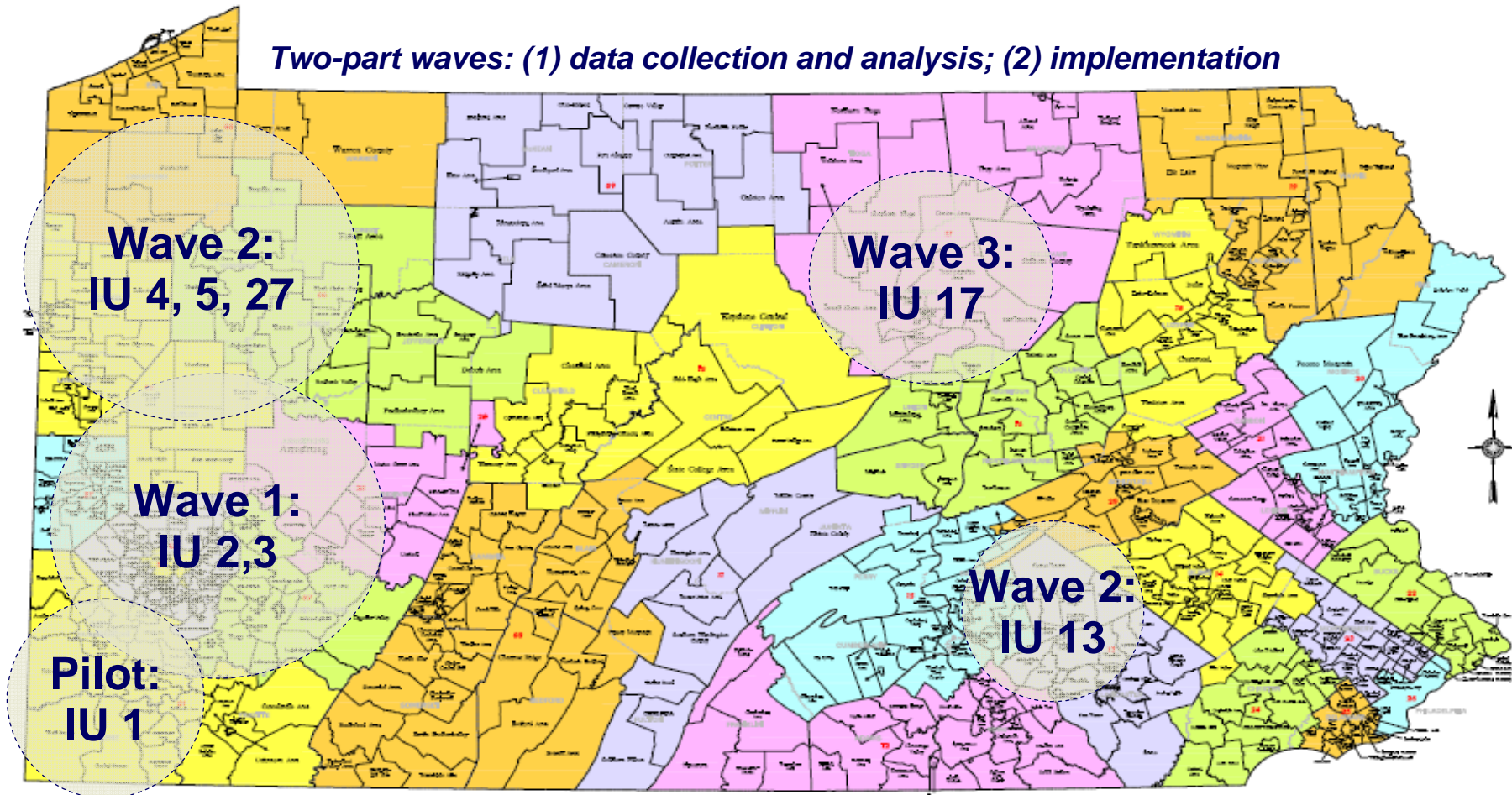
PROJECT GOALS

- Shared administrative services (where it makes sense)
- Meaningful savings to drive money back into the classroom
- More efficient operations

Methodology: Project Rollout

Common Cents is being implemented across the Commonwealth with an initial Pilot followed by three “waves.”

Two-part waves: (1) data collection and analysis; (2) implementation

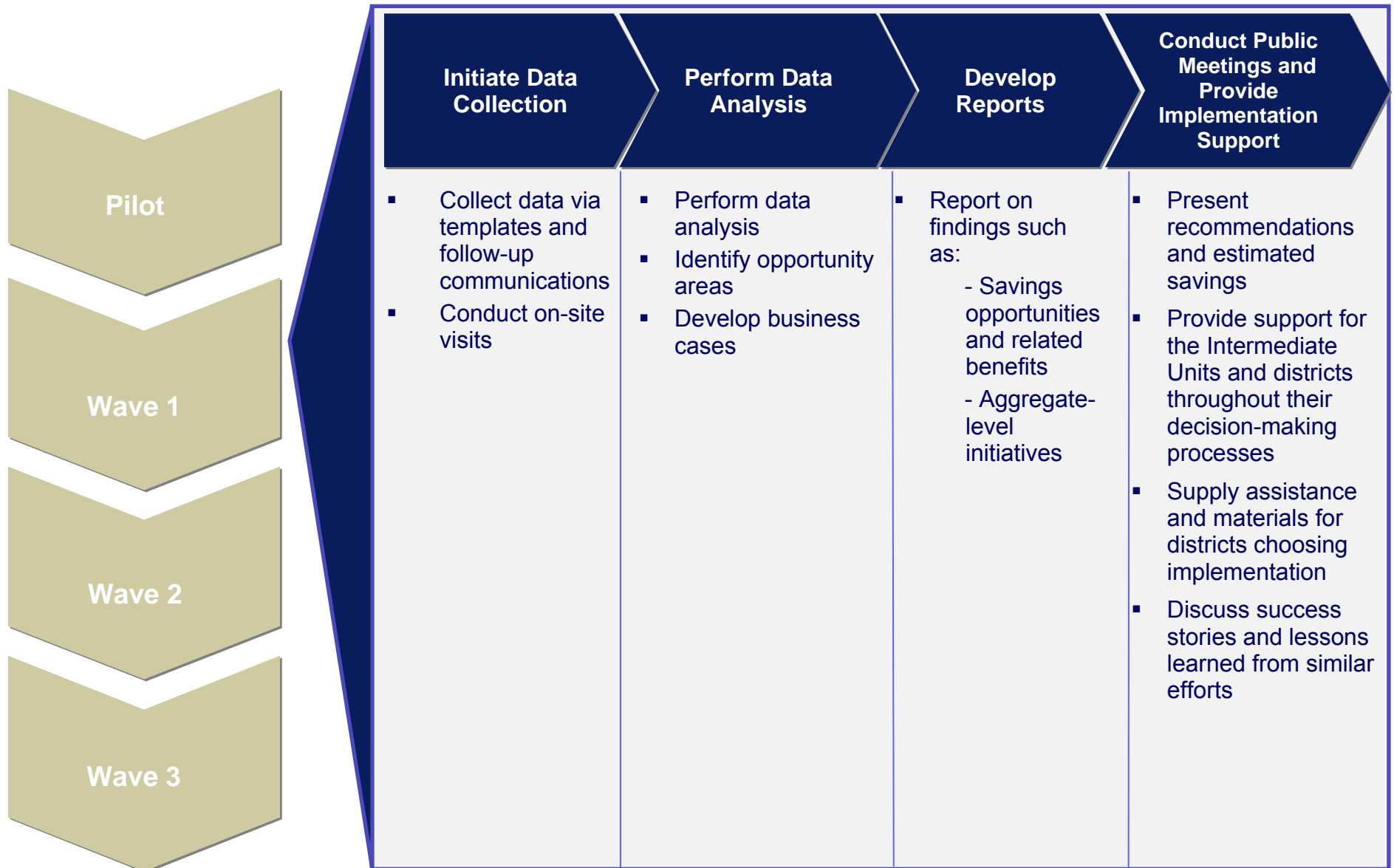


Methodology: Project Rollout (cont'd)

A total of 38 school districts are participating in Common Cents to date.

Pilot	Wave 1	Wave 2	Wave 3
<ul style="list-style-type: none"> • Jefferson-Morgan • Canon-McMillan • Chartiers-Houston • Ringgold 	<ul style="list-style-type: none"> • Pittsburgh • Baldwin-Whitehall • Brentwood Borough • Clairton City • Duquesne City • Plum Borough • Shaler Area • South Allegheny • Wilkinsburg 	<ul style="list-style-type: none"> • Butler Area • New Castle Area • Commodore Perry • Farrell Area • Hermitage • Jamestown Area • Sharon City • Sharpsville Area • West Middlesex Area • Conneaut • North East • Northwestern • Ambridge • Blackhawk • Hopewell Area • Lebanon 	<ul style="list-style-type: none"> • Athens Area • Northeast Bradford • Sayre Area • Towanda Area • Wyalusing Area • Montgomery Area • Montoursville Area • South Williamsport Area • Southern Tioga

Methodology: Key Project Steps



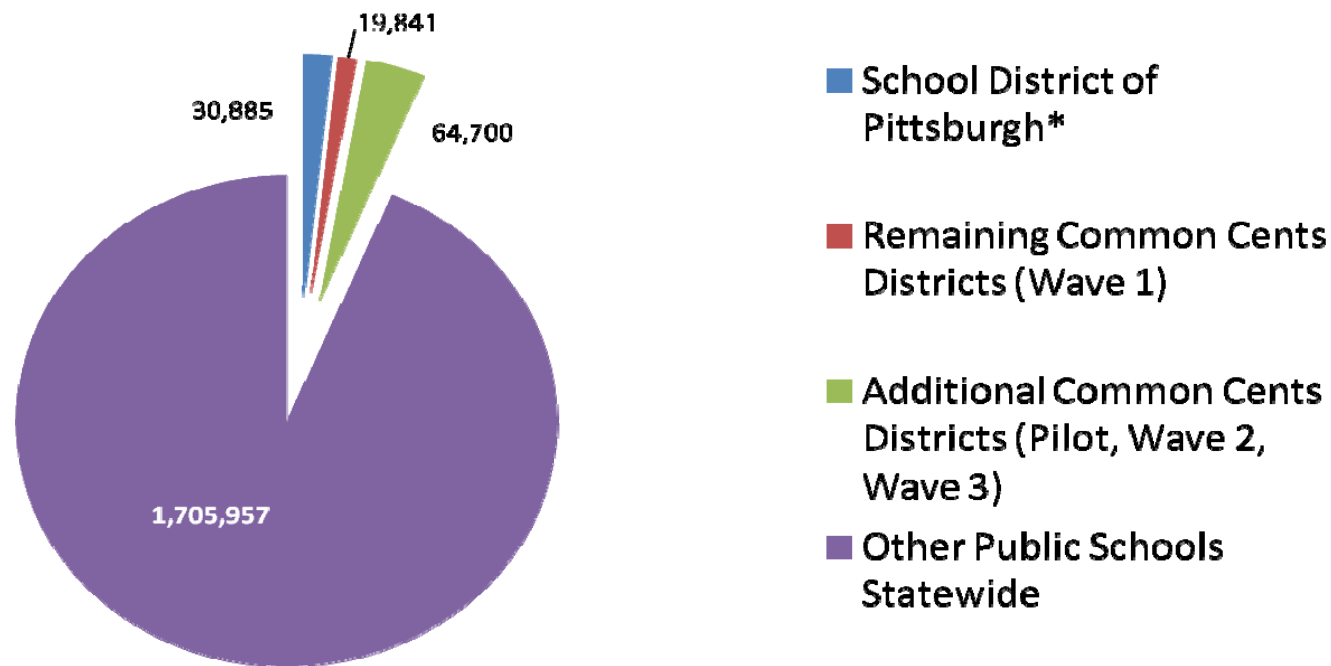
Cost Savings Considerations

- The realization of cost savings is dependent on full participation of other school districts. *No district may realize these savings on their own*
- Many districts already use certain best practices such as participation in IU consortia and state purchasing programs. *Our intent is to grow, enhance, and share these best practices to help districts realize even greater savings*
- For opportunity areas that do not currently apply to Pittsburgh, the district may play a leadership role for other school districts by spreading best practices and enabling others to leverage the district's purchasing power

Cost Savings Considerations, cont'd.

The chart below shows the student enrollment of the School District of Pittsburgh (Pre K – 12). This provides perspective on the potential for expanded shared services opportunities.

**Pennsylvania School Districts' Student Population
(2006-2007)**



* Includes pre-K to 12th grade enrollment.

Current Consortia and Shared Services

The School District of Pittsburgh currently participates in many consortia and shared service arrangements. Examples include:

- **Consortia:**

- Intermediate Unit 2- Technology Purchasing Consortium
- Western Pennsylvania Energy Aggregation Group
- General Purchasing- the City of Pittsburgh and Allegheny County (for purchasing office supplies) and utilizes state contracts (via US Communities)
- Board of Cooperative Educational Services (BOCES) of New York- purchase of high-end graphic calculators

- **Shared Services/Partnerships:**

- Transportation- Port Authority public transportation system
- Food Services- charter schools, non-public schools, and the City of Pittsburgh
- Delinquent Tax Collection- the City of Pittsburgh
- Business Office Services- the Duquesne City School District

Leading Practices

The School District of Pittsburgh is employing many leading practices within its operations, such as:

- **Purchasing:**

- *An automated online purchase requisition and order system* (the district supports electronic commerce through PeopleSoft's e-Procurement module, providing a total of 17 direct connections with contract vendors)
- *An online textbook requisition program*
- *Public procurement operations and standards* (recipient of the 2006 Outstanding Agency Accreditation Achievement Award from the Nation Institute of Governmental Purchasing)
- *Online procurement and training website* (2008 major purchasing objective, [to be] used to communicate bid opportunities and provide easy access to training materials for employees and vendors)

- **Finance:**

- *School business management* (three-time recipient of the Pennsylvania Association of School Business Officials Award of Achievement)
- *Worker safety* (recipient of the Pennsylvania Self Insurers' Association 2006 Award of Excellence)
- *Facilities cost containment efforts* (2008 major plant objective)

Leading Practices, cont'd.

- **Energy management*:**

- *Energy audits and recommendations implementation* (conducted audits for the past 10-12 years with a private contractor)
- *Performance contracting* (producing annual savings (estimated) of approximately \$100,000)
- *Third-party natural gas purchasing and third-party electric generation purchasing* (allowing the district to purchase energy at the lowest costs available on the open market)
- *Energy conservation through partnering with Energy Star to get students and the community more involved with energy conservation*
- *Computer controlled maintenance systems*

*Source: A study of the School District of Pittsburgh completed by MGT of America in 2005 for the Pennsylvania Legislative Budget and Finance Committee.

Pittsburgh Project Results, cont'd

Four specific opportunities across several different categories were identified for Pittsburgh during analysis.

Category	Shared Service Opportunities for Pittsburgh
Transportation	(1) Specialized Transportation Services <i>Transportation Purchasing (e.g. Vehicles and Fuel)- No major cost savings currently identified*</i>
Purchasing	(2) General Purchasing (e.g. Paper, Office Supplies, Copiers)
Real Estate & Facilities	<i>No major cost savings currently identified</i>
Human Resource Admin.	<i>No opportunities currently identified**</i>
Finance and Payroll	<i>No major cost savings currently identified</i>
Technology Services	(3) Technology Purchasing
Food Services	<i>No major cost savings currently identified</i>
Instructional Services	(4) Textbook Purchasing
Safety and Security	<i>No opportunities currently identified</i>
Administration	<i>No opportunities currently identified</i>

*"No major cost savings currently identified" denotes opportunities that were identified for other Wave 1 districts, but not for the School District of Pittsburgh.

**"No opportunities currently identified" denotes that there were no opportunities found at this time for any of the participating districts across the project rollout waves.

Pittsburgh Project Results

The table below provides the potential cost savings for the School District of Pittsburgh, if the district were to implement the identified opportunities:

School District	Potential Cost Savings (Low –end to High-end)*
Pittsburgh	\$607,000-\$1,319,000

* Potential Cost Savings are rounded to the nearest thousand.

Summary of Cost Savings Opportunities

The following table provides potential cost savings for the School District of Pittsburgh, if the district were to implement the identified opportunities:

Opportunity	Opportunity Description	Opportunity Detail	Potential Cost Savings
Transportation			
1. Specialized Transportation Services	Enhance shared service centers providing Specialized Transportation services for the Wave 1 school districts	Located at the intermediate unit or on-site at one of the district facilities, enhance specialized transportation services provided to students requiring transportation to schools other than their local school when these routes cross through other districts	\$65,000-\$130,000*

*Many other districts cross through the School District of Pittsburgh on their way to specific destinations. Increased route coordination could produce savings opportunities both for Pittsburgh and for other districts.

Summary of Cost Savings Opportunities, cont'd

Opportunity	Opportunity Description	Opportunity Detail	Potential Cost Savings
Purchasing			
2. General Purchasing (e.g. Paper, Office Supplies, Copiers)	Enhance shared service centers to provide general purchasing services for the districts	Enhance purchasing and state/consortium purchasing to save on: <ul style="list-style-type: none"> •Paper •Copiers •Office supplies 	\$170,000-\$316,000*

*Since the district has already been diligent in its purchasing process, any additional savings are expected to result from greater participation of other districts and entities in joint purchasing efforts to achieve greater economies of scale.

Summary of Cost Savings Opportunities, cont'd

Opportunity	Opportunity Description	Opportunity Detail	Potential Cost Savings
Technology Services			
3. Technology Purchasing	Enhance shared services for technology purchasing	Enhance purchasing and state/consortium purchasing to save on: <ul style="list-style-type: none"> •Hardware •Software •Internet Servers 	\$161,000-\$450,000*

*Since the School District of Pittsburgh already participates in a shared services purchasing consortium for hardware and software, their savings will be at the low end of the range based on increased discounts as the pool of participating districts increases or an expanded purchasing consortium is established.

Summary of Cost Savings Opportunities, cont'd

Opportunity	Opportunity Description	Opportunity Detail	Potential Cost Savings
Instructional Services			
4. Textbook Purchasing	Create a shared services center for curriculum-related purchasing	Districts could increase purchasing power and reduce costs. Potential benefits include: <ul style="list-style-type: none"> •Curriculum development •Textbook purchasing •Professional development opportunities 	\$211,000-\$423,000*
Total Potential Cost Savings Across all Opportunities			\$607,000-\$1,319,000

*This opportunity is contingent upon coordinating textbook titles being purchased and coordinating the timing of purchasing. The greater the coordination the higher the savings.

Pittsburgh's Next Steps

1. Within four months determine which, if any, recommendations to pursue after reviewing with the school board. The Common Cents team will provide support during this decision-making time.

For districts that decide to implement, next steps will be to:

2. Prioritize and weigh each selected recommendation based on potential savings and ease of implementation
3. Finalize recommendations and participate in an Implementation Kick-Off meeting with other districts
4. Develop an action plan for implementation with guidance from the Common Cents Team

Implementation Support

The Common Cents team will work with your district to provide implementation support in the following ways:

- Work with the district on implementation action plans
- Supply assistance and materials for districts choosing implementation such as:
 - Implementation Plan Templates
 - RFP Templates (Request for Proposals)
 - MOU Templates (Memo of Understanding)
 - Vendor evaluation lists
- Monitor implementation plans to support success



Questions?



thank you

Deloitte.



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Workforce Development Solutions