

**GLENBROOK HIGH SCHOOLS
District Business Office**

TO: Dr. Mike Riggle

FROM: Kimberly L. Ptak

DATE: JUNE 10, 2013

RE: DISCUSSION/ACTION: DIGITAL LEARNING

Recommendation

It is recommended that the Board of Education

1. Purchase 3,900 Samsung chromebooks from TigerDirect in the amount of \$904,800 (\$232 per device).
2. Purchase 3,900 management consoles from Google in the amount of \$93,600 (\$24/device).
3. Purchase a 2-year, unlimited accidental and theft policy with a \$25 deductible from Worth Ave Group in the amount of \$117,000 (\$30 or \$15/year per device).
4. Finance the purchase of 3,900 chromebooks with the management console through American Capital with a 2-year \$1 buy-out lease in the amount of \$1,014,000 (\$507,000/year).
5. Increase Beck's management fee by \$15,000 for one year.

Background

At the May 29, 2013 board meeting, the consensus of the Board was to require chromebooks for all freshman, sophomores and juniors and give seniors the option to purchase a chromebook at the district negotiated price. It was also the consensus to keep the first year student price minimal, \$25, and flip the district/student requirements in year two. Lastly, all students of low income will be provided a device.

Since the board meeting, the following changes have been made to the pricing model –

- Total annual cost per device has decreased from \$174 to \$145.
- The cost of the chromebook has decreased from \$234 to \$232.
- The cost of the management console has decreased from \$26 to \$24.
- The district will use a third party for accidental and theft coverage, and will self-insure the extended warranty. This is estimated to save \$50,000/year.
- The cover will not be part of the lease and will not be required. Instead, students will have the opportunity to purchase a variety of covers at different price points from Beck's or other third parties.

2 year \$1 buyout lease quotes

American Capital	\$1,014,000
TIP Capital	\$1,016,092
CSI Leasing	\$1,059,582

Attached is the recommend pricing model and district financial impact.

RECOMMENDED PRICING MODEL

This assumes ALL students of low income will receive a device.

<u>Negotiated Rates</u>	<u>5/13/2013</u>	<u>5/29/2013</u>	<u>6/10/2013</u>	<u>Annual Rates w/Lease</u>	
Insurance & Warranty	\$40/yr	\$35/yr	\$15/yr*	Insurance & Warranty	\$15
Management Console	\$30	\$26	\$24	Management Console	\$12
Chromebook	\$250	\$234	\$232	Chromebook	\$118
Cover	\$20	\$12	n/a**	Cover	\$0
					\$145

* Insurance for unlimited accidental damage and theft through Worth Ave Group is \$15/year. The district will self insure the extended warranty coverage.

** The cover will not be part of the lease nor will it be mandated. Students will have the opportunity to purchase a variety of covers at different price points from Becks or other third parties.

Freshman, Sophomores & Juniors required with a two year \$1 buy-out lease
Seniors have the option to buy at the above negotiated rates

<u>Freshman</u>		<u>District</u>	<u>Student</u>
2013/14	Year 1 of First Lease	\$120	\$25
2014/15	Year 2 of First Lease	\$25	\$120
2015/16	Year 1 of Second Lease	\$25	\$120
2016/17	Year 2 of Second Lease	\$25	\$120
		\$195	\$385

<u>Sophomores</u>		<u>District</u>	<u>Student</u>
2013/14	Year 1 of First Lease	\$120	\$25
2014/15	Year 2 of First Lease	\$25	\$120
2015/16	Devices from first lease will be used for a third year	\$0	\$0
		\$145	\$145

<u>Juniors</u>		<u>District</u>	<u>Student</u>
2013/14	Year 1 of First Lease	\$120	\$25
2014/15	Year 2 of First Lease	\$25	\$120
		\$145	\$145

<u>Seniors</u>		<u>District</u>	<u>Student</u>
2013/14	Option to Buy @ Negotiated Rates	\$0	optional

SUMMARY OF DISTRICT COST

	2013/14 3 grades required	2014/15 4 grades required	2015/16 4 grades required	2016/17 4 grades required	TOTAL
Low Income Devices (750)	\$108,750	\$108,750	\$108,750	\$108,750	\$435,000
District Subsidy					
3,150 students @ \$120	\$378,000				\$378,000
4,220 students @ \$25		\$105,500	\$105,500	\$105,500	\$316,500
Beck's Management Fee	\$15,000	\$20,000	\$20,000	\$20,000	\$75,000
	\$501,750	\$234,250	\$234,250	\$234,250	\$1,204,500
Funding Sources					
Title 1 funds	\$33,015	\$67,800	\$67,800	\$67,800	\$236,415
Medicaid	\$30,000	\$0	\$0	\$0	\$30,000
Decrease in mobile devices & labs	\$85,000	\$85,000	\$85,000	\$200,000	\$455,000
Foundation	\$5,000	\$0	\$0	\$0	\$5,000
Board Subsidy	\$348,735	\$81,450	\$81,450	-\$33,550	\$478,085
	\$501,750	\$234,250	\$234,250	\$234,250	\$1,204,500