

Cost Effectiveness Review

What We Do and Why We Do It

Schools and Libraries Division

Washington, DC • Seattle • Denver • Chicago • Newark • Los Angeles • Atlanta

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Overview

- Purpose
- Cost Effectiveness Review
- Most Cost Effective Review
- Responding to PIA

Purpose

Applicants certify on the Forms 470 & 471:

“all bids submitted will be carefully considered and the bid selected will be the **most cost effective** service or equipment offering, with price being the primary factor, and will be the **most cost-effective means of meeting educational needs and technology plan goals.**”

In Practice

- **Cost effectiveness** - Cost effectiveness review is a review of the service selected, the price associated with those services, and any extenuating circumstances
- **Most cost effective** - Most cost effective review is a competitive bidding review to ensure that price of the eligible goods and services was weighted most heavily

Cost Effectiveness Review

FRNs are reviewed to determine:

- Whether the costs of the products and services are **significantly higher** than the costs generally available in the applicant's marketplace for the same or similar products or services;
- Whether equipment is priced **two or three times** greater than the prices available from commercial vendors; and

Cost Effectiveness Review

FRNs are reviewed to determine cont'd:

- Whether there are **extenuating circumstances** that warrant the products or services costs.

Most Cost Effective Review

FRNs are reviewed to determine:

- Whether the **most cost-effective** bid was selected with **price** of the eligible products or services **being the primary** factor
- Whether the applicant used applicant's evaluation criteria during the vendor selection process

PIA Review

PIA may request:

- Student count (population)

WHY??? Capacity of the equipment relative to the student population

- Contract or Scope of Service

WHY??? Need a detail list of services received (e.g., equipment, travel cost, maintenance charges, technician charges, etc.)

PIA Review

PIA may request:

- Location

WHY??? The equipment location relative to the entities served (e.g., proximity, environmental considerations)

- Rationale or justification for equipment selection

WHY??? Circumstances may exist, like building configurations or school district's purchasing standards, that impact the cost of delivering eligible services.

PIA may request:

- Competitive bidding documents

WHY??? Ensure the competitive bidding process was based on selecting the most cost effective offering with price of the eligible goods and services being the primary factor

Applicant's Response

Consider including in your response:

- **Student count**

- Anticipated school growth for the current and next funding year (e.g., school expansion project, school district rezoning)
 - Board minutes, superintendent letter, new construction RFP are documents you can provide to explain the school growth

Applicant's Response

Consider including in your response:

- **Contracts**

- If the contract only has the applicant's signature, date and terms, include a detailed scope of service.

- **Location**

- Include all eligible locations where the equipment will be located. Don't forget to cite NIFs on the school's campus in your response.

Applicant's Response

Consider including in your response:

- **Location cont'd**

- Extreme geographic locations or weather conditions are a challenge for service providers to access. Include the conditions and/or circumstances that would affect the cost of service.
- Building conditions or the age of the building may require additional labor to install equipment or drops, like drilling through concrete walls.

Applicant's Response

Consider including in your response:

- **Technology needs are met**

- Describe how the entities are meeting the technology needs and educational goals described in your technology plan.

- **Competitive bidding**

- Provide the bid evaluation matrix, RFP, correspondence between the potential vendors and the applicant, and other information documenting the bid process.

- **Other considerations**

- This is the applicant's opportunity to discuss circumstances that uniquely affect the goods or services pricing

Applicant's Response

Hints:

- You should not renegotiate the pricing with your vendor during PIA review. This is a competitive bidding violation.
- Do your homework. Research what is offered in the marketplace and pricing. Research what is the equipment capacity necessary for your entity.
- Foster a “competitive” environment. Learn who provides the goods and services you need. Make vendors aware you are seeking services.

Questions?