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October 30, 2012

Governor Terry E. Branstad
State Capitol Building
Des Moines IA 50319

Michael E. Marshall
Secretary of the Senate
State Capitol Building
Des Moines IA 50319

Mark Brandsgard
Chief Clerk of the House
State Capitol Building
Des Moines IA 50319

Re: Cooperative Purchasing Plan

To the Governor and Members of the Iowa General Assembly:

Pursuant to Iowa Code Chapter 262.9B, the report on the Cooperative Purchasing Plan for FY 2012 is attached.

If there are any questions concerning this report, please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink that reads 'Robert Donley'. The signature is fluid and cursive, with a large loop at the end of the last name.

Robert Donley

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cc: Robin Madison
Legislative Liaisons
Legislative Log

Contact: Patrice Sayre

INTERAGENCY COOPERATION PLAN
ANNUAL REPORT

Action Requested: In compliance with Iowa Code 262.9B, receive the annual report for the year ended June 30, 2012 on cooperative purchasing efforts between the Board of Regents and its institutions, the Department of Administrative Services, the Chief Information Officer of the State, and other state agencies.

Executive Summary: Now incorporated in Iowa Code 262.9B, the Reorganization Bill Senate File 2088 enrolled during the 2010 Legislative Session directs the Board of Regents and the institutions under its control to coordinate interagency cooperation with state agencies with the goal of annually increasing the amount of joint purchasing. Engaging the Department of Administrative Services (DAS), the Chief Information Officer of the State, and other state agencies authorized to purchase goods and services, Regent institutions are to pursue mutually beneficial activities relating to purchasing items and acquiring information technology.

The legislation states that the Board of Regents and Regent institutions shall assist the Department of Administrative Services in:

- Identifying best practices that produce cost savings and improve state government processes.
- Exploring joint purchases of general use items that result in mutual procurement of quality goods and services at the lowest reasonable cost.
- Exploring flexibility, administrative relief, and transformational changes through procurement technology.

The Regents are to convene at least quarterly an interagency purchasing and information technology group. The Board Office shall, before July 1 of each year, prepare a cooperative purchasing plan that identifies specific areas of cooperation between the Regent institutions and the Department of Administrative Services for the next fiscal year.

On or before November 1, the Board of Regents shall submit a report to the General Assembly and the Governor providing information on the cooperative purchasing plan, the results of quarterly interagency meetings and any specific cost savings or efficiency gains that resulted.

This report contains the accomplishments of interagency meetings for the year ended June 30, 2012.

Background:

The participating state agencies have followed the following set of guiding principles:

- Collaboration efforts must maintain or improve the quality and effectiveness of each participant.
- Collaborations should not introduce complexities or risks to infrastructure, business processes, or end-user experiences.
- No participant should pay more for a service or product than they could otherwise obtain on their own.
- Collaborations should occur where they make sense. Given the differing missions of the participants, some projects may not involve all institutions or state agencies.

Interagency meetings were held on a regular basis with representatives of the three public universities, Board of Regents staff, DAS, Department of Transportation (DOT), and Iowa Communications Network (ICN) on:

- August 22, 2011 – at Iowa State University.
- November 9, 2011 – at the University of Northern Iowa
- January 25, 2012 – at the Board of Regents Office in Des Moines
- May 2, 2012 – at Iowa Prison Industries in Des Moines

Using best practices in collaborative purchasing, and recognizing the unique purchasing environment in which each agency operates, Regent institutions and state agencies continued to jointly-bid purchasing contracts and search for new areas for collaboration. The approach of pursuing development of master contracts was not used if the resultant master purchasing agreement would cause pricing to increase for one or more purchasing entities, unless those entities could opt out of the contract without penalty and loss of existing contract pricing.

Regent universities have a long history of cooperative contracting efforts that began in 1989. Joint Regent contracting became a focused priority in 1992 at the Board's direction; since then purchases through joint contracting efforts have grown rapidly. In FY 2012, combined Regent contract spend through joint contracting totaled \$348 million, an increase of 6.1% over the previous year, and a growth of more than 128% from ten years ago.

Over the last five years, Regent purchases from Department of Administrative Services' state contracts have increased 27% to almost \$10 million per year. Regent purchases from Iowa Prison Industries were over \$3.5 million in FY 2012.

Tables of joint purchasing efforts are found on the following pages.

Joint Purchasing Contracts explored FY 2011; Completed in FY 2012:

Joint Contract	Participants	Completion Date	Savings
<p>Procurement card services – expanded to other public entities.</p> <p>SUI has expanded program to provide student athletes with cards for meal per diem during semester breaks and travel</p>	<p>UNI, SUI, ISU - Adding DAS, City of Central City, DSM Area Regional Transit Authority, Mary Greeley Medical Center, Metro Waste Authority, Montgomery County, NE Iowa Community Colleges, SE Polk Community School District, Tama County</p>	<p>Renewed with US Bank</p>	<p>Rebate for all participants has increased by \$655,815 since 2010. All participants receive greater rebate percentages because of the increased participation.</p>
<p>Green cleaning supplies and trash bags</p>	<p>UNI, SUI (ISU under contract with IPI)</p>	<p>Awarded to AmSan</p>	<p>SUI savings \$214,872. UNI avoided over \$50,000 in expenses for no-cost dispensing products.</p>

Joint Purchasing Contracts explored FY 2011; Completed in FY 2012: (continued)

Joint Contract	Participants	Completion Date	Savings
Maintenance service contracts	SUI, DAS	Awarded to Specialty Underwriters	TBD
Strategic partnership for furniture	UNI, SUI; ISU already under contract	Awarded to Multiple Vendors	In some cases pricing did not change, but resulted in better terms and conditions.
Cell phone service contracts	SUI, ISU, DAS	Awarded to Multiple Vendors May 2011	Approx. \$100,000/year; savings depending on actual contract usage.
Fleet Overflow Vehicle Lease	SUI, ISU, UNI	Contract in negotiation with Enterprise, a subsidiary of National	TBD
Fleet Cards	SUI, ISU, UNI, DAS, DOT	Awarded to Wright Express; rebid to same supplier	Universities savings estimated at \$2,500
Copiers	UNI, ISU	Awarded to Business Systems, Laser Resources, OCE, and IKON	Expected savings FY2013 of \$937,000.
Desktop/laptops	SUI, UNI, ISU	Awarded to Dell	Savings of \$2,444,000.
International Travelers & Evacuation Insurance (new)	UNI, ISU, SUI	Awarded to CISI	SUI calculates savings of \$178,656. ISU calculated 2012 savings of \$6,300 – anticipates annual savings of \$15,000*. See additional information for UNI comment.
Flex Spend Administration	UNI, ISU; SUI has in-house program	Awarded to ASI-Flex	ISU 2012 savings are \$44,250; five-year projected savings are \$363,000. UNI had savings of \$2500 in FY2012 and expects savings of \$25,000 over five years
Library Book Binding	UNI, ISU, SUI	Awarded to HF Group	No new savings on Rebid

* Savings are calculated from comparing CISI coverage and costs to other coverage. Since this is a primary payer insurance, it reduces the medical cost experience to any self-funded plan. It also becomes a major cost avoidance factor if an emergency evacuation is necessary.

Joint Purchasing Contracts explored FY 2012:

Joint Contract	Participants	Completion Date	Savings
Vehicles	ISU, SUI, UNI, DAS, DOT	Institutions continue to work through a joint bid process, as has been done for many years.	No new savings to report. Continue to receive excellent new vehicle pricing as in the past.
Plumbing Supplies	SUI, UNI – DAS may participate	Awarded to multiple vendors May 2012	SUI savings of \$54,062; UNI had \$13,463 in savings.
Convenience Store	UNI, SUI	Awarded to Farner-Bocken August 2011	TBD
International Services – Accounting, Legal	SUI, ISU, UNI	Awarded May 2012 to High Street Partners	No savings, but gives access to universities for necessary service not previously available. It is a risk management/cost avoidance issue.
IBA – Scientific Equipment & Supplies	SUI, ISU, UNI, DAS, DOT, IBA	Awarded to Fisher (primary) and VWR (secondary) for FY2013 business	FY 2013 estimated savings of \$1,149,234. Bid resulted in improved terms and conditions and rebate incentives. Pricing was improved from prior agreement
IBA – Lab Furniture (Casework Contracts)	SUI, ISU, UNI, DAS, DOT, IBA	Awarded to Wynn O Jones and Thermo Fisher for FY2013 business	Agencies receive higher discounts by participating with IBA due to volume. UNI averaged a discount of 33.65% off list price for standard purchases; SUI projects FY2013 savings of \$42,000; ISU projects an approx. 5% savings over the previous IBA contract.
Audio Visual Equipment	SUI, ISU, UNI	In negotiations	Through CICPC, not able to extend to state agencies
Telecommunications Supplies & Cabling	SUI, ISU, UNI, DAS, DOT	Awarded August 2012 to Anixter (primary) and Graybar (secondary)	SUI projected savings of \$218,663; \$160,000 over the 5-year contract for ISU; UNI projects savings of \$32,500 over 5-year contract.
Confidential Document Destruction	Not established	Under review	

Joint Purchasing Contracts explored FY 2012: *(continued)*

Joint Contract	Participants	Completion Date	Savings
Long-Term Group Insurance	SUI, ISU, UNI, DAS, DOT	Awarded to Genworth	No savings, but were able to acquire a group policy enabling enrollment without proof of insurability. No cost to the universities for this coverage.
Ware Washing Chemicals	SUI, UNI	In negotiation	TBD
Charter Air	SUI, UNI, DAS	Awarded to Carver Aero and Jet Air	SUI savings of \$7,424
Hy Vee Procurement	SUI, ISU, UNI, DAS, DOT		Not able to consolidate stores for collaborative approach

Additional Information:

Cooperative Technology Efforts –

The Regent institutions and DAS explored areas concerning information technology as follows:

ProTrav – SUI Procurement and Travel System

ProTrav is an SUI internally-developed application designed to manage procurement card and travel expenses. A group of individuals reviewed the system capabilities to determine if the system could be made portable and delivered to others for their custom use.

It was determined to be feasible to share this university-developed software with UNI. A project manager was hired by UNI to lead this effort with a targeted implementation of Fall 2013. A Memorandum of Understanding between SUI and UNI is in process.

Cyber Security – A joint Regents/DAS group meets quarterly to discuss security standards to minimize the number of successful cyber-attacks. This collaboration reviews standards, discusses lessons learned and explores the possibility of sharing technologies.

Regents Database – Designed by SUI, a database was developed for use by SUI, ISU, UNI and the Board Office to track legislative requests for information, legislative studies and bills in a timely and effective manner.

Jobs@UNI – An online electronic hiring system for UNI for use with faculty, P&S, academic administrator and institutional official searches. This project is a result of the successful collaboration with SUI and has been customized to meet UNI's needs. *Jobs@UNI* replaces the paper-based processes that were used to conduct searches with a more efficient and accessible online system. Phase two of this project related to merit searches will be launched at a later date.

Data Offsite for Disaster Recovery – UNI has located data servers in ISU's data center as an off-site location for critical data for disaster recovery purposes. This strategy provides physical separation of backup data without a need to lease commercial facilities and provides savings.

Purchasing Efforts –

International Travelers & Evacuation Insurance

The International Travel Insurance coverage with CISI is a primary payer that reduces risk and cost to the universities' self-funded medical coverage or medical experience for any fully funded student health insurance product. The implementation of one consistent coverage for student group travel is beneficial in case of an emergency evacuation. Having one source guarantees the entire group will be evacuated together and no student or faculty/staff member will be left behind. The coverage provided through this contract incorporates other travel assistance for international travelers.

UNI estimates that this coverage would have saved them \$10,000 if it had been in place in January 2011 when five students needed to be extracted from Egypt.

Developing Best Practices – The Regent universities and state agencies have been discussing common contract language and terms to improve vendor communications. Common bid language has been worked on in the past as part of the Iowa Biotech Association's Office Supplies request for proposal and these terms have been used on other bids to minimize the time spent developing a joint bid process. Universities also worked with the state and the Attorney General's office during 2005-2006 to develop a set of terms for use when DAS and DOT are part of the bid process.

Procurement Card Program – The consortium contract was developed through a joint Regents effort. An amendment to the existing contract developed by SUI, working with US Bank, was instrumental in extending the program to DAS and others. The program continues to grow in membership. DAS plus 9 other state agencies/political subdivisions have joined this Master Agreement. The aggregate spend has grown from \$108M to \$144M, or 33% in two years. The Department of Commerce, Alcoholic Beverages Division, is currently reviewing the contract. Discussions concerning the possibility of using the program for alcohol purchases occurred at a recent quarterly inter-agency meeting. If this can be accomplished, total volume could potentially double the procurement card aggregate volume.

In addition, SUI has implemented the Payment Plus program through US Bank. This program adds additional volume to the consortium contract by paying vendors with a procurement card versus a check. Recently, DAS contacted SUI to ask questions about the program as they are looking to implement it as well.