

## President's Message



VASBO Members:

I would like to take this opportunity to thank Lisa Frye for her dedication, leadership, and guidance this past year. She has been a wonderful leader for our organization. While serving on the board, I have been mentored by the best. Our previous leadership has generated the momentum to keep this great organization moving forward and the wisdom to keep it moving in the right direction. We all benefit from their contributions and the extra hours dedicated to this organization.

This organization operates under a strategic plan which sets our direction and controls how the changing succession of leaders navigates. This plan is critical to helping us maintain focus, direction, and purpose. It is my job to steer this association and keep it moving down the track.

Wayne Cosby,  
VASBO President  
2014-2015

While we focus on our strategic direction, we must continue to monitor the environment around us. As school divisions, we must recognize the changing influences so that we will respond appropriately. The changing economy is affecting all of our members and your employers in one way or another. We are asked to do more with less, and sometimes the financial crunch means you have fewer resources available to do the same job. At the same time, we have changing demographics among our members. This means that the needs and wants of the organization are going to change.

The challenge this year will be to find new, more cost effective ways of serving our members' needs. We will find new ways to encourage networking, professional development, sharing of ideas, communication and collaborating, and advancing our profession. We will use technology in new and innovative ways. We will touch more of our members with more services. Over the past year, relationships have been created, therefore additional services will be available. For example; Forecast5 Analytics will be introduced to our membership during the fall session. A partnership has begun to provide a wonderful tool for our school districts.

Extraordinary work has taken place this year to gain a better understanding of the relationships and perceptions between VASBO and our partners in education. The knowledge gained through this work will help us advance the profession and raise awareness about the value added by our professionals and the work you do.

I encourage communications and invite all members to express ideas and suggestions freely. I hope that you will take advantage of that opportunity and participate. By sharing your ideas with me, we can lead VASBO together.

This is an exciting time. Not just for me, as the new president of VASBO, but for all of us. The opportunities are endless. I will work to ensure that when my year is done, and the next president steps into this role, that he can see even farther down the track. The 49 previous presidents have set a standard. With their guidance and help, the 50<sup>th</sup> year will usher us to new places. Not changing directions, but rather moving us forward at a faster pace.

Thank you again for this opportunity to serve you as President of VASBO. I am honored and feel blessed to have this opportunity. I will do all I can to make this a successful year.

Best Regards,  
Wayne Cosby



Pictured left to right are Lisa Frye, Jonathan Miller, Brook Thomas, Bill Bowen, Wayne Cosby, Phillip Trayer, Shannon Irvin and LaShahn Gaines

Introducing the VASBO 2014-15 Officers		
President	Wayne Cosby	Hanover County
President-Elect	Bill Bowen	Poquoson City
Treasurer	Shannon Irvin	Nelson County
Secretary	Phillip Trayer	Louisa County
Director	LaShahn Gaines	Spotsylvania County
Director	Jonathan Miller	Chesterfield County
Director	Terry Stone	Williamsburg/JCC
Director	Brook Thomas	Northampton County
Past President	Lisa Frye	Frederick County
SASBO Director	Misty Caish	Virginia Beach City

Introducing the VASBO 2014-15 Management Team		
ASBO Rep	Lisa Frye	Frederick County
Audit Committee	John Broderick	Sussex County
Cardinal Award Oversight	Deborah White	Goochland County
Constitution & Bylaws	Suzanna Scott	Hampton City
Continuing Education	Donna Eagle	Winchester City
Legislative	David Cline	Prince William County
Membership Co-Chair	Susan Peterson	Roanoke County
Membership Co-Chair	Katie Miano	Montgomery County
Nominations	Lisa Frye	Frederick County
Past President Liason	Dennis Jarrett	Yotk County
Resolutions	Marilyn Woodall	Chesapeake City
Scholarship Chair	Joanne Wright	Gloucester County
Vendor	Tracey Worley Amy Hardy	Pittsylvania County
Vendor Reps	Dixcy Kilduff Mallory Wiggs	American Fidelity TRA Software
V.E.T.A.C	Bill Flaherty	Retired

## VASBO ANNUAL CARDINAL AWARD

The Cardinal Award is presented annually at the spring conference to a VASBO member who exemplifies professionalism, leadership, and innovation in the field of school business management. This year, at the Hotel Roanoke on May 15, 2014, Penny Hodge was recognized as the 2015 Cardinal Award winner. Penny, as all recipients of the Cardinal Award, will travel to the Southeastern Association of School Business Officials (SASBO) conference in April 2015 in Myrtle Beach, SC where she will represent Virginia as 2015's Outstanding Business Official.

Virginia is fortunate to have an incredibly talented pool of School Business Officials. Our past recipients have come from both large and small divisions, and if you are familiar with their accomplishments, I think you would agree, these individuals are the best of the best. Past winners of the Cardinal Award include:

FY2009 Edith Williams – Richmond County  
FY2010 James Meyer – Spotsylvania County  
FY2011 David Cline - Prince Williams County  
FY2012 Williams Flaherty – Spotsylvania County  
FY2013 Dennis Jarrett - York County  
FY2014 Penny Hodge - Roanoke County

With over 190 active members representing every corner of our State, a record number of nominations were received this year's. The Cardinal Award Committee would like to thank everyone who took the time to nominate a fellow VASBO member. Most of all, we would like to thank each of you for the incredible effort and dedication you display every working day.

Please review the nomination application on the VASBO website under Members only page. Deadline is February 28, 2015. If you have any questions please refer them to Deborah White, VASBO Cardinal Award Oversight Committee, Goochland County Public Schools, P.O. Box 169, Goochland, VA 23063 or at [dwhite@glnd.k12.va.us](mailto:dwhite@glnd.k12.va.us).

Submitted by Phil Trayer, 2013-14 Cardinal Award Oversight Chair



Penny Hodge  
2015 Cardinal Award  
Winner



David Atkins and Susan Peterson, Roanoke County accept the Cardinal Award of behalf of their supervisor Penny Hodge from Phil Trayer, Cardinal Award Oversight Committee Chair



Did you know that this year (2014-15) is VASBO's 50th Anniversary! Come and celebrate with us!

## COMING SOON! Fall 2014 Conference - Short Pump

VASBO's Fall conference (October 2-3) in Short Pump will be another great opportunity to learn and grow. The VASBO Conference will be at the Hilton Hotel and Spa. VASBO directors and management team are already focused on the conference activities. Mark your calendars now! Here's a list of presentations and presenters for the conference.

Dr. Jamelle Wilson, Superintendent of Hanover County Schools  
William C Boshier, Distinguished Professor at VCU  
State Budget Update - Scott Cummings DPB  
School Nutrition—Catherine Digilio-Grimes  
Continuing Education class on Internal Fraud in State and Local Government  
Forecast5 Analytics—two sessions  
Special Education Requirements—Tracie Coleman  
VRS Modernization Update from Barry Faison  
Tax Exempt Requirements presentation by Nathan King  
Affordable Care Act update from David Rowe  
Topic on Private Exchanges from Greg Snow and Nick Allen  
State Revenue Trends and Budget Forecast from Jim Regimbal

### Fall Preconference workshop

Thursday October 2, 2014, 1-4 PM

### Internal Fraud in State and Local Government

Presenter:

**John Hanson, CPA, CFE, CCEP**

[Click here for more details.](#)

### Legislative Program and Input

Each year, VASBO develops and the membership approves a number of legislative positions representing our concerns to the General Assembly. We are currently in the process of updating the package in preparation for the next legislative session. There are a great many items to consider, ranging from re-benchmarking, support costs, charter schools, 65% rule and etc... The current legislative program for FY 2015 can be found on the VASBO web site or by [clicking here](#). Please review the materials and provide your input and updates by August 1, 2014 to Dave Cline at [clined@pwcs.edu](mailto:clined@pwcs.edu). The Legislative proposal will be voted on at the Fall Conference business meeting.

*Submitted by Dave Cline, Legislative Committee Chair*



## VASBO Scholarships

VASBO offers annual scholarships to deserving high school seniors to attend college. To be eligible, an applicant must be the child or grandchild of a member in good standing of VASBO. The applicant's sponsor must be a current VASBO member for three consecutive years, not counting the current year.

The successful applicant will be chosen based upon the VASBO Scholarship Committee's assessment of the applicant's academic achievement, character, school, and community service, and career goals. The recipients will be chosen after the deadline and announced immediately thereafter.

Scholarship recipients will be invited to the VASBO Spring Conference, typically held in May each year. Each recipient will be formally recognized at the Cardinal Award Lunch which is on the second day of the three day conference.

### Application

Please review the application form located on the VASBO website under the Members Only section. If you have any questions please contact Joanne Wright at [jwright@gc.k12.va.us](mailto:jwright@gc.k12.va.us)

**Deadline**—All required information and forms must be submitted and postmarked by March 1, 2015 to:

Joanne Wright  
VASBO Scholarship Chair  
6489 Main Street, Building II  
Gloucester, VA 23061

### Scholarship Winners from 2014 Spring Conference



Summer Stone



Brittany Gaines



Grayson Mast

## VASBO Past Presidents

Past Presidents are still an integral part of the VASBO organization by being members of the Nominations Committee. Nominations for next year directors and officers are discussed and approved at the Winter Conference to be voted on at the Spring Conference. Each year at the Spring Conference VASBO honors the Past Presidents at a reception. All VASBO Past Presidents are invited to the Spring Conference in May 2014. Janet Brown, 1998-99 VASBO President, has already assisted VASBO with the Vendor Committee.



Past Presidents honored at Spring Conference in Roanoke

### Past Presidents

Organizational Meeting		1965	Edith	Williams	1989-90
W.C.	Campbell	1965-66	Stephen	Partin	1990-91
Clement	Jacobs	1966-67	Glenn	Burdick	1991-92
Bayes	Wilson	1967-68	T. J.	Bise	1992-93
Earle	Buffington	1968-69	Bobby	Hall	1993-94
Leon	Cashwell	1969-70	Dave	Papenfuse	1994-95
Marvin	Sutphin	1970-71	Alexander	Bostrom	1995-96
Richard	Wingfield	1971-72	Norma	Frye	1996-97
Rolland	Bowers	1972-73	James	Beckner, Jr.	1997-98
John	Schneider	1973-74	Janet	Brown	1998-99
Joseph	Ringers, Jr.	1974-75	Raymond	Leonard	1999-00
Jerome	Stern	1975-76	Robert	Aylor	2000-01
Paul	Quintrell	1976-77	Robin	Corson	2001-02
Virginia	Thomas	1977-78	Steven	Bateson	2002-03
David	Alexander	1978-79	James	Thorsen, Jr.	2003-04
Nathan	Young	1979-80	Fred	Cabler	2004-05
John	Shughrue	1980-81	James	Meyer	2005-06
George	Atwell	1981-82	Leslie	Peterson	2006-07
Joseph	Black	1982-83	David	Cline	2007-08
Colleen	Dryden	1983-84	Dennis	Jarrett	2008-09
F. Carroll	Alexander	1984-85	Christie	Fleming	2009-10
John	Ryder	1985-86	William	Flaherty	2010-11
Wayne	Mehanes	1986-87	Joanne	Wright	2011-12
Jim	Ward	1987-88	Penny	Hodge	2012-13
Bob	May	1988-89	Lisa	Frye	2013-14

## Open Letter to All Past Presidents



### Letter to all VASBO Past Presidents:

Excitement abounds as fiscal year 2015 marks the 50<sup>th</sup> anniversary of VASBO!

Your leadership in the VASBO organization contributed greatly to the last 50 years of success. VASBO continues to grow and prosper and we want to thank you for your contributions in making the organization what it is today.

Below are three key messages for your consideration.

First, VASBO invites all Past Presidents to share experiences, tell stories, and model leadership for its members. Your contributions would add value to VASBO's newest generation. Please consider joining the program line-up by being a presenter, a discussion leader, or perhaps you have another idea. Contact me, as I am your liaison, and we'll get you plugged into service!

Second, VASBO invites all Past Presidents to help plan and celebrate our 50<sup>th</sup> anniversary year. Pictures, stories, lessons, and highlights are part of our past. Wayne Cosby (Hanover County) is VASBO's President this year. He and I ask for your help this year to plan our celebration. Please join us at our October, February and May conferences this year to be a part of the excitement and celebration!

Lastly, for those of you who are a *retired* Past President, VASBO will waive your registration fees for all conferences. In other words, retired Past Presidents can attend the fall, winter, and spring conferences free of charge. Lodging, golf, and special events are not included in this offer. In addition, all Past Presidents will continue to enjoy free membership to the Virginia Association of School Business Officials (VASBO) - your professional organization, retired or not.

VASBO hopes that you will take advantage of these benefits and our invitation to participate or be a presenter. The organization truly values your past service to the organization and the expertise you bring to the profession.

If you should have any questions or would like additional information, please feel free to contact me.

Sincerely,

Dennis R. Jarrett  
VASBO Past-President Liaison  
[djarrett@ycsd.york.va.us](mailto:djarrett@ycsd.york.va.us)  
757-898-0449

## Executive Director's Report



Steve Bateson  
Executive Director

VASBO had a great year. Conferences were well attended and the surveys indicate that the sessions provided were beneficial to our members. VASBO wishes to thank our members and vendors for your continued support. VASBO looks forward to working with all of you in the upcoming year.

Our new website has been launched. In late June 2014, the new website became available. The website is now on the yourmembership.com platform. See the new website at [www.vasbo.org](http://www.vasbo.org). Log in to update profiles, change passwords, and renew annual memberships. This year your VASBO membership dues will include a membership to SASBO and a blog on Forecast5 website. This will bring every VASBO member additional professional development opportunities, electronic resources, and valuable networking relationships. Please contact VASBO if you need additional information.

## Mark Your Calendars for upcoming VASBO Conferences.

Fall 2014 Conference—October 2-3, 2014  
Hilton Hotel and Spa at Short Pump

Winter 2015 Conference—February 5-6, 2015  
Richmond Marriott Downtown

Spring 2015 Conference—May 20-22, 2015  
Williamsburg Doubletree (Formally Marriott Kingsmill)

## PICTURES:

VASBO 2014 Spring Conference pictures can be seen by clicking [here!](#)

## Resolution for Linda Meadows



Lisa Frye, Frederick County, reads resolution given to Linda Meadows, Winchester City, in recognition of her retirement after serving on the VASBO Management team and working for over 41 years.

Congratulations Linda!



## Virginia ASBO and Forecast5 Partner to Bring Data Analytics Solutions to Virginia Schools

**Forecast5** Analytics, Inc. and the Virginia Association of School Business Officials (VASBO) are pleased to announce a partnership agreement to develop analytics and Business Intelligence applications for Virginia schools. By joining with Forecast5, VASBO becomes the 16th organization from eight different states to join the Forecast5 Corporate Partner Program. **Forecast5** Analytics provides powerful analytic tools to help local government leaders drive financial and strategic decisions. The **Forecast5** platform includes cloud-based business intelligence software, interactive visuals and a collaborative analytics engine.

Through a collaborative effort between **Forecast5** and VASBO, the organizations will develop and customize **5Sight** for Virginia schools. **5Sight** is a dynamic Business Intelligence and visualization platform which helps schools drive decisions with competitive and comparative insight. VASBO members will also have access to **5Share**, which is an online social collaboration community. It will allow Virginia school business officials to communicate within selected circles using the data already submitted to the Virginia Department of Education.

“VASBO believes the partnership with Forecast5 Analytics will bring tremendous value to every school division in Virginia, just as it has in many other states,” stated Lisa Frye, VASBO 2013-14 President. “The 5Share communication tool and the 5Sight business analytical tool will provide a much more efficient way to engage in collaborative efforts, analyze targeted data sets, and develop budgets and long-range fiscal plans more strategically.”

“We are appreciative of Lisa Frye and the VASBO leadership team for their vision in bringing new analytical solutions to increase performance for Virginia schools,” Forecast5 President and CEO Mike English said. “The opportunity to work collaboratively with school business officials in Virginia is going to fast track the benefits of analytics for schools, students, and communities throughout the state.”

Later this fall, the launch of 5Share will give VASBO members a new business collaboration platform. The 5Sight Business Intelligence application will be available for purchase by Virginia school districts in October 2014.

Submitted by Lisa Frye  
Immediate Past President

## SASBO NEWS

The Southeast Association of School Business Officials (SASBO) is already planning for their 2015 Conference to be held in Myrtle Beach, SC. It will take place at the Hilton Hotel & Resorts from April 13-16, 2015. This is a Joint Conference and Discovery Forum between SASBO and SCASBO (South Carolina Association of School Business Officials). There will be Educational Sessions beginning at 10 a.m. on Tuesday, April 14 and will wrap things up with a special event and dinner on Thursday, April 16, 2015. NOW is a good time to start planning because if you are thinking about attending, you might want to go ahead and reserve your room!



The Hilton Room Block is now Open for the 2015 SASBO and SCASBO Joint Conference & Discovery Forum to take place April 13-16, 2015

Myrtle Beach Hilton

Rate is \$125 plus tax

If you select the following link your can book now or call at 800-876-0010 with group code SBO

[http://www.hilton.com/en/hi/groups/personalized/M/MYRBHHH-SBO-20150411/index.html?WT.mc\\_id=POG](http://www.hilton.com/en/hi/groups/personalized/M/MYRBHHH-SBO-20150411/index.html?WT.mc_id=POG)

SASBO will be launching a NEW & IMPROVED website at [www.sasbo.org](http://www.sasbo.org) by July 1, 2014.

The SASBO Board of Managers along with the Emerging Leaders Committee has been working diligently the past few months to create an inviting, user friendly website where there are loads of resources. Take some time and visit the new site!

Submitted by Misty Caish, SASBO Director

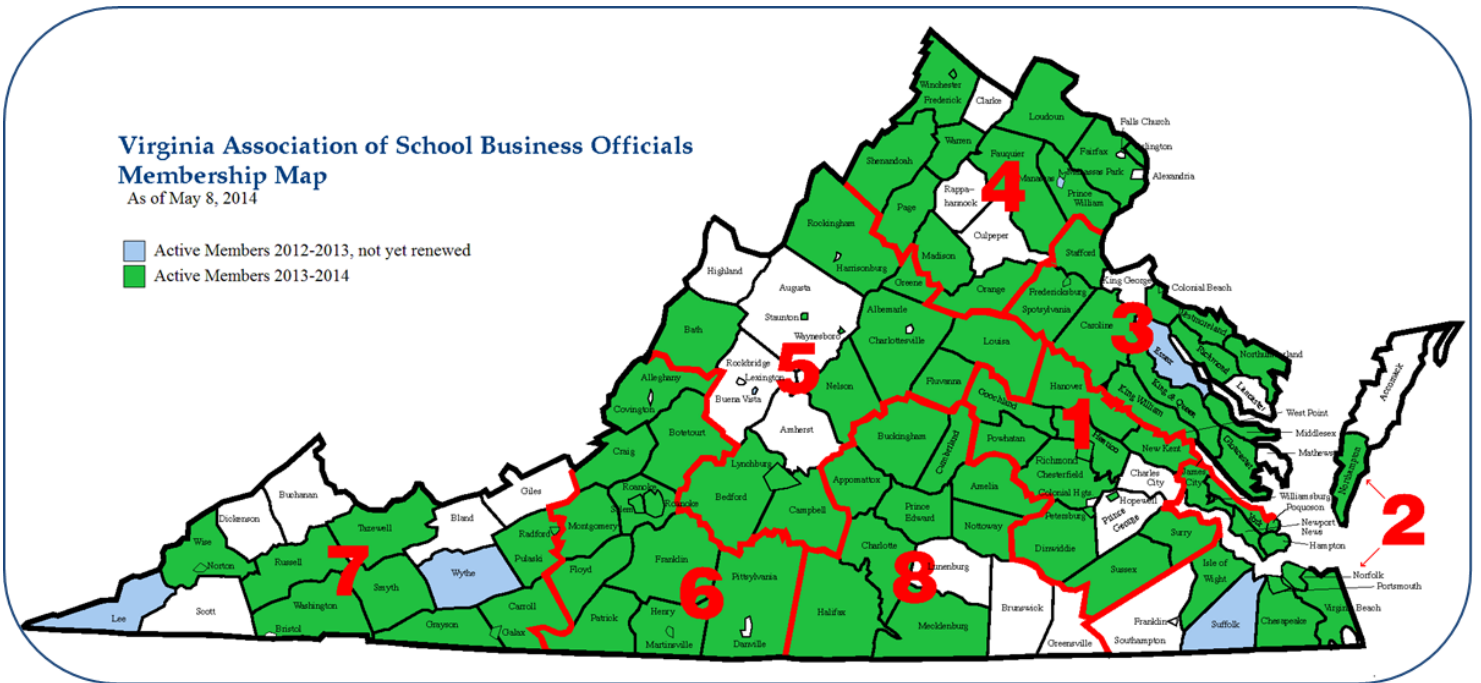


## Membership Update

Our membership has grown from last year by 26 members to a total of 221 members. Our membership represents 72% of the total school divisions in the Commonwealth. Our goal is obtain 100% membership and we cannot do that without your help!

Next year is very special - VASBO turns 50 years old! Wouldn't it be great to get 100% participation from all school divisions? Our motto is to "Go Gold for the 50th." This means we want to have every school division colored gold indicating their membership.

We ask each one of you to reach out to a school division who is not colored on the map and invite them to join for the upcoming year. By sharing your experiences, you are the best marketing tool to inform others of the value of our organization.



Submitted by the Membership Committee:

Susan Peterson of Roanoke County Public Schools  
Katie Miano of Montgomery County Public Schools

VASBO wishes to thank our Vendor Members and especially our Sustaining Sponsors that contribute not only funds but their time and expertise to make VASBO a better organization. VASBO is actively updating vendor memberships starting 7/1/2014. Each time a member has interaction with a vendor member please say a hearty Thank You!



Our Family, Dedicated To Yours.®

**Vendor Members 2013-14**



Name	Sponsorship	Primary Contact
Ameresco		Richard Ritter
American Fidelity Assurance Company	Diamond	Dixcy Kilduff
Applied Network Consulting Group		Brian Daughhete
AXA Advisors/Community Financial group		Christopher Fines CFP
Capital Asset Recovery/PCRetro		Tim Hilton
Chartwells School Dining Services	Silver	Edward Smith
checXchange	Silver	Amanda K Atkinson
CliftonLarsonAllen LLP		Mr. Jack Reagan CPA
Colonial Life	Silver	Tarina Baker
Cunningham Recreation/Game time		Michele Ziegelmeier
Data Business Systems		Larry Harmon
FieldTurf USA Inc.		John McShane
Frontline Placement Technologies	Gold	ANIL KHAN
GCA Education Services	Silver	Russell Leboff
Horace Mann Insurance	Platinum	Marlene Muncy
K12 Enterprise		Sally Schultz
Keystone Information Systems	Silver	Judd Van Dervort, Jr.
Legal Resources		Jacqueline Fabitore-Matheny
Mark III Employee Benefits	Silver	David Browder
New Hope Technology Foundation		John William Hughes IV
Old Dominion Insurance and Investments, Inc.		S. Bryce Allen
Online School Management Systems	Gold	Tony Watkins
RDA Systems	Gold	Mike Witherspoon
RediCheck International, Inc.		Mr. Dennis A. Fewell P.E.
Siemens	Gold	Matthew Gilley
SSC Services Solutions	Silver	Matt Cooter
The Omni Group		Mark Buckley
TRA School Software Solutions	Platinum	Sarah Huettl
V M L Insurance Programs	Silver	Greg Dickie
VACORP	Platinum	Jerry Hardy
VALIC	Cont. Ed	Nehal Thaker
Virginia Retirement Specialists, Inc.	Platinum	Robert Cox



## **ASBO REPORT**

### ASBO Conference:

The ASBO Annual Meeting and Expo is taking place in Kissimmee, Florida on September 19-22, 2014. The annual ASBO scholarship (“Bridge to the Future”) for new school business officials is currently being restructured and will not be offered in 2014.

### Eagle Award:

This award is presented to one individual who best exemplifies visionary leadership in school business management. It includes a \$5,000 scholarship to present to a high school senior of your choice and an all-expenses paid invitation to attend the prestigious Eagle Institute leadership conference. The deadline for applications is June 1, 2014.

### Pinnacle Award:

This award recognizes school business officials for outstanding practices and new ideas—from every field of school business management—that have enhanced schools and the lives of students. The top Pinnacle Award earns your district up to \$5,000 of school furniture and increased recognition and credibility, up to \$5,000 for the winner, recognition in ASBO publications, and an all-expenses-paid trip for you and a guest to ASBO International’s Annual Meeting & Expo. The deadline for applications is May 1, 2014 but it is never too late to be considering this award for next year.

### Certificate of Excellence in Financial Reporting:

Transparency and fiscal accountability are critical in today’s dynamic education environment, so there’s never been a better time to apply for ASBO International’s Certificate of Excellence in Financial Reporting (COE). The deadline for applying is December 31, 2014.

### Meritorious Budget Award:

This award is designed to recognize excellence in school budget presentation, while enhancing your skills in developing, analyzing, and presenting a clear and effective budget. The deadline for applications is within 90 days of the legal approval of your school budget. There is a new Pathways to MBA program specifically designed for first year applicants.

### Certified Administrator of School Finance and Operations (SFO):

The SFO designation defines the essential skills and knowledge that every effective school business professional should possess and lets employers know that you have real-world, practical expertise that can be readily applied to the current work environment. Economic challenges continue to have a huge impact on our schools and force difficult choices. In complex financial situations, it is important that you demonstrate to your community that the school’s finances are managed by a knowledgeable and ethical administrator.

All of these programs are further detailed at the ASBO web site at the following address:

<http://www.asbointl.org/about/overview>

Submitted by:

Penny Hodge

ASBO Representative 2013-14



## **How Does Health Care Reform Impact Small Employers?**

With the implementation of Health Care Reform, all employers can expect some changes in exemptions, requirements, and opportunities regarding their health care coverage. However, these changes vary depending upon the size of the employer.

Employers may qualify for the following exemptions:

W-2 reporting of health costs only applies to employers that filed 250+ W-2 forms the previous year.

The Free Rider Penalty (employer mandate) only applies to employers with 100+ full-time equivalent employees beginning in 2015, and to employers with 50+ full-time equivalent employees beginning in 2016.

Automatic enrollment only applies to employers with 200+ full-time employees.

There are two components of the IRS coverage and workforce reporting. Reporting in connection with the Free Rider Penalty generally applies to employers with 50+ full-time equivalent employees.

The minimum essential coverage reporting applies to any employer, regardless of size, that provides minimum essential health coverage (includes any major medical plan coverage). Both are applicable for the 2015 calendar year regardless of the start of the employer's plan year with the first reports due in early 2016.

Small employers also have the following opportunities:

Small employer tax credit.

Providing group health plan coverage through the public SHOP exchanges.

Finally, small employers, defined as those employing up to 50 full time equivalents must cover all essential health benefits.

While there are less required mandates for small employers (such as the Free Rider Penalty), it is still important that they are in full compliance with the policies outlined in the Health Care Reform law. Compliance with required health and welfare benefit coverage for small employers can be facilitated by public SHOP exchanges and tax credits, allowing small employers access to a larger pool of health care coverage at a lower cost.

American Fidelity Administrative Services provides a variety of services designed to assist employers in understanding the changing laws and developing compliance strategies. Learn more at [americanfidelity.com](http://americanfidelity.com)



Dixcy Kilduff  
American Fidelity

Article included through permission of American Fidelity Assurance Company



## Deciding When to Outsource Energy Services

“Outsourcing” traces its modern roots to the global expansion of business in the 1970s and 80s. During this time frame, the mindset was that, in order to compete, organizations must focus on their core business, and then identify other critical services that could be accomplished by contracting outside the organization. An organization typically would “outsource” if it did not have the necessary internal competency. These outsourced services were those necessary to run the organization, often highly specialized, but not related specifically to the core business.

While this movement picked up steam in the private sector, the public sector soon embraced the strategy. When it comes to procurement by federal agencies, the General Services Administration (GSA) is a perfect example. A particular federal agency will utilize its own staff and expertise to deliver the goods and services required by the agency, while outsourcing the procurement function for various products and services to the GSA. While the concept is straightforward and time-tested, many entities have shied away from outsourcing because they felt it threatened their role, added cost and time, or in some cases, because their governing body felt it should be done internally. Here we will investigate when it makes sense for an organization to outsource the management and procurement of energy for its facilities, and how to discuss the decision within the organization.

**Lack of Personnel.** When you don’t have the staff available to devote the necessary time, outsourcing makes sense. This is such a common theme with governmental entities that it is almost overlooked today. In most departments, when an organization looks at the list of what needs to be done, the next thought is that several more people need to be hired. The reality, though, is that the funds needed to hire those people never seem to materialize. Therefore, the old mantra arises, “You must do more with less.” When it comes to managing and procuring energy, if the staff is not available to devote the necessary time, then organizations many times just stay with the local utility or rely on their current supplier to continue providing service. Any option that does not involve a full competitive procurement process ultimately leads to a less desirable price and a higher utility budget.

**Lack of Resources.** When the job you need to do requires a certain set of tools/resources you don’t have, outsourcing makes sense. In situations when a purchasing department has the personnel available to conduct a fully competitive procurement for energy services, the issue then becomes whether the resources are present to lead to maximum success. In terms of energy procurement, the most essential resource is daily, direct access to the wholesale energy markets. More than any other factor, it is the wholesale price of energy that directly affects the retail price the end user will pay. Therefore, the very best thing that an organization can do to increase the likelihood of contracting at a favorable time, is to actively monitor the wholesale market on an ongoing basis to fully understand the current market and the factors that may cause prices to rise or fall today, tomorrow, or next week. If your organization does not have this ability, outsourcing to a firm that is involved directly in the wholesale energy market is by far the best way to obtain this resource competency.

Continued from previous page:

**Lack of Expertise.** When your current staff doesn't have the experience or expertise to successfully complete the job, outsourcing makes sense. So what about the situation where an organization feels it has the staff and the resources necessary to procure energy? One might then ask if the staff actually has the expertise necessary to bring these pieces together successfully. The right tool, in the hands of someone who doesn't know best how to use it, is many times as ineffective as using no tool at all. The best resolution always comes when the person coordinating the procurement is an expert in the field of energy, with a thorough understanding of both the wholesale and retail markets and many years of experience advising users.

The bottom line is that, in order to ensure an organization procures the right price, at the right time, under the best contract terms, you must make sure you have dedicated staff with a high level of expertise in the energy sector, along with the resources necessary to access, understand, and interpret movement in the wholesale market. Only if you have all of these pieces in place should you attempt to procure energy services internally. For those organizations that do not, outsourcing the management and procurement of energy not only makes sense, but is the responsible thing to do in order to best control and manage an organization's utility budget. It's all about "return-on-investment" – any added cost of outsourcing is superseded by the overall lower cost of energy. When all the pieces are utilized properly, and the procurement department is able to continue to demonstrate its value by saving dollars that could be better utilized in other areas, everyone will agree it's IN to OUTsource energy.

Written by Bob Wooten for Government Procurement magazine <http://viewer.zmags.com/publication/25d710e2#/25d710e2/12>

Bob Wooten, C.P.M., CEP, is Director of Government Accounts for Tradition Energy, where he manages energy procurement for a wide variety of governmental entities including cities, schools, colleges, universities, housing authorities and municipal districts. Contact Bob at [Bob.Wooten@TraditionEnergy.com](mailto:Bob.Wooten@TraditionEnergy.com)

Tradition Energy is a supplier with U.S. Communities Government Purchasing Alliance. U.S. Communities is the leading national government purchasing cooperative that reduces the cost of goods and services by aggregating the purchasing power of public agencies nationwide. To learn more about Tradition Energy and U.S. Communities' other contracts, please visit [www.uscommunities.org](http://www.uscommunities.org).