

1.1 A bill for an act

1.2 relating to education finance; requiring school districts to use shared services
1.3 and make purchases through the cooperative purchasing venture; requiring the
1.4 Department of Education to hire a consultant to work with districts to share
1.5 services; appropriating money; proposing coding for new law in Minnesota
1.6 Statutes, chapter 123B.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. [123B.835] COOPERATIVE PURCHASING.

1.9 Subdivision 1. Purchasing requirement. (a) For fiscal years 2010, 2011, and 2012,
1.10 a school district or charter school is required to purchase goods and services, when price
1.11 competitive, from a regional service cooperative or a regional management information
1.12 center, or state contracts available through the cooperative purchasing venture under
1.13 section 16C.10, subdivision 4, and operated under the authority of the commissioner of
1.14 administration or a joint powers agreement or purchase of services agreement between
1.15 governmental units. The commissioner of administration will oversee the shared services
1.16 purchasing requirement under this subdivision.

1.17 (b) Any state contract or joint purchasing arrangement that would include school
1.18 districts and charter schools shall be reported to the commissioners of education and
1.19 administration. These state contracts or joint purchasing arrangements shall be published
1.20 on the Department of Administration's Web site, which the department shall maintain
1.21 and update as necessary. The Department of Education's Web site shall be linked to the
1.22 Department of Administration's Web site. For each state contract or joint purchasing
1.23 arrangement listed, the Web site shall list the goods or services covered, the duration
1.24 of the contract or arrangement, the governmental units covered by the contract or
1.25 arrangement and an explanation of how an eligible governmental unit may take advantage

2.1 of and participate in that state contract or joint purchasing arrangement. Each time a
2.2 new state contract or joint purchasing arrangement is added to the list, the Department
2.3 of Administration shall e-mail school districts and charter schools to inform them of
2.4 the availability of the new contract or arrangement. This requirement does not apply to
2.5 custodial, food, or transportation services.

2.6 Subd. 2. **Exemption.** Notwithstanding subdivision 1, a school district or charter
2.7 school is not required to purchase a good or business service according to subdivision 1
2.8 if the school district or charter school can document that:

2.9 (1) a lower price for comparable goods or business services is available from
2.10 another vendor;

2.11 (2) the available goods or business services fail to meet acceptable quality standards;

2.12 (3) the proximity of another vendor materially affects the delivery of a particular
2.13 good or business service;

2.14 (4) an urgent need justifies a purchase from another vendor; or

2.15 (5) a reasonable regional need justifies a purchase from another vendor.

2.16 If a school district or charter school purchases a particular good or business service
2.17 according to this subdivision, the district or charter school rationale must be documented.

2.18 The school district or charter school may use section 471.345 to satisfy this requirement.

2.19 A statement or notation on the invoice fulfills this requirement.

2.20 Sec. 2. **SHARED SERVICES CONSULTATION SERVICES.**

2.21 The commissioner of education shall enter into a three-year contract with a
2.22 consultant to study specific services or activities across school districts and charter schools

2.23 to make recommendations about combining services and activities in order to promote

2.24 improved service delivery, efficiency, and economy of operation. The commissioner of

2.25 education shall require the consultant to develop an implementation plan for all school

2.26 districts to participate in shared services. The consultant must work cooperatively with

2.27 school districts, charter schools, and their employees to develop and implement this plan.

2.28 The department must contract with a consultant that agrees to receive payment as a

2.29 percentage of shared services savings as measured under section 3, subdivision 2, of this

2.30 act. This percentage must not exceed five percent of the savings computed according to

2.31 section 3, subdivision 2, of this act in fiscal years 2010, 2011, and 2012.

2.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.33 Sec. 3. **SHARED SERVICES.**

3.1 Subdivision 1. **Shared services arrangement.** School districts, charter schools,
3.2 and their employees must work with a shared services consultant and may work with an
3.3 intermediate school district, a regional service cooperative, or a regional management
3.4 information center to create and implement a plan that maximizes the benefits of shared
3.5 services.

3.6 Subd. 2. **Savings measurement.** School districts, charter schools, and their
3.7 employees must work with a shared services consultant to develop a method for measuring
3.8 school district or charter school savings as a result of utilizing shared services under
3.9 this section. This method must calculate savings for each individual district or charter
3.10 school. The savings must be allocated to classroom education in each school district or
3.11 charter school. Each school district and charter school must annually report the savings
3.12 calculated under this section to the commissioner of education by January 15, 2010;
3.13 January 15, 2011; and January 15, 2012.

3.14 Subd. 3. **Report.** The commissioner of education must annually report by February
3.15 15, 2010; February 15, 2011; and February 15, 2012, to the education finance committees
3.16 of the legislature on the savings that shared services generates for the state's school
3.17 districts and charter schools.

3.18 Sec. 4. **SHARED SERVICES DEDUCTION.**

3.19 (a) Notwithstanding Minnesota Statutes, section 126C.13, subdivision 4, for fiscal
3.20 years 2010, 2011, and 2012 only, a school district or charter school's general education aid
3.21 must equal the amount computed under Minnesota Statutes, section 126C.13, subdivision
3.22 4, minus five percent of the savings computed under section 3, subdivision 2, of this act.

3.23 (b) Notwithstanding paragraph (a), the deduction under this section shall be equal to
3.24 the contracted percentage under section 2 between the Department of Education and the
3.25 consultant. The department must reduce the deduction under this section if the department
3.26 and the consultant agree to a contract under section 2, in which the consultant is paid as a
3.27 percentage of savings that is less than five percent. The statewide total deduction for this
3.28 section must not exceed \$2,500,000 each year for fiscal years 2010 and 2011.

3.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.30 Sec. 5. **SAVINGS ALLOCATION.**

3.31 Notwithstanding section 3 of this act, in fiscal years 2010, 2011, and 2012 only,
3.32 savings computed according to section 3, subdivision 2, of this act minus the contracted
3.33 percentage paid to the shared services consultant under section 2 must be allocated to
3.34 classroom education in each school district or charter school.

4.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.2 Sec. 6. **APPROPRIATION; SHARED SERVICES CONSULTANT.**

4.3 For fiscal years 2010 and 2011, the amount deducted from general education aid
4.4 under section 4 is appropriated to the Department of Education for the costs of the contract
4.5 associated with shared services consultation under section 2.