



Entry for the

**2008 Cronin Award for Procurement Excellence**

***Ohio Multi-State Procurement of Unique Services***

**Implementation Date: March 23, 2007**

**Originator:** The multi-state Algebra II End-of-Course (EOC) Exam Contract is administered by the Ohio Department of Administrative Services (DAS) for the Ohio Department of Education (ODE). The purpose of the Project is to procure a common EOC Exam and related services as defined in jointly developed Project specifications, consistent with the needs of consortium States.

Submitted by the

**OFFICE OF PROCUREMENT SERVICES  
GENERAL SERVICES DIVISION**

The logo for OhioDAS features the word "Ohio" in a white, serif font and "DAS" in a white, bold, sans-serif font, both set against a dark blue background.

**Department of Administrative Services**

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**Executive Summary.** The state of Ohio is pleased to submit this application for your consideration. The procurement initiative offered for your review is *The Development, Scoring, and Reporting of an Algebra II End-of-Course Exam*; an RFP-based Project. This Project includes the development and implementation of a new and unique End-of-Course (EOC) Algebra II Exam (“the Exam”). Ohio served as the lead state, for a nine-state consortium with the purpose of combining efforts toward procuring a “unique” standardized examination for high school students.

This Project has taken cooperative purchasing to a new level. Rather than a typical purchase of “off-the-shelf” commodities, this Project utilizes cooperative purchasing as a tool to implement public policy and allows any other state with enabling legislation to secure the greatest value for the public dollar. The consortium grew to include the following fourteen participant states: Arizona, Arkansas, Hawaii, Indiana, Kentucky, Maryland, Massachusetts, Minnesota, New Jersey, North Carolina, Pennsylvania, Ohio, Rhode Island, and Washington.

**I. Innovation.** Multi-state cooperative purchasing has been commonly associated with generic items that do not require elaborate specifications or complex evaluation (*e.g.*, janitorial supplies, laptops, and standardized services) or the format of a single contract structure. The Exam went farther, as it involves a complex developmental program, sophisticated services, elaborate performance and content specifications, a multifaceted, multiparty “best-value” evaluation process, an array of controversial judgments in the highly-charged education policy arena, and a single contract structure. This would have been a complicated and difficult procurement by any measure for only a single state. This Project demonstrates that a concerted project management strategy in cooperative purchasing can be employed even under this demanding scenario to further common policy objectives through diligent and perseverant efforts.

**II. Transferability.** Ohio’s support for and commitment to this Project was strong, and Ohio ultimately overcame any concerns on this score by assuming the role of “lead” state in the multistate procurement, and as such ran the procurement according to Ohio’s acquisition procedures. Not only does this innovative Project allow any state with enabling legislation to participate, it is also designed to facilitate the addition of new EOCs.

**III. Service Improvement.** This may be the single most important feature of this Project. Heretofore, each state had its own exam and paid for its development or had accepted the “off-the-shelf” product offerings of testing contractors. This Project enables participating states to direct the Exam content, and have enough purchasing clout to inspire a contractor to commit up front the funding to develop a customized product to fill the need. The participating states are not only getting exactly what they need and want, but have also realized the benefit of “free” financing” with regard to development and volume discounts. There is some recovery in the Exam pricing, but there is no “up front” money that needs to be committed. A common exam, developed at the collective direction of multiple states, is an unheard of phenomenon. In addition to the deeply discounted pricing, the Project also provides a number of inherent service improvements, including reduction of staff resources required by individual states to conduct the procurement process as well as administer the Contract; improved efficiencies in interstate comparability reporting; and an effective and efficient standardized customer service program.

**IV. Cost reduction.** The Project offers a new and innovative way to stretch budgeted dollars. This collective purchase offers the advantages of both volume discounts and reduced acquisition costs. Ohio is shouldering the acquisition and administrative costs from which several states can benefit, at no cost to any other state. Total cost reduction potential has not yet been fully realized. However, the proven success of the purchases already made under the Project clearly establish the cost savings potential of the Project both in terms of price reduction and overall cost savings.

**How did we get here, what exactly are we doing, when did it begin, and why is this Project so awesome?** The Exam procurement was initiated under the American Diploma Project (ADP), a network of thirty states working to assure that the high school experience is sufficiently rigorous and meaningful as preparation for college or work. This cutting-edge cooperative purchasing endeavor began in May 2005, when leaders from the ADP Network States began to explore the possibility of working together, to develop a common EOC Exam. State leaders recognized that a common EOC Exam would help ensure a consistent level of content and rigor in classes within and across their respective states. They also understood the value of working collaboratively on a common test, the potential to create a higher quality test faster and at a lower cost to each state, and to compare their performance and progress with one another. Ultimately, whether a student takes the Exam in Ohio or Washington, performance on the Exam should demonstrate whether they have successfully mastered the subject against common curriculum expectations.

**How does this meet the Cronin Award Criteria?** Policy development associated with the Exam continues to evolve. To this extent, the procurement itself is somewhat ahead of, and pushing, policy decisions. In a typical case, the procurement would be simply a vehicle to acquire the tool that would carry out a policy already determined. In this procurement, the policy issues were extensive and overriding. Seemingly endless meetings were necessary to overcome political debates and concerns about the risks associated with this venture. Issues surrounding this Project are sensitive and complicated, developing a unanimous consensus among multiple states required a skilled facilitator. A number of quantitative and qualitative factors make the integrated components of this Project an exceptional candidate for the Cronin Award.

**Innovation.** There was considerable deliberation over how to secure the services of a test development firm that could design an Exam which would meet the states' collective specifications. The cost to develop a new multistate test was also a key consideration, as no individual state was prepared to foot the bill for the group, nor did the multiple states interested in pursuing this Project have budget authority to fund that activity.

There was no model, however, for such a collective purchase. So, an approach had to be invented, which adapted components from both the less complex cooperative procurements that had gone before and the past experience with individual state procurements of educational testing services. Implementing this required resolution of a host of complicated legal and contractual issues. RFP development took several months, including revisions relatively late in the process to address both contractor and state concerns about how best to evaluate cost proposals.

The schedule was ambitious from both a procurement and test development standpoint. Strong desire to maintain the forward momentum in order to preserve the political enthusiasm for this Project kept the process in motion. The Exam was somewhat different because the lead state (Ohio) and consortium states would be involved beyond the acquisition. The ultimate Contract with the testing contractor would encompass a substantial period of development in which the multiple states expected to play a continuing role. As well as support the addition of new states and most likely additional related EOC exams. For example, an Algebra I EOC was added as an additional EOC in April 2008.

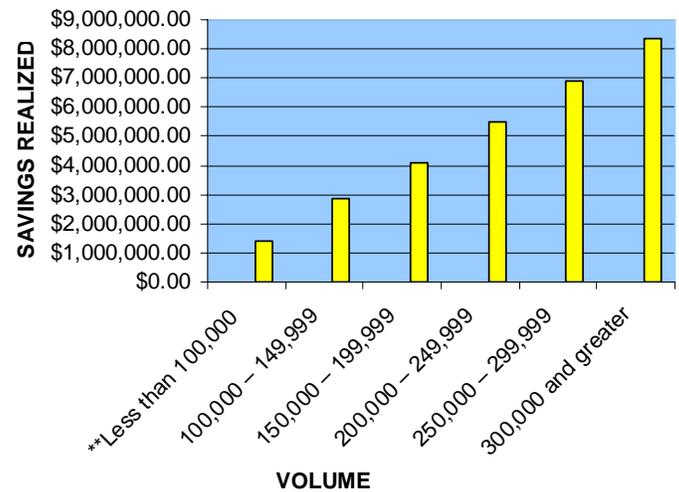
The RFP was issued in September 2006, and triggered immediate interest from multiple contractors, who attended a Pre-Proposal conference in October 2006. Discourse with the contractors resulted in an adjusted the price evaluation scheme. The relative evaluation weight allotted to the cost components did not change, but an alternative approach was adopted that provided a more straightforward assessment of the cost proposals. The final approach introduced a creative, albeit complicated, system that divided up the available cost points according to different categories (price per exam, renewal pricing, optional features, etc.) and a total of the objective calculations. The evaluation session was managed by the procurement office according to consortium process and procedures, with technical scoring being completed before distribution and consideration of the cost proposals. The contract award was made in March 2007.



**Cost Reduction.** The structure of this procurement has allowed the consortium states to realize a substantial risk reduction and cost savings simultaneously. The Contract is an indefinite delivery-indefinite quantity (IDIQ) contract, thereby allowing states to utilize the services and contract to the extent it is affordable and internally advisable.

The funding model for this Project is such that the States are in a position to drive the design of the Exam, but draw on the Contractor's capital resources to fund up front development rather than drawing on limited state budgets. The Contractor is responsible for developing, administering, scoring, and reporting on the Exam. The States do not pay for the development activity up front, but instead order exams for each test administration (fall and spring) by a prescribed deadline. The number of tests ordered collectively by the participating states then determine the per exam price, with various price breaks at increasing volumes.

**AGGREGATE SAVINGS per TEST ADMINISTRATION  
(SPRING & FALL) 2009 – 2011 BASED ON VOLUME  
ORDERED**



This approach accomplished a number of important objectives. The up front development costs would be borne by the Contractor, which was critical as the States did not have funding for this effort. This involved some considerable risk assumption by the prospective Contractors, because this multistate cooperative approach was experimental, including an entirely new test. There was no objection to having the Contractor market the test, given that one objective was to encourage cross-state commonality and comparison.<sup>1</sup> If successful, the Contractor might reasonably expect that additional states would be interested in purchasing this Exam, designed and used by multiple states. A collective cooperative purchase for the Exam provided both a unique savings opportunity and the only source that would meet the unprecedented requirements of comparable cross-state performance measurement and reporting. Comparative price analysis, historical analysis, and calculation of actual savings in the short and long term are expected to be significant by the end of the Contract's initial term in 2010. The cost reduction mechanism encourages greater state participation, but simultaneously encourages the Contractor to perform successfully in order to encourage greater participation.

**Summary.** Creative approaches and “out of the box” thinking that do not fit customary models and practices are possible, but only with the right motivation. Setting a flexible frame of mind at the beginning, and preserving and promoting it throughout the endeavor, has been a key element to the progress and success achieved on this Project. A procurement of this magnitude and political consequence requires motivation and commitment, which requires the time and energy of professional leadership to nurture and develop.

It is probably that the most important virtues to this venture were the patience, persistence, and good will of the individuals directly involved. By keeping focused on the common and important goals, the sometimes frustrating “learning opportunities” along the way were overcome.

<sup>1</sup> The RFP provided that the Contractor would not sell the Exam at a lower price than that offered to the participating states (*i.e.*, a “most favored customer” clause).

