

# AI Procurement:

## Key insights for board members



### Document Overview

#### *Purpose*

Artificial intelligence (AI) has and will continue creating industry-defining shifts throughout education. It is the role of boards of education to understand how procurement must evolve to account for highly complex and fast-paced technological advancements. The position of the CSBA AI Taskforce was to study, understand and adapt current guidelines, policies and best practices to account for a realistic future where most software has some AI component. The taskforce is fully aware of the rapidly evolving nature of AI and that this document must be regularly reviewed for accuracy. Still, there is a need for trustees to share their experiences and best practices with the CSBA membership in the spirit of creating a safe and promising learning environment for staff and students across California.

This resource was created to enable boards to navigate the technological shifts associated with AI. By offering insights and

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guidelines, this document aims to provide school boards with an understanding of the implications of integrating AI into their current systems. The CSBA AI Taskforce

has pinpointed recommendations for procurement that deal with key aspects such as insurance insights, the advantages of joint powers authorities and county offices of education (particularly for smaller districts), the rationale behind piggybacking, sharing contract details, addressing procurement inquiries and collaborative scope-of-work proposals. With this vital information, boards can be empowered to make informed procurement decisions, fostering an inclusive and supportive educational environment for all students.

### Considerations for Procurement

The following are introductory considerations to help boards begin to discuss their understanding, stance and process related to software procurement that currently contains AI or could in the future.

### *What is the school board's role in procurement?*

The taskforce recognizes that boards are responsible for governance and oversight, and that some of the details in this document may be seen as day-to-day operations. Taskforce members decided to provide detailed information and allow boards to determine where their responsibilities lie in their local context.

At a high level, boards have varying levels of responsibility in AI compliance and risk evaluation for procurement processes including:

- ▶ Oversight and final approval of the contract to ensure it is aligned with state, federal and board policies
- ▶ Ensuring that the procurement is aligned with the local educational agency's (LEA) initiative
- ▶ Ensuring that procurement follows guidelines and risk mitigation control processes
- ▶ Approving the policies
- ▶ Providing guidance for the LEA's risk protection strategy
- ▶ Reviewing and approving contracts

### *California resources*

Governmental agencies in California have begun to release documentation and guidelines related to AI. Much of this information is related to generative AI due to the prevalence of chatbots and other interactive technologies. These documents will continue to be updated and supported, offering an excellent starting place for boards to educate themselves with standard, widely accepted recommendations that all LEAs must consider.

The following state resources are not exhaustive but include those the taskforce found enlightening and actionable.

#### ▶ [State of California Generative AI Toolkit for Procurement, Use, and Training](#)

This toolkit helps boards collect training resources, determine generative AI risk assessment and management, and compare their existing procurement processes to those of state entities procuring generative AI tools. The taskforce also found the terminology and definitions provided by the state that speak specifically to the nuances of generative AI procurement to be particularly helpful.

#### ▶ [CalPCA Procurement and Contracting Courses](#)

The California Department of General Services provides Basic, Intermediate and Executive procurement certifications. The taskforce recommends any board member to at least pass the Basic certification, as it outlines and gives context to the main stages of procurement. The Intermediate and Executive levels have also incorporated AI into their coursework.

**For LEAs just starting to incorporate AI, it may be a good time to evaluate the procurement process as well.**

#### ▶ [GenAI for California](#)

GenAI for California's Choose Your GenAI Journey is a helpful resource providing information depending on if you have already started the procurement process and came across generative AI, purchase a tool with generative AI-supported features or purchase a tool with generative AI as the primary feature.

### *Review existing procurement process*

AI Taskforce members have begun to evaluate their procurement processes to determine if they still serve their LEA. For LEAs just starting to incorporate AI through any type of software, products or hardware, it may be a good time to evaluate the procurement process as well. Board members will likely not directly participate in updating the LEA's procurement process, but it is important to be aware of the current process to ensure that related policies properly cover the LEA's needs.

One taskforce member shared the following steps their LEA took to update its process for purchasing digital applications while communicating updates to the board:



### CHANGED PURCHASING PROCESS

All digital applications must go through an extensive contract process in order to be purchased, except applications that are still on CD, disk or are staff-only applications that provide password access with no data passed through.



### CHANGED CONTRACT PROCESS

Existing procurement contracts were completely overhauled to include questions about data privacy, require data privacy agreements (DPA) and/or pupil records riders, and include the coordinator of education technology and manager of technical systems.



### CHANGED TECHNOLOGY SERVICES PROCESS

The technology services process was overhauled, which included acquiring management software to help standardize the staff experience. A general workflow was created to standardize the approach to technology implementation. This process was then reflected in the district's management software so that staff only needed to interact with one software. Processes for testing and communication with stakeholders were added to ensure that applications were working properly and served the community's needs.



### TAUGHT STAFF NEW PROCESSES

Professional development for staff was revamped and prioritized as a necessary action for any digital application to be implemented successfully. All principals, assistant principals and administrative assistants receive annual training for new digital applications and changes to existing applications. All new applications are aligned with district objectives and established curriculum. This alignment helps all stakeholders understand the application's value. Changes to digital applications are communicated to all stakeholders. Instructional resources are made available on the district website.

## Insurance Recommendations for Vendors Using AI

There are benefits and challenges to vendors integrating AI into products, including creating third-party connections to existing AI products, which complicates the decision-making process for procurement. Vendors will continue to modernize their products and fulfill the needs of the market, which encourages the procurement process to take preventive measures by requiring potential vendors to clearly and transparently share how they use AI. This is to ensure that proper protective measures are taken by the procurement team. One preventative measure CSBA's AI Taskforce has found to be effective is to update insurance policies and requirements for vendors using AI — adding additional monetary investment in risk management and security practices, and ensuring all vendors have a base coverage level that the LEA is comfortable with.

### *Discuss implications with insurance provider*

Insurance providers are vital, strategic LEA partners that protect students and staff during rapid technological advancements. The first step to strengthening protection is discussing the LEA's insurance coverage and how it may be impacted. The following topic areas will help LEAs understand what coverage they have and whether there are areas that are not covered that incur higher risk from AI.

#### ► What is the LEA's risk tolerance?

Risk tolerance refers to how much financial uncertainty and potential loss an LEA will accept before requiring additional coverage. Some factors include the LEA's financial capacity, legal requirements, the cost of insurance premiums and historical claim patterns. This is not something that insurers can answer for LEAs, but they can provide supplementary information to the board to make an informed decision. One tip is to use the LEA's history of lawsuits, if it has any, as an indicator of how much of an increase in liability coverage is necessary.

#### ► Does the current LEA insurer provide specific AI coverage?

Currently, there will likely not be specific coverage or premiums specific to AI, but it is still worth asking to ensure the LEA's coverage does not have a gap to be filled. Key areas to ask about in existing coverage

are AI system failures or errors, algorithm-based incidents, AI-related privacy breaches and automated decision-making risks.

► **How does AI impact overall risk assessment?**

AI creates fantastic opportunities but also increases the complexity of products and potential exposure to threats. Insurance providers will help determine if current coverage needs and premium costs are sufficient based on a risk assessment and the risk tolerance analysis previously conducted. Vendors may be able to provide certifications, protocols or compliance documentation to help reduce their perceived risk.

► **What documentation is needed from vendors about their AI systems?**

Documentation will already be required from vendors, so it will be advantageous to know upfront if the current insurance provider requires any AI-specific documentation. The vendor's technical documentation should already include their use of AI. Knowing what information should be included in vendor documentation and what the insurance provider requires will create an open flow of communication.

► **Can insurance requirements increase for vendors with AI components or third-party integrations?**

One tip the AI Taskforce identified is to, at a minimum, triple insurance requirements for vendors with AI components or third-party integrations. Higher liability insurance requirements for vendors provide several benefits for the LEA:

- » Increased protection against privacy violations and security incidents
- » Financial coverage if the vendor's product causes harm or damage
- » Incentivizes vendors to maintain strong security and risk management processes
- » Potentially filters out lower-quality vendors who cannot obtain higher coverage levels

The increase in insurance requirements significantly reduces the number of product bids, creating a more efficient and streamlined search process. The process includes privacy and security questions for vendors that request the insurance requirement be lowered. These questions determine if the vendor's product is safe, secure and of high enough benefit to make an exception.

## **Benefits of Joint Powers Authority, County Office of Education and Piggybacking**

### *Joint powers authority*

Joint powers authorities (JPAs) have been allowed in California since 1949. Many local educational agencies are part of JPAs for areas of operation such as transportation or insurance. Education technology (edtech) JPAs are newer but still common in helping LEAs obtain discounted pricing, streamlined procurement and ensure vendor quality control. JPAs as an entity have independent legal rights and can benefit due to the liabilities, obligations and debts belonging to that entity as opposed to the contracting parties.

JPAs are exercised when public officials from two or more agencies agree to create another legal entity or establish a joint approach to work on a common problem, fund a project or act as a representative body for a specific activity. In this context, the JPA's primary purpose is to leverage the buying power of multiple entities to provide legally compliant and economically priced edtech products and services to its members. The JPA will collect a fee from the sale of such products and services from its members, which will be used to pay for the cost of running the JPA. The JPA will perform primary administrative and governance tasks necessary to provide its members with legally compliant and economically priced digital products and services.

### **How to join a JPA**

Each JPA will have a slightly different process but generally uses the following steps:

- Obtain any required board approval
- Submit the JPA's membership application and await approval
- Sign the JPA's membership agreement
- Pay membership fee
- Complete membership information and account creation to access the JPA's online portal and resources

CSBA's AI Taskforce recommends that organizations talk to several members of the JPA before joining. This is to ensure that their goals are aligned with the services provided and that current members are satisfied with their membership.

## How to form a JPA

If existing JPAs do not fit the needs of an LEA, it may form a JPA with another governmental entity or non-governmental entity if special legislation has allowed it. To create a JPA, all entities must enter into a formal agreement. This agreement must outline the powers of the JPA, how those powers will be exercised, and establish a governing body, a treasurer and an auditor. The agreement then must be filed within 30 days with the Secretary of State and the State Controller. The agreement must also be filed with the county's Local Agency Formation Commission if a founding member of the JPA is a county, city or special district and the JPA provides municipal services. JPAs are considered government agencies and are subject to statutory requirements such as the Brown Act, the Public Records Act and conflict-of-interest rules. Legal counsel should be consulted if an LEA is considering forming a JPA.

## Examples JPAs

The following are JPA examples:

- ▶ **Education Technology Joint Powers Authority**  
An edtech JPA serves as a procurement vehicle, creating a timely procurement process for members to procure digital products. Ed Tech JPAs also negotiate contract terms with each participating vendor and maintain student data privacy agreements.
- ▶ **Risk Management JPA**  
A Risk Management JPA helps districts and charter schools purchase insurance programs, including loss control services and safety training.

While California IT in Education (CITE) is not a JPA, it does provide parallel services and several taskforce member LEAs are members of CITE instead of a JPA. CITE is a nonprofit organization that provides a privacy service that manages LEA data privacy agreements and assists with vendor negotiations and contract management. CITE also has a database of pre-approved vendors, helping boards and LEAs more easily navigate the software and technology market.

CSBA has partnered with the California Association of School Business Officials and technology company Carahsoft to offer [Golden State Technology Solutions](#), a comprehensive suite of technology solutions for California's TK-12 public schools, offering hardware,

software, RFP development, training, consulting and cybersecurity services developed specifically for government and local educational agencies. Golden State Technology Services reduces the time and cost burden of IT by streamlining the evaluation, procurement and implementation process for California's public schools.

## County offices of education

### What is the role of county offices of education in procurement?

As board members, knowing what resources and services can provide expertise and support to the procurement process in both county offices of education (COEs) and districts, especially those for little to no cost, is important. Districts can verify if their COEs provide group insurance plans, cooperative purchasing or other services that it may extend to aid the district procurement process as part of its administrative services. These services may not be listed on the COE website, so it is best to contact a representative to understand what is available. When talking to a COE representative, it is essential to discuss how the COE is accounting for AI within their services. That discussion can help confirm that the board, district and COE have a shared vision on AI. In cases where alignment occurs, the board should consider partnering with the COE as a cost-effective strategy. That partnership could be used instead of paying for a JPA membership or the upstart cost of forming a JPA.

## Example collaborations

- ▶ [Los Angeles Unified School District Fostering Healthy Relationships through Digital Citizenship Week \(Res-007-24/25\)](#)

The Digital Citizenship Week Resolution describes the Instructional Technology Initiative, which collaborates with the Los Angeles USD's governing board, various district departments and external partners to serve the needs of district students.

- ▶ [Motion/Resolution Presented to Los Angeles USD — Modern Budget Transparency for Student Achievement](#)

The Modern Budget Transparency for Student Achievement Resolution was a combined effort between the school board and district highlighting strategic plans, partnerships and the implications of AI.



## Piggybacking

### What is piggybacking?

Piggybacking is a form of group purchasing where a school district or COE can obtain better prices by purchasing goods and services through the contract of another LEA. Piggybacking is only possible for districts and COEs when the contract in question was completed by another LEA. LEAs cannot piggyback off non-government entities or other government departments. Piggybacking is a common method for JPAs and other collectives to create vendor deals, but the act of piggybacking can be done without membership to an organization. The power of piggybacking comes with economies of scale for a vendor when multiple organizations come together to create a volume discount. Hypothetically, each organization could come to the vendor separately and come out with a different price. However, especially for smaller school districts, there is a benefit of joining together to create a better deal for all interested entities.

### Considerations before piggybacking

The first step is determining whether the contract the LEA is interested in is eligible for piggybacking. The contract in question must also meet the district's policies and rules for contracting. AI Taskforce members recommend that, when possible, at least three different contract options are collected to help decide which is the best fit for the district.

In 2021, a [CSBA blog](#) post about the California Office of Public School Construction's use of 'piggyback contracting' included helpful information and a reference to CSBA's model Board Policy (BP) and Administrative Regulation (AR) 3311. Reviewing AR 3311 may prove helpful before considering whether piggybacking is the right course of action for the school board to recommend.

### Examples of piggybacking

LEAs and counties across California have published recommendations and processes for how to piggyback off their contracts with helpful step-by-step guides. One such example is from Alameda County, which [published tips](#) for piggybacking as a resource for public agencies:

- 1) Identify contracts of interest to determine if the specifications meet LEA needs.
- 2) Request the contract, award document and any other documents necessary for evaluation.
- 3) Ensure the contract term is open for the time the LEA requires.
- 4) Note any specific contracting requirements.
- 5) If the decision is made to piggyback, follow the LEA's procedures to initiate negotiations with the vendor to form a separate contract based on Alameda County's contract specifications.

### Comparing a JPA, COE and piggybacking

Joining a JPA, collaborating with a COE, or performing a piggyback on an existing contract are all viable procurement solutions that may fit the needs of LEAs at different levels and times. Below are key topics the AI Taskforce recommends board members consider before recommending or participating in any of these procurement options. Please remember that the roles and responsibilities of a JPA or COE will vary greatly and may or may not provide some of the resources listed below. Boards should consult with the possible partner on any questions they may have. *See table on pg. 7*

## Software Contract Updates for Vendors Using AI

Contract updates are vital in the procurement process to create preventative measures that protect staff and students and create a vendor standard that should be expected in their competitive market. Regularly updating contract language and processes for emerging technologies enables the board and LEA to stay current during rapid technological advancement. As a board member, it is critical to understand aspects of contract language and common practices to be more informed when reading contract coversheets and potential memos.

### Update contract process and language

LEAs should regularly look at their contracting process, determine when it was last updated, and if it was updated to account for emerging technologies such as AI. The following are questions board members can ask

TOPICS	JOINT POWERS AUTHORITY	COUNTY OFFICE OF EDUCATION	PIGGYBACKING
<b>Initial setup</b>	<ul style="list-style-type: none"> <li>• Membership fees are typically required</li> <li>• May need legal counsel for JPA formation/joining</li> <li>• Ongoing administrative time commitment working with JPA representatives</li> </ul>	<ul style="list-style-type: none"> <li>• No membership fees</li> <li>• May include service fees for specific programs</li> <li>• In-house technical advisory services</li> </ul>	<ul style="list-style-type: none"> <li>• No membership fees</li> <li>• Administrative costs for contract review</li> <li>• Possible markup from the original contract</li> </ul>
<b>Board oversight considerations</b>	<ul style="list-style-type: none"> <li>• Board approval required for JPA membership</li> <li>• Regular review of JPA agreements</li> <li>• Requires clear delegation of purchasing authority between the board and JPA</li> <li>• Recommended annual review of JPA effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Board approval for MOUs with COE</li> <li>• Regular meeting updates on COE services utilized</li> <li>• Simplified approval process for routine purchases</li> </ul>	<ul style="list-style-type: none"> <li>• Board approval of piggyback resolution</li> <li>• Review of original contract terms</li> </ul>
<b>AI/edtech benefits</b>	<ul style="list-style-type: none"> <li>• Specialized AI/edtech procurement and maintenance expertise</li> <li>• Collective bargaining power for pricing, contracting and data privacy terms</li> <li>• Shared cost of technical evaluations across JPA</li> <li>• Possible influence on vendor development roadmap through JPA</li> </ul>	<ul style="list-style-type: none"> <li>• COE technical expertise may or may not include AI and other necessary areas for decision-making and implementation</li> <li>• Regional coordination of AI implementation</li> <li>• Alignment with countywide educational technology strategies</li> <li>• Possible access to county-supported professional development</li> </ul>	<ul style="list-style-type: none"> <li>• Quick access to pre-vetted AI/edtech solutions</li> <li>• Leverage existing privacy/security reviews</li> <li>• Established implementation frameworks and proof of concept from first implementer</li> <li>• Known cost structures</li> </ul>
<b>Compliance &amp; risk management</b>	<ul style="list-style-type: none"> <li>• Shared legal expertise for AI compliance</li> <li>• Collective monitoring of AI bias/equity</li> <li>• Group insurance/liability protection</li> <li>• Standardized data privacy agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Possible COE guidance on state AI regulations</li> <li>• Regional risk assessment support</li> <li>• County-wide compliance monitoring</li> <li>• COE technical review process</li> </ul>	<ul style="list-style-type: none"> <li>• Reliance on original agency's vetting</li> <li>• Limited flexibility for custom terms and features</li> <li>• Likely will need additional privacy reviews</li> <li>• Recommend third-party verification of AI compliance</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>• Longer initial setup time</li> <li>• Flexible if established yourself</li> <li>• Regular renewal opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate setup time</li> <li>• Dependent on COE capacity</li> <li>• Regular program review cycles for COE effectiveness</li> <li>• Can adapt to contextual district needs</li> </ul>	<ul style="list-style-type: none"> <li>• Fastest implementation</li> <li>• Limited to existing contract terms</li> <li>• Fixed contract periods</li> <li>• Minimal customization options</li> </ul>
<b>Cost</b>	<ul style="list-style-type: none"> <li>• Volume discounts through collective purchasing</li> <li>• Shared administrative costs</li> <li>• Potentially lower maintenance costs in the future if JPA grows</li> <li>• Long-term cost benefits for implementation and maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Leverages existing COE resources</li> <li>• Shared regional training costs</li> <li>• Potential bulk purchasing savings depending on other districts within the county</li> <li>• Potential reduced implementation and maintenance costs depending on COE capacity and expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Immediate access to previously negotiated prices</li> <li>• Likely no additional cost negotiations</li> <li>• May miss volume discount opportunities</li> <li>• No reduced implementation and maintenance costs</li> <li>• Requires district capacity and expertise for implementation and maintenance</li> </ul>

of staff to ensure the contracting process is updated for AI features:

- ▶ Does the LEA's process include the IT department and other high-leverage departments in the approval queue?
- ▶ Is a data privacy agreement and/or pupil records rider required?
- ▶ Does the contract require the vendor to include all third-party integrations?
- ▶ Does the contract include an AI disclosure clause?

### ***Require vendors to have a nationally recognized auditing standard***

Boards can stay diligent and proactive in protecting staff and student data, upholding digital privacy and creating a safe learning environment by mitigating risk in procurement through national auditing standards. The two common auditing standards for cloud-based service organizations such as software-as-a-service are System and Organization Control II (SOC II) and the National Institute of Standard and Technology (NIST). Being SOC II- or NIST-compliant demonstrates that the vendor has extensive security controls for protecting sensitive data and reducing the risk of cyberbreaches.

SOC II is generally considered the best compliance for a vendor to achieve because it specifically assesses the vendor's security control around customer data. As such, the taskforce recommends looking for SOC II compliance first and foremost. NIST's security framework has a much broader scope compared to SOC II, but focuses on implementing a framework to identify, manage and reduce cyber-risks. Though not having one of these two standards should not be grounds for immediate disqualification of a vendor, it may be worth asking the vendor why they lack the certification. If a vendor has neither, the AI Taskforce recommends not continuing with that vendor until either SOC II or NIST is awarded.

## **Pre- or Post-Procurement Questions for Vendors Using AI**

Vendor questions are a vital procurement step allowing boards and LEAs to understand how a vendor conducts itself professionally and caters to its clientele. These questions can provide the necessary

information to decide whether the vendor is a good fit for the LEA. Although a board member will not conduct procurement unless they serve a district role related to procurement, board members need to understand the process and ensure that questions throughout the process are aligned with LEA goals and visions.

### ***Procurement questions***

The following are two sets of recommended questions that can be referenced when conducting vendor interviews:

#### ▶ ***AI Risk Assessment (click to see questions)***

These questions cover areas such as:

- » AI system implementation and data collection
- » Data privacy
- » Compliance with Personally Identifiable Information (PII)/Health Insurance Portability and Accountability Act (HIPPA)
- » AI data usage and consent
- » Third-party AI systems and data sharing
- » AI data governance

#### ▶ ***Procurement of Digital Solutions (PoDS) Artificial Intelligence questions (click to see questions)***

These questions cover topics related to Los Angeles USD's PoDS requirements.

## **Scope of Work for Vendors Using AI**

A scope of work (SOW) details the specific tasks and deliverables required for the vendor to perform for a client and determines the services the vendor will provide within the agreement upon payment. When negotiating the SOW of a vendor using emerging technology like AI, it is crucial to consider how the vendor can provide wraparound services that would otherwise be the responsibility of the school LEA or external partner. With emerging technologies come challenges with end users, including educating and communicating with all community members (LEA staff, students and families). For board members, it is important to understand the power of negotiating SOW to align with their LEA goals and visions.



## *What to include in the vendor SOW*

### **Professional development for staff**

Professional development through virtual and in-person training will work to ensure that the vendor creates training that can be used by current and future staff. Relying on internal staff for professional development and train-the-trainer opportunities may be possible. However, relying on staff members to be comfortable enough with new technology from a new vendor to train their peers can be unnecessary when requiring the vendor to provide this training instead.

### **Professional development for families**

Professional development in virtual and in-person training for students' families ensures that parents are comfortable with their students using the technology. This training can address any mistrust or correct misunderstandings around emerging classroom technology. Training the community to support using the vendor's tools also improves the chances that family members can assist students with these tools outside of school.

### **Add 'right to audit'**

The right to audit will give the LEA the authority to verify the vendor's records, performance and operations related to the contract. This will ensure that the vendor complies with data and student privacy requirements that could otherwise be a liability for the LEA.

### **Disclosure of third parties**

In addition to the disclosure of third parties within the contract itself, a disclosure of third parties as part of the SOW will ensure that if additional third parties are added to a vendor's solution during the length of your contract, they are properly disclosed.

### **Sample SOW**

Los Angeles USD Service and Support Agreement  
Language Redaction

For additional artificial intelligence guidance and resources, visit CSBA's AI Taskforce webpages at [www.csba.org/AI](http://www.csba.org/AI).