



*A purchasing cooperative of the California County Superintendents Educational Services Association*

## Frequently Asked Questions about California's New Purchasing Co-op

### **In brief, what does EdBuy do?**

EdBuy is a cooperative purchasing program operated by the California County Superintendents Educational Services Association (CCSESA). EdBuy goes to bid on behalf of both County Offices of Education and districts. We use the industry's proven practices to obtain best-value pricing on a wide range of commodities. Then, we provide several value-added services by asking users to fax their purchase orders (POs) to our clearinghouse. For example, we check for errors on the PO, and then we record line-item data so we can give users periodic purchasing reports. Finally, we electronically forward the PO to the proper vendor, while monitoring the vendor's compliance with the contract.

### **What does a county have to do when it signs up to participate?**

A participating County Office of Education is agreeing to look at EdBuy contracts as a best-value alternative to existing supply sources. EdBuy will assist participating county offices by preparing literature and information which can be electronically distributed to staff members. A commitment of a county office is a commitment of leadership toward better purchasing practices. We intend there to be very little extra work on the part of a County Office of Education. To use an EdBuy contract, we ask that the PO be faxed toll-free to the EdBuy clearinghouse, where it will be recorded and sent to the vendor. Any other responsibilities are purely optional.

### **What is the cost to participate?**

There is no cost for a County Office of Education or any of its districts to participate

in the cooperative or to use any of EdBuy's purchasing contracts.

### **If there is no cost to participate, how is the program funded?**

The program works in the same way retail shops and banks fund the use of credit cards. Merchants pay the EdBuy program a transaction fee of about 1.75 percent on the value of each purchase order that goes through EdBuy. When a purchasing contract is awarded, the transaction fee is figured in as a cost-of-doing business to the merchant, just as if the merchant were paying a utility bill or, in the case of a manufacturer, the cost of component parts.

### **Is it legal to charge vendors a transaction fee?**

There is no law prohibiting the inclusion in a bid or contract a specific condition and specification requiring a vendor to pay a transaction fee.

### **Would I get my supplies cheaper if I sent the PO directly to the vendor instead of through the EdBuy clearinghouse?**

The cost of the EdBuy transaction fee is cost of doing business to the merchant, just like paying the electric bill. So no, you won't necessarily get the goods cheaper by sending the PO to the vendor directly. If one of our vendors says they will offer you the goods cheaper if you send them the PO directly, they may be violating one of the rules of their contract, which may require them to offer EdBuy the lowest prices they will offer to anyone in California. When you send a PO directly to the vendor, you have none of the contract protections offered by EdBuy contracts. Neither will your purchase be bid-protected.

**What does the training component of the program look like?**

The EdBuy training program envisions training on best purchasing practices, not just the use of EdBuy contracts. CCSESA is seeking grant funding to subsidize the training program to the maximum extent possible. The goal of the training program will be to give information that assists County Offices of Education and districts in making changes that will move them toward best purchasing practices.

**When will the training component get under way?**

We anticipate mid to late 2005 for the training program commencement.

**How do we know what the prices are?**

Prices are established by bid. As such, the prices or formula for prices are listed in bid documents. To make it easy for buyers to determine the prices, we intend to publish the prices or discounts on the [www.EdBuy.org](http://www.EdBuy.org) web site or have links to vendor web sites with the prices listed.

**How do we know that the prices a vendor charges us are the true and legal bid prices?**

We audit vendor pricing. In addition, we ask that every PO issued under the program be faxed to our toll-free number, (800) 606-6148, so that we can verify that the vendor is charging you the correct prices. This is one of the value-added services of EdBuy. If the vendor is charging too much or is improperly charging for freight, we call the ordering agency with the correct information.

**Do prices change?**

In some cases we write contracts that allow market fluctuations in pricing, as long as the baseline discount is maintained or if, after a period of time, a vendor can prove an increase in costs from the manufacturer. In any case, the vendor's pricing must be true to the original bid, giving us the assurance that we are using the lowest bidder. Access to the latest prices or discounts can always be obtained from the EdBuy web site.

**How do you answer someone who says he can beat EdBuy's prices?**

Many of EdBuy's contracts stipulate that the awarded EdBuy vendors are selling at the lowest price they will offer to anyone in California given similar terms and conditions. If one of our vendors offers you a lower price, that fact should be reported back to the EdBuy program. If a separate vendor offers a lower price, be sure you are comparing apples to apples. Most of our prices include free shipping. Bids are written and awarded with the idea of providing lowest total cost of ownership to schools. So in some cases, our prices may include terms and conditions that give schools return privileges or longer-than-usual warranties. Contracts awarded on the basis of best value and lowest total cost of ownership are the cheapest for schools over the long term.

**Why do POs have to be sent to the EdBuy program?**

Four reasons: 1) typically, one in three paper POs issued to vendors contains an error. We spot check all POs for errors to avoid wasted costs in returns and confusion in invoicing. 2) We capture line-item data on each PO to build a database of demand for supplies and equipment. These data then help us build better future contracts and obtain lower prices. 3) We electronically archive every PO for audit. This protects you and keeps vendors accountable. If we audit vendors and find a vendor's prices are not compliant with its contract, we can get your money back. 4) We use the information on the PO to bill vendors for their transaction fees, which fund the program and enable us to produce more contracts with lower prices for schools.

**How long will it take for our PO to get to the vendor?**

Typically, a PO is routed to a vendor within 60 minutes of being received by EdBuy. Our standard of service is that the PO will be routed to the vendor within one business day. If received at the end of the business day, it will be forwarded the following morning.

**Why is nothing currently posted on [www.EdBuy.org](http://www.EdBuy.org)?**

If you have looked at the site prior to January 1, 2005, the web site was in the process of being built. Look again after the launch.

**Where do I find documentation on the contracts themselves and the process taken to create them?**

Links to contract documents will be listed on [www.EdBuy.org](http://www.EdBuy.org).

**You say your contracts are based on data. Where do the data come from?**

Three sources: First, EdBuy conducted a study of the spending of five County Offices of Education, examining more than 100,000 individual invoice transactions. Second, when a new county signs up, we ask if they would like to volunteer to send us a file of their accounts payable data for study. Third, we collect line-item data from POs that go through EdBuy's toll-free fax number so that we can use the information to create better contracts.

**How can we offer this program to our school districts?**

A county office can "brand" the EdBuy program as its own. It can frame the EdBuy website within its own County Office of Education web site and make that site available to constituent school districts. A separate bulletin will be issued to county offices when this web site functionality is ready to be used. In addition, the EdBuy program creates standard school supply lists that a county can use to satisfy its legal obligation to offer such lists to its districts. EdBuy staff members are able to attend county meetings to explain the program to constituent school districts. In addition, we envision that a county office could sponsor a best-practices training program for districts, through the EdBuy program.

**Can you come to our county office for an informational program to our staff?**

EdBuy staff is available, by appointment, to come to any County Office of Education to

provide information or training on the program.

**How is EdBuy different from contracts offered through U.S. Communities?**

U.S. Communities is a buying program created by associations that primarily deal with cities and counties. As such, some of its bids are geared more to municipalities than to schools. EdBuy's contracts are focused primarily on schools. EdBuy's methodology is different; we believe that bids and contracts should be driven by data and the real needs of districts and county offices. Thus, an outcome may be that we may have multiple awards or contracts specific to a geographic region of the state. For many items, our prices will be lower. In short, EdBuy is narrowly and clearly focused so that we can provide best-value contracts. Study EdBuy contracts and see if they are your best alternative.

**How is EdBuy different from my local area cooperative?**

Your local cooperative may be serving you well. However, EdBuy tries to add value beyond what most other co-ops do. Among those value-added benefits are: data analysis, supplier analysis, supply-chain intervention, no costs to users, no time commitments, error-checking on all POs going through the system, vendor audits, larger aggregation of demand, reports to districts, archival of all POs for audit, and best-value prices.

**How is EdBuy different from the state's CMAS program?**

CMAS has recently increased its fees, charging district and agency users a transaction fee of 2.56 percent on the value of their POs. There is no charge or fee to use an EdBuy contract. There is no assurance that you are using a competitively bid contract, when you use a CMAS contract. EdBuy contracts are competitively bid and qualify as being competitive under the federal E-Rate program rules.