



# Legislative Post Audit Performance Audit Report Highlights

Highlights

## K-12 Education: Evaluating the Costs and Benefits of Smoky Hill Education Service Center Membership

### Report Highlights

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#### Summary of Legislator Concerns

Legislators were interested in whether school districts are receiving enough benefits from Smoky Hill membership to justify the costs.

#### Background Information

Education service centers provide a variety of services to school districts that would be difficult or more expensive for districts to provide independently.

School districts can join any of the state's seven service centers on a voluntary basis and may utilize multiple service centers for different purposes.

In the 2014-15 school year, Smoky Hill served 52 member districts and 47 non-member districts.

#### QUESTION 1: Do the financial benefits of Smoky Hill Education Service Center membership outweigh the costs?

- Smoky Hill is one of several education service centers in Kansas that offer support services to school districts.
  - Any district in the state (as well as private schools) can become a member of the Smoky Hill service center.
  - Smoky Hill provides services to school districts such as training, information technology support, and curriculum access.
  - Members pay annual membership fees in exchange for pricing discounts and other benefits.
- For a sample of districts we reviewed, the cost of membership in the Smoky Hill Education Service Center was greater than the financial benefit.
  - We compared the cost of membership to the discounts districts received for 10 school districts.
  - The membership fees for four of the five member districts we reviewed were greater than the financial benefits.
  - Similarly, the potential membership fees for four of the five non-member districts we reviewed were also greater than the potential financial benefits.
  - Membership fees did not appear to be cost effective for the districts we reviewed because they did not purchase enough discounted items.

**Comparison of Membership Fees and Membership Savings for Selected Districts**

District	Membership Fee (2014-15)	Savings Because of Membership	Difference	% of District Expenditures Analyzed
<b>Member Districts</b>				
Chapman	\$4,789	\$9,134	\$4,345	89%
Pawnee Heights	\$1,833	\$752	(\$1,081)	100%
Salina	\$12,156	\$1,087	(\$11,069)	99%
Southern Cloud	\$2,162	\$1,840	(\$322)	100%
WaKeeney	\$996	\$912	(\$83)	98%
<b>Non-Member Districts (a)</b>				
Brewster	\$678	\$347	(\$331)	100%
Durham-Hillsboro	\$1,181	\$6	(\$1,175)	100%
Erie	\$1,187	\$1,498	\$311	100%
Goddard	\$5,368	\$450	(\$4,918)	100%
Norton	\$1,404	\$327	(\$1,077)	87%

(a) Because these districts are not Smoky Hill members, we estimated their membership fees based on a formula provided by Smoky Hill officials. Further, the savings are based on the discounts the district would have received if it had been an associate member of the service center.

Source: LPA analysis of data provided by Smoky Hill Education Service Center officials.

- The results of our comparison of Smoky Hill's vendor prices to other vendors for certain technology purchases had mixed results.
  - We compared the prices Smoky Hill's vendors offered for 18 technology-related products to the prices we could find online through other vendors. We only evaluated technology items because they are sold by a large number of private sector vendors and include numerous technical specifications that facilitate accurate comparisons.
  - Smoky Hill had lower prices than other vendors for a little more than half of the technology items we reviewed.

Price Comparison of Smoky Hill Prices and Other Vendors				
Item	Total \$ Districts Spent (2014-15)	Smoky Hill Price (Per Unit)	Other Vendor Price (Per Unit)	% More/Less Than Other Vendor Prices
<b>Smoky Hill's Prices Were Less</b>				
LCD Projector	\$4,896	\$612	\$849	(28%)
Internet Security License	\$4,088	\$9	\$12	(21%)
Wireless Access Point	\$4,800	\$800	\$985	(19%)
iPad Protective Case	\$1,745	\$32	\$39	(16%)
Acer Chromebook Laptop (4 GB)	\$5,809	\$244	\$278	(12%)
Surveillance Camera	\$5,824	\$208	\$229	(9%)
Headphones	\$598	\$10	\$11	(9%)
iPad Charging Cable	\$947	\$16	\$17	(7%)
License for Camera Software	\$3,384	\$94	\$100	(6%)
Computer Monitor	\$14,999	\$100	\$106	(6%)
<b>Smoky Hill's Prices Were Similar</b>				
Projector	\$4,843	\$837	\$859	(3%)
Acer Chromebook Laptop (2 GB)	\$17,080	\$244	\$240	2%
Network Camera	\$5,828	\$1,457	\$1,387	5%
<b>Smoky Hill's Prices Were More</b>				
Headphones	\$1,496	\$8	\$7	8%
Keyboard for iPad	\$2,074	\$48	\$44	10%
Lenovo Desktop Computer	\$4,800	\$600	\$458	31%
HP Flash Drive	\$1,745	\$44	\$32	36%
48 Port Internet Switch	\$8,459	\$2,820	\$1,735	63%
(a) Prices for technology equipment can fluctuate over short periods of time. The prices in this table reflect the prices we found at the time of our search in November 2015.				
Source: Data provided by Smoky Hill officials (audited) and Internet searches by LPA.				

## SUMMARY OF RECOMMENDATIONS

- The five member districts we reviewed should evaluate whether continued membership in the service center is cost effective.

## AGENCY RESPONSE

- Smoky Hill officials disagreed with our finding because they thought our definition of financial benefit was too narrow and that our analysis had not included a variety of services that Smoky Hill provides. We considered this information but determined our finding remained accurate.

### HOW DO I REQUEST AN AUDIT?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.

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