GovWin from Deltek

Education Contracting Analysis

Selling to K-12 and Higher Education Through 2025

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Introduction

This report profiles contracting trends within educational government as a subset of the larger state, local and education (SLED) government marketplace. At over $1.5 trillion, the SLED market provides 400-500,000 competitive opportunities for companies each year. The larger market can be broken down into six distinct levels of government:

- State
- City
- County
- Special District
- Independent K-12 School District
- Public Colleges & Universities

These are further consolidated into three major divisions of state, local and education. Within education there are approximately 83,000 formal bids and RFPs issued per year. Within the two sub-groups, K-12 education (at around 54,000 bids) is somewhat larger than higher education (at around 29,000 bids).

In this report, we look at K-12 and higher education individually due to their unique nature and requirements. For K-12 governmental entities, our analysis focuses on the independent school districts. Additional demand comes from large urban public schools under the city or county levels of government such as those in the cities of Chicago and New York, as well as some purchases made by state departments of education, rather than the individual districts themselves. Likewise, our "higher ed government" level profiled does not include additional demand from nonprofit or for-profit colleges.

K-12 and higher ed institutions buy a broad range of products and services each year from our defined 12 major industry groups (see the Glossary of Industries). They're based on GovWin's proprietary Smart Tags ontology framework, which uses natural language processing to categorize the true essence of the product or service being purchased.

Our analysis relies on data from GovWin's government market intelligence database of information on current, future and historical transactions in the government market. This includes competitive bids & RFPs issued and future leads obtained from scanning available capital spending plans. Due to the recent volatility from the pandemic years, whenever K-12 and higher education are profiled in a "percent of the total" format, the results are based on an average of the last four full calendar years of 2020-2023.

470,000
Total SLED Bids & RFPs issued per year

83,000
Bids & RFPs in Education Government

54,000
Bids & RFPs in K-12 Government (Independent Districts)

29,000
Bids & RFPs in Higher Ed Government

Types of Analysis Featured

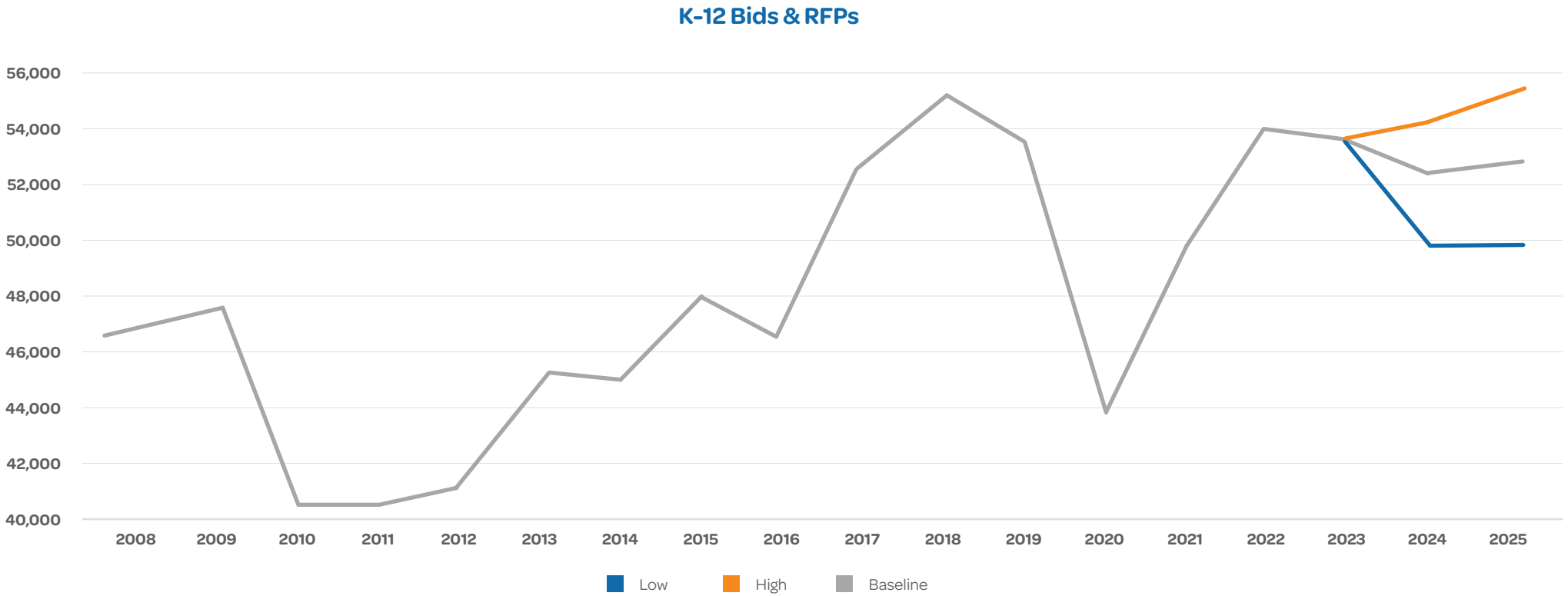
This report provides multiple forms of analysis examining trends in K-12 and higher education.

	Type of Analysis	Description
	**Annual bid volume forecast**	An annual forecast of total bids and RFPs issued is presented for both the K-12 and higher education market segments. It relies on our previously published 2024 SLED Contracting Forecast for the entire SLED market and major industries. Readers are encouraged to download the original report to better understand the methodology.
	**Industry and product level analysis**	Using our system of Smart Tags, we break down K-12 and higher education by major industry as well as by specific types of purchases. We then identify which types of purchases are relatively more concentrated vs. the entire SLED marketplace and the annual growth rates of the top 10 construction and non-construction products or services.
	**Future leads identification analysis**	GovWin's database searches through available budgets and spending plan documents to identify specific future opportunities for companies to follow up on and prepare for in advance of a bid or RFP. In this report we showcase a sample of larger projects in areas like construction, technology and professional services.
	**Purchase size analysis**	Using GovWin's database of reported awards and purchases by K-12 and higher education institutions, we profile the sizes of purchases in dollars by tier and calculated overall averages to help suppliers gain more perspective about the typical scale of these purchases.
	**Cooperative purchasing analysis**	Cooperative purchasing activity is profiled for K-12 and higher education separately using GovWin's data on purchases made from co-op contracts. This provides 1) a sense of how important co-op contracts are in the purchasing equation and 2) insight into the types of purchases more likely to be sourced in this way.

K-12 Education

Total Forecast to 2025 – Volume of Opportunities

The bidding opportunities in independent K-12 districts have exhibited a long-term trend of solid growth and expansion. However, this trajectory was not without volatility, particularly during the Great Recession recovery years and the onset of the COVID-19 pandemic in 2020. By applying the SLED baseline, "high" and "low" forecasts for 2024 and 2025, we arrive at the following short-term forecast:



High Alternative: A growth rate of 1.1% would occur in 2024, followed by a 2.4% increase in 2025.

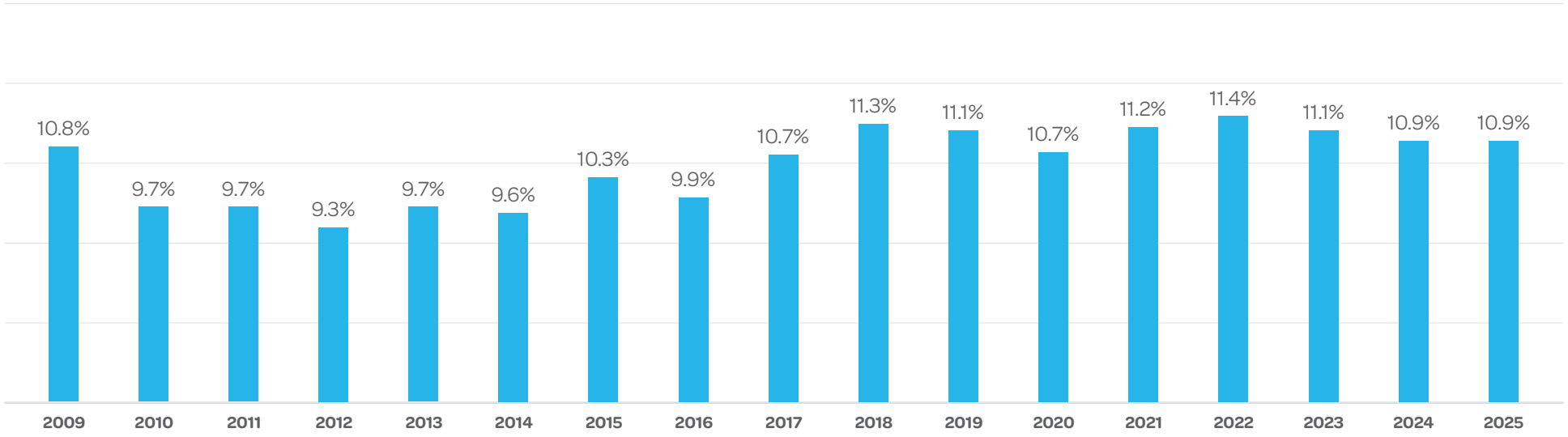
Baseline: A slight decrease of -2.3% is projected by 2024, but it rebounds with 1.0% growth in 2025.

Low Alternative: A decline of -6.8% would occur in 2024, with a subsequent improvement of -0.3% in 2025.

Total Forecast to 2025 – Share of SLED Market

As a share of the total SLED market of bids and RFPs, K-12 has experienced fluctuations over the years. Initially, their share dropped from 10.8% in 2009 to 9.3% by 2012. However, by 2018, these districts rebounded past their starting point, achieving a new high of 11.3% of the overall SLED market. Despite a brief decline to 10.7% in 2020, the infusion of stimulus funds and a focus on reopening of schools led to a healthy 2021, where their share reached 11.2% and further grew to 11.4% in 2022. Looking ahead, our model predicts a slight decrease in K-12's share to 10.9% for 2024-25, aligning with a longer-term sustainable level reminiscent of 2009.

K-12 Share of SLED Market - Baseline Forecast



Summary of K-12 Spending Trends

Overall Summary & Primary Challenges

The K-12 education market in 2024 faces a multitude of challenges such as labor shortages amidst high turnover, and several legal and regulatory complexities. Politicized and changing curricula across school districts have created a divide, impacting where parents send their children to school. In some cases, they are moving their children to different public-school districts, enrolling them in private school or choosing homeschooling to accommodate their preferences. This has led to a loss in enrollment at various public schools across the country. District officials are working on academic recovery from pandemic disruptions, such as learning loss stemming from the 2020-21 school years as they continue to strategically manage waning COVID relief funds. Other top priorities include consistent program effectiveness, community engagement, change management strategies and support for teachers' professional growth. Despite these challenges, the K-12 market remains resilient, guided by data and research to make informed decisions in an evolving landscape.

Finances, Budgets and Fiscal Trends

GovWin's Vertical Profiles product provides current year estimates of total expenditures for major types and functions of government, among other metrics. This includes $898.3 billion in FY 2024 for K-12 education. K-12 benefits from the stability of per-pupil consistent tax funding backed up by legislative requirements to meet these needs. In hard times, K-12 will typically enjoy more protection than other functions of government and in good times, districts can afford additional "wants" alongside "needs." In some cases, PTA associations or booster groups have independently funded some activities or travel.

Infrastructure

Interest for infrastructure-related K-12 contracting has continued to remain strong, driven by population growth in major suburbs and the remodeling and repair of older buildings. The Census of Construction Put in Place shows strong annual growth in spending within the K-12 market since 2016. Spending peaked in 2020 and declined slightly through 2022 following the initial impact of the pandemic, resulting in adjustments to projects and schedules that translated into spending decreases in '21 and '22. But spending in 2023 has bounced back at around $64 billion, with growth slightly exceeding 2020's peak for the entire education segment. Despite there being far fewer high schools relative to other school types, the high school segment was the largest in total investment for 2023, at $30.3 billion, followed by elementary ($20B) and then middle/junior high ($12B).

Technology

Education technology (ed tech) continues to witness significant developments and recent history has been no exception. There has been a rise in several technologies including: 1) mobile learning allowing access to educational content anytime and anywhere, 2) digital content platforms such as e-books and virtual lectures, 3) advancements in artificial intelligence and virtual reality use in the classroom for experiential learning, 4) blockchain integration for secure record keeping and the 5) strategic use of the internet of things devices such as interactive whiteboards, artificial intelligence for adaptive learning systems and to identify and analyze various data. Many technological innovations are also focusing on accessibility and inclusion, catering to students with impairments who may need various technological aspects customized to their preferences to leave no student behind no matter their abilities. Educational spending has increased and ed tech is a large part of this spending, as the classroom becomes more digitized everyday. Overall, K-12 has emphasized adapting technology to personalized learning experiences and using technology to make data-driven decisions.

Major Industries in K-12

As a market, K-12 consists of all types of purchases, not just textbooks or school buses. However, out of our 12 standard industry groups of products and services, three stand out as being remarkably higher in their propensity to be purchased versus other types of SLED governments (i.e., with a higher share of K-12 than for the broader SLED market). This includes educational products/services, operations & maintenance, and technology and telecom (see below).

In the second table, we see how these industries have been growing in their volume of issued bids and RFPs. Environmental services, public safety, and financial services & insurance all show the strongest recent growth rates at 11% or higher. Of the slower growing industries for 2023, we see technology & telecom at -3.8% and operations & maintenance at -2.6%.

What industries are most common for K-12?

Share of Total Bids and RFPs	Avg. K-12	Avg. SLED	Propensity to Purchase
Architecture and Engineering	4.9%	6.4%	0.76
Construction	35.4%	37.6%	0.94
Education Products and Services	5.1%	1.2%	4.15
Environmental Services	1.1%	2.6%	0.40
Financial Services and Insurance	2.8%	2.4%	1.18
Healthcare	3.2%	3.0%	1.05
Operations and Maintenance	23.8%	19.2%	1.24
Professional Business Services	5.3%	6.3%	0.85
Public Safety	1.7%	2.1%	0.79
Technology and Telecom	9.1%	6.3%	1.45
Transportation	6.3%	8.7%	0.72
Water and Energy	1.4%	4.3%	0.33
Total	**100.0%**	**100.0%**	**1.00**

How fast are the industries growing each year?

Percent Increase in Bids/RFPs	2021	2022	2023
Architecture and Engineering	32.4%	11.2%	-0.2%
Construction	8.5%	13.5%	-1.2%
Education Products and Services	31.4%	10.0%	-0.9%
Environmental Services	25.0%	-7.0%	15.2%
Financial Services and Insurance	12.4%	0.1%	11.0%
Healthcare	12.7%	12.9%	-0.3%
Operations and Maintenance	9.3%	12.9%	-2.6%
Professional Business Services	17.3%	4.3%	-1.5%
Public Safety	0.3%	7.9%	13.9%
Technology and Telecom	6.5%	-1.6%	-3.8%
Transportation	21.9%	9.8%	-0.7%
Water and Energy	14.2%	-8.2%	2.7%
Total	**12.1%**	**9.8%**	**-0.9%**

High Volume Products and Services in K-12

These tables analyze the specific types of K-12 purchases as defined by our 4,000+ Smart Tags. We identified the top 10 by volume of construction and non-construction tags and profiled each one in terms of their growth rates sorted high to low for 2023. On the construction side, educational facilities construction services, construction management at-risk services, and parks and recreation structure renovation services make up the top three growing at 8% or higher against a total volume growth of 2.5% for these top categories.

Shifting to the non-construction products and services, the top three were financial auditing services, dairy products and laptop computers at 0.3% or higher against a total volume decrease of -3.1% for this list. The products and services seeing a flat result or growth in 2023 tend to be reflective of current priorities within the K-12 industry and many have experienced continuous growth since 2021. Several items with unusually strong growth in 2021 and/or 2022 related to the pandemic and school closures and re-opening such as new bus contracts, nutrition and mental health.

Construction - Percent Increase in Bids/RFPs

	2021	2022	2023
Educational facilities construction services	11.0%	51.1%	10.6%
Construction management at-risk services	13.6%	13.5%	9.0%
Parks and recreation structure renovation service	11.1%	27.6%	8.0%
Parks and recreation structure construction services	15.2%	33.7%	7.4%
Educational facilities renovation services	0.7%	27.9%	3.6%
Paving trades	10.8%	15.2%	-0.1%
Rough carpentry	2.2%	6.5%	-3.7%
Flooring trades	-5.9%	27.1%	-3.8%
Roofing trades	5.9%	1.9%	-5.3%
Electrical trades	-0.5%	6.3%	-10.4%
Total for Top 10 Largest Volume	**6.1%**	**21.9%**	**2.5%**

Non-Construction - Percent Increase in Bids/RFPs?

	2021	2022	2023
Financial auditing services	-7.7%	19.2%	10.7%
Dairy products	8.3%	5.1%	6.9%
Laptop computers	-7.0%	-21.3%	0.3%
Mental health services	52.9%	29.3%	0.3%
Fresh produce	15.4%	9.1%	0.0%
Nutritionist services	3.2%	49.0%	-0.5%
Baked goods	10.7%	7.5%	-6.8%
Office paper	-1.5%	8.6%	-7.5%
School bus services	30.7%	20.5%	-10.1%
School buses	8.7%	3.9%	-17.4%
Total for Top 10 Largest Volume	**9.4%**	**11.8%**	**-3.1%**

Large K-12 Planned Projects

These future leads for technology & professional services (top table) as well as for architecture, engineering and construction (bottom table) show a variety of upcoming projects anticipated or planned for the next 1-5 years (2024 through 2029). These are typically found in multi-year capital improvement plans and technology spending plans at the local district level. They may also be planned rebids of existing contracts.

Non-construction examples include products and services like developing innovative assessments, early childhood education initiatives, and using artificial intelligence in assessments. The largest of these types of projects can range from several hundred thousand to a few million dollars or more. Among the largest construction projects are brand-new or fully remodeled school buildings—often costing tens of millions or more each.

The strategy here is for vendors and contractors to identify these upcoming projects well enough in advance of their start dates to prepare a winning strategy, collect intelligence prior to the bids for a "go/no-go" decision, and have a chance to influence the buyers and end users in terms of the intended design and specs.

Future Leads for Technology & Professional Services

Purchasing Entity	Est. Value $	Description	Year
Massachusetts Department of Elementary and Secondary Education	$13,000,000	Development of Innovative Science Assetments	2025
Fairfax County, Virgina	$50,000,000	Early Childhood Education Initatives	2028
California Los Angeles Unified School District	$500,000	Artificial Intelligence-Based LCAP Writing Solution to identify use of AI in writing	2024
Hawaii Department of Education	$1,000,000	Enhancing State Assessments through use of Artificial Intelligence	2024

Future Leads for AEC

Purchasing Entity	Est. Value $	Description	Year
City of Richmond, VA	$200,000,000	Funding to construct a new George Wythe High School	2024
Henrico County, Virginia	$47,700,000	West Area Elementary School Design and Construction	2028
Hanover County, Virginia	$45,000,000	Campus-Style Elementary School Replacement	2028
Carroll County Schools, Maryland	$3,887,000	This project includes the construction of two new kindergarten classrooms, one new prekindergarten classroom, a teacher workroom, and one instructional resource room.	2025

Typical K-12 Purchase Sizes

K-12 education government purchase amounts are shown in this table, broken into ranges of award value. These are based on GovWin's awards/purchase data for 2020-23, which includes sole source, below-threshold and cooperative purchases that were reported by the SLED governments. They also reflect the dominant independent school district form of government and do not include state departments of education or districts structured under a city or county government. It should be noted that companies selling to large urban city school districts such as the City of New York or City of Chicago can expect to have somewhat larger-scale purchases in value (as well as more competition to win the contracts). E-Rate funded telecom-related and state-level purchases were also excluded.

Nearly half (47.3%) of all purchasing in education government takes place in the "under $20K" tier. This signals the use of relatively lower buying thresholds where a formal, competitive bid process is not yet required. Some smaller school districts will have a lower threshold of $10,000, above which a full advertised bid process is required while others use $20K. Counting each tier of purchase value, the overall mean average award was over $1.1 million. However, excluding the lower purchases under $20K yields an overall average of $2.2 million.

Range of Value	Share of Total	Average Within Range
$1K - $19K	47.3%	$5,000
$20K - $99K	21.6%	$47,000
$100K - $499K	15.7%	$230,000
$500K - $999K	5.1%	$683,000
$1M - $4.9M	6.2%	$2,000,000
$5M or more	4.0%	$24,000,000
TOTAL	**100.0%**	**$1,179,059**
Avg. $20K & up	**52.7%**	**$2,233,987**

E-Rate Funded IT/Telecom Purchases for K-12

E-Rate is a nationally funded program designed to provide around $4.9 billion each year in assistance to help K-12 school districts and libraries afford investments in network upgrades and connectivity for high-speed internet access. This year, like the previous year, continues to see a higher adjustment for funds in the program to account for inflation.

There have been efforts in recent years to financially assist schools in poorer, rural communities to gain access to broadband and related equipment. E-Rate is viewed as a major policy tool to help provide balance and equity regardless of income and geographic location.

The E-Rate program is administered by the Universal Service Administrative Company (USAC) under the direction of the FCC and is paid for through fees charged by the wireless carriers. Districts must apply for funding once a year and the program pays them a certain percentage of their total itemized project cost (the "discount") depending on that community's level of need (with the poorest areas receiving a much larger share).

E-Rate funded bids are tracked in GovWin's database and can be examined separately from other, more traditional bidding opportunities. Due to the unique application and funding process, highly specific purpose, and the fact that they typically include a long list of lower-value products and services, GovWin analysts tend to not include them when profiling contract award amounts or bid trends. However, for K-12 schools, E-Rate does represent an important source of telecom-related procurement activity.

Each year we show around 20,000 individual competitive bids for E-Rate-funded purchases, including libraries not in a K-12 district and public schools not in an independent district structure. Our contract awards database shows an average of around $54,000 in purchase size, which included several valued at or over $1 million. Just over half were in the $1,000 to $19,000 tier of size.

Advice to Vendors

To participate, vendors must first register with the national E-Rate program. E-Rate-associated bids are advertised on the USAC website and are also available on the GovWin platform for subscribers. It is recommended that vendors become familiar with the program rules, request timelines and process, and specifically learn about and build alliances with the major national consultants that assist districts in applying for funds such as E-Rate Central.

Socioeconomic Status Determines Importance

While seeking opportunities related to E-Rate, it's important to keep in mind that districts with low funding will qualify for the largest share of their IT/telecom projects paid for under the guidelines.

For well-funded large districts, this may translate into a minor source of supplemental funds, while for very disadvantaged districts it can be a lifeline to make critical improvements in broadband, fiber, wiring, connectivity and equipment.

Cooperative Purchasing Option for K-12

Using GovWin's database of prior purchases made off existing co-op contracts, we examined the usage of cooperative purchasing within the K-12 context. The table explores which industries are relatively more or less common in using a co-op for a purchase rather than going out with a brand-new bid or RFP.

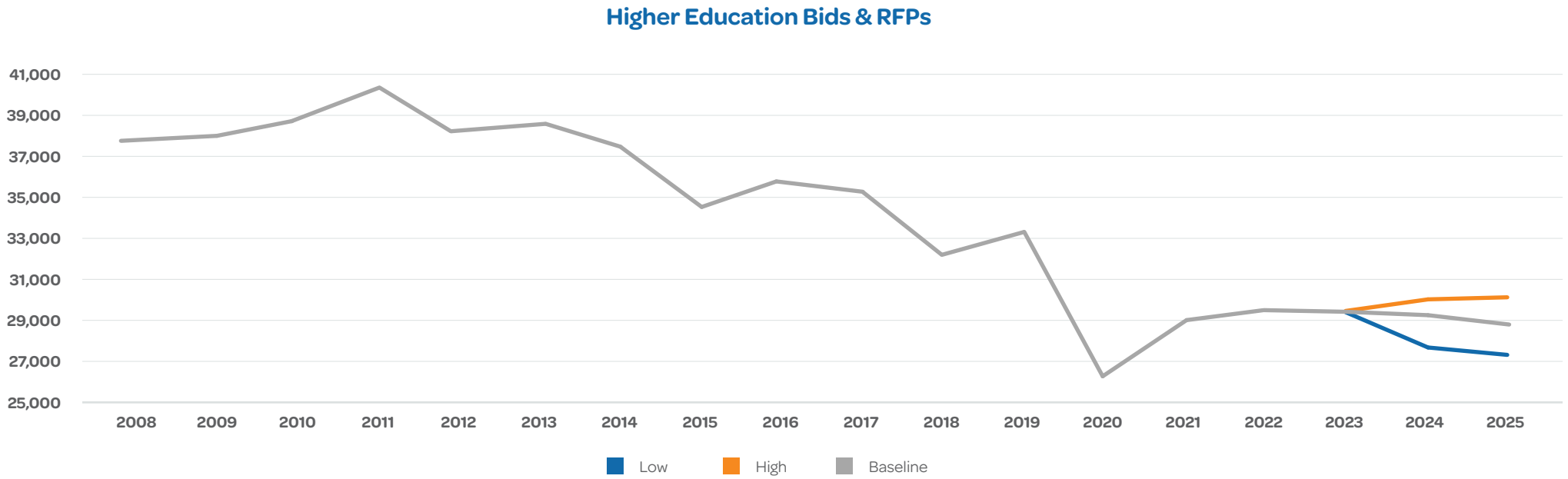
Co-ops in general are known to feature more standardized or commodity-type products and services rather than the more customized items. It's common for schools to be more likely to utilize co-ops for textbooks and educational services, basic operations and maintenance supply buying, standard and proven technology tools and software for learning. The three major industry sectors highlighted here all had propensities to use a co-op of between 1.48 and 1.85.

12 SLED Industries	Share of Co-op K-12 Purchases	Typical Share of K-12 Bids	Prospensity to Purchase
Architecture and Engineering	1.5%	4.9%	0.30
Construction	16.3%	35.4%	0.46
Education Products and Services	7.5%	5.1%	1.48
Environmental Services	0.6%	1.1%	0.58
Financial Services and Insurance	1.0%	2.8%	0.36
Healthcare	2.6%	3.2%	0.81
Operations and Maintenance	38.2%	23.8%	1.60
Professional Business Services	6.4%	5.3%	1.21
Public Safety	1.9%	1.7%	1.14
Technology and Telecom	16.8%	9.1%	1.85
Transportation	6.9%	6.3%	1.10
Water and Energy	0.3%	1.4%	0.23
Total	**100.0%**	**100.0%**	**1.00**

Higher Education

Total Forecast to 2025 – Volume of Opportunities

Bidding opportunities within public higher education institutions have exhibited a long-term decline, following an initial period of growth during the Great Recession years from 2008 to 2011. Notably, there was evidence that the trend line was flattening somewhat just before the pandemic struck in 2020. To mitigate further erosion of bid volumes, various federal stimulus packages, including the American Rescue Plan Act and the Infrastructure Act, have provided crucial support for higher education institutions in the last few years. These measures can be seen as important for sustaining bidding opportunities and preventing further erosion.



High Alternative: A growth rate of 2.2% would occur for 2024, followed by a 0.3% increase in 2025.

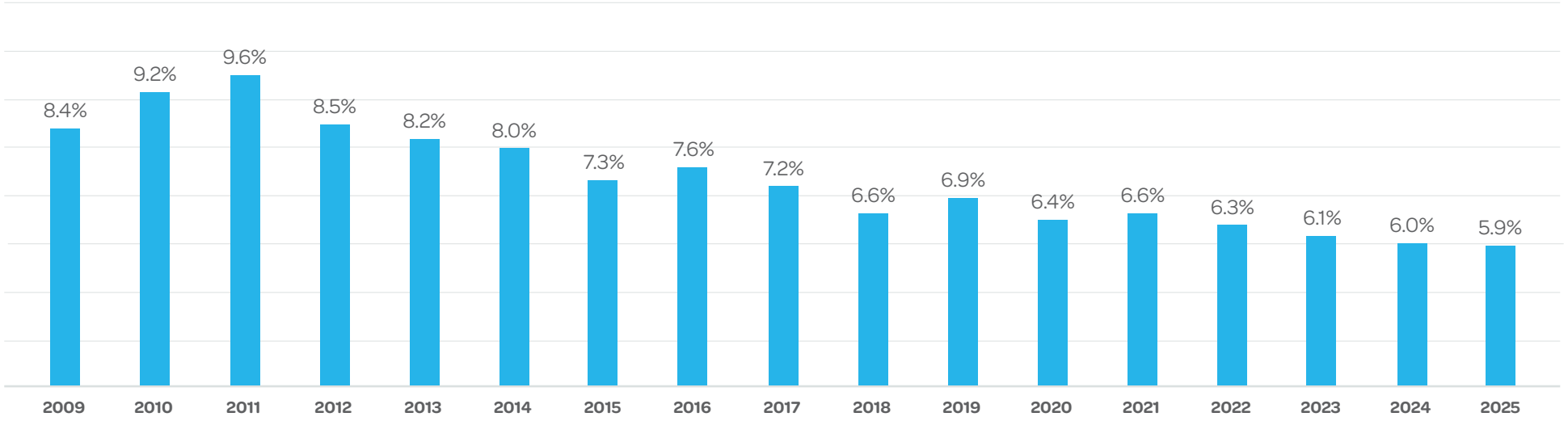
Baseline: A slight decrease of -1.0% is projected by 2024, followed with another -1.0% decrease in 2025.

Low Alternative: A decline of -5.3% would occur in 2024, with a continuing slight decline of -2.2% in 2025.

Total Forecast to 2025 – Share of SLED Market

Higher education's share of the State, Local and Education (SLED) market has experienced fluctuations over the years. From a recent peak of 9.6% in 2011, it declined to a low of 6.4% in 2020. However, there was a modest increase, reaching 6.6% in 2021. However, recent signs indicate a continued gradual slowing in the share. Looking ahead, the forecast predicts a similar outlook to 2023, with a share of 6.0% in 2024 and 5.9% in 2025. Nevertheless, there remains uncertainty, as arguments can be made for both better and worse outcomes in the overall SLED volume share. Affordability and enrollment concerns continue to challenge higher education institutions, potentially driving further decreases in their share of the SLED market.

Higher Education Share of SLED Market - Baseline Forecast



Summary of Higher Ed Spending Trends

Overall Summary & Primary Challenges

The higher education sector has faced significant challenges over the past several years and has been seeing more of an undesirable impact versus the K-12 sector. These include declining enrollments due to changing student preferences, rising costs making college less affordable, record levels of student debt, and the emergence of alternative education pathways that exclude 4+ year schools. Additionally, college closures and mergers have been on the rise, and a leadership crisis is affecting college presidents across the nation. To address these issues, institutions are working to innovate and strategically plan for their sustainability and relevance in the future. Some methods include implementing tuition discounts, embracing flexible learning paths and engaging in innovative leadership.

Finances, Budgets and Fiscal Trends

Affordability remains a key issue. Officials are discounting tuition, assisting with student loans and offering more grants to students. According to GovWin's Vertical Profiles data, total expenditures by all public and private higher education institutions in FY 2024 was estimated at $738.7 billion. Based on the National Center for Education Statistics, 64.1% of these expenditures are made by public institutions. "Instruction" or faculty salaries comprise the single largest category. Funding for the basic operation of these schools mostly comes from student tuition while infrastructure and capital improvements typically come from state level tax-funded allocations.

Infrastructure

The Census of Construction Put in Place shows demand for infrastructure-related contracting had slight growth from 2013 to 2019 ($22B to $26B). Between 2019 and 2022 spending decreased modestly to $20.6 billion. 2023 shows an encouraging return to growth at $23.3 billion. Sizable increases were seen in dormitory, library, parking and infrastructure. Amongst the largest categories for 2023 were instructional facilities ($14.7B), sports/recreation ($2.9B), and dormitory ($2.6B). State government allocations are not guaranteed, as higher ed administrators must request needed funding and try to win limited state dollars. Declining enrollments as well as greater budgeting uncertainty are added challenges. However, as the uptick in 2023 suggests, stimulus funding initiatives can help to prop up or stabilize investment in buildings and infrastructure.

Technology

Several noticeable advances in education technology have made their way into the higher education sector. Artificial intelligence (AI) research and development have surged in recent years and AI is now prevalent in various aspects of higher education. AI is being utilized for management systems, proctoring, grading, student information systems, disability support and more. Data analytics is another area that is seeing increased attention as institutions seek to collect data and apply lessons learned from it. Various tools and technologies can be acquired to help universities collect, store and analyze data. These technological advancements and trends hold immense potential for improving education and addressing complex challenges in higher education. We're also seeing the continued adoption of hybrid or remote learning options, which gained prominence during the pandemic, allowing education to carry on for students absent due to personal matters. Also gaining more traction is the need for increased data security and protection for higher education systems. As the threats to data privacy increase, universities are seeking ways to better safeguard the data of universities and their students.

Major Industries in Higher Education

Higher education consists of all types of purchases, from construction and vehicles to technology and professional services. Out of our 12 standard industry groups of products and services, five stand out as being significantly higher in their propensity to be purchased versus other types of SLED governments (i.e., with a higher share of bids for higher ed than for the broader SLED market). These are highlighted in the first table below.

In the second table, we see how these industries have been growing in their volume of issued bids and RFPs. We see public safety, educational products & services, and water & energy all showing the strongest growth rates at 4% or higher in 2023. Of the slower growing industries, we see environmental services at -7% and financial services & insurance at -3.2%.

What industries are most common for higher education?

Share of Total Bids and RFPs	Avg. Higher Ed	Avg. SLED	Propensity to Purchase
Architecture and Engineering	6.2%	6.4%	0.97
Construction	32.1%	37.6%	0.85
Education Products and Services	2.9%	1.2%	2.32
Environmental Services	4.1%	2.6%	1.58
Financial Services and Insurance	2.5%	2.4%	1.02
Healthcare	4.0%	3.0%	1.32
Operations and Maintenance	18.4%	19.2%	0.96
Professional Business Services	7.9%	6.3%	1.26
Public Safety	1.9%	2.1%	0.90
Technology and Telecom	12.7%	6.3%	2.03
Transportation	5.4%	8.7%	0.63
Water and Energy	2.0%	4.3%	0.46
Total Unique Bids & RFPs	**100.0%**	**100.0%**	**1.00**

How fast are the industries growing each year?

	2021	2022	2023
Architecture and Engineering	26.8%	18.0%	4.2%
Construction	8.8%	6.2%	-2.1%
Education Products and Services	23.4%	-13.2%	7.1%
Environmental Services	2.5%	1.8%	-7.0%
Financial Services and Insurance	9.7%	-9.0%	-3.2%
Healthcare	15.2%	5.7%	3.4%
Operations and Maintenance	9.0%	3.2%	-1.8%
Professional Business Services	12.5%	-0.7%	0.8%
Public Safety	20.7%	-12.5%	8.1%
Technology and Telecom	4.1%	-10.8%	-2.0%
Transportation	26.9%	3.6%	3.9%
Water and Energy	12.4%	-9.6%	4.3%
Total	**10.9%**	**1.5%**	**-0.5%**

High Volume Products and Services in Higher Education

The first table below breaks out the market into the top 10 highest-volume Smart Tags for higher education construction-related bids and RFPs. Each one is profiled in terms of growth rate in 2023 sorted from high to low. Master plan services, building components renovation services, and educational facilities construction services all show growth over 11% against an overall volume of -1.8% for this group. Educational facilities design services spiked in 2021-22 with the general influx of more construction projects supported by stimulus funds.

Shifting to the non-construction products and services, the top three were periodicals, janitorial services and financial auditing services at 6.8% or higher against a total volume decrease of -1.7% for these categories in 2023. Among the slower areas were needs that had temporarily found greater demand in 2021 and/or 2022 from pandemic-related causes. This included negotiating new charter bus contracts, healthcare upgrades, and DIY tools that could help maintenance staff install filters, change seating or make minor facilities modifications.

Construction - Percent Increase in Bids/RFPs			
	2021	2022	2023
Master plan services	37.8%	4.0%	20.2%
Building components renovation services	15.2%	19.5%	18.6%
Educational facilities construction services	6.6%	61.6%	11.2%
Rough carpentry	2.5%	14.1%	9.9%
Elevators, escalators, and moving sidewalks installation services	-12.4%	42.4%	7.8%
Electrical trades	-3.7%	4.9%	2.9%
Educational facilities design services	66.1%	88.3%	-12.4%
Glass and glazing trades	23.8%	2.5%	-12.7%
Educational facilities renovation services	39.8%	32.8%	-15.8%
Construction management at-risk services	8.3%	54.1%	-27.5%
Total for Top 10 Largest Volume	**12.9%**	**27.0%**	**-1.8%**

Non-construction - Percent Increase in Bids/RFPs			
	2021	2022	2023
Periodicals	1.8%	-19.1%	26.9%
Janitorial services	7.4%	11.3%	16.3%
Financial auditing services	15.9%	0.0%	6.8%
Moving services	30.9%	-5.6%	5.9%
Garbage collection services	20.4%	-9.1%	2.7%
HVAC maintenance	6.1%	19.0%	-5.8%
Executive search services	69.7%	-5.4%	-6.6%
Charter bus services	33.9%	24.1%	-12.4%
Medical imaging equipment	34.6%	21.1%	-13.2%
Power tools	39.4%	-7.9%	-22.1%
Total for Top 10 Largest Volume	**22.9%**	**4.3%**	**-1.7%**

Large Higher Education Planned Projects

Larger planned future projects are listed for higher education in technology & professional services (top table) as well as for architecture, engineering and construction (bottom table). They show a variety of upcoming projects planned within the next 1-5 years (2024 through 2029). These are typically found in multi-year capital improvement plans and technology spending plans at the local district level. They may also be planned rebids of existing contracts.

Non-construction examples include categories like student mental health services and authentication and proctoring services. These can often cost in the several hundreds of thousands dollars to several million dollars. Among the largest construction projects are brand new or fully remodeled university buildings—often costing $30 million or more each.

Vendors and contractors are encouraged to identify these upcoming projects well enough in advance of their start dates to prepare a winning strategy, collect intelligence prior to the bids for a "go/no-go" decision, and have a chance to influence the buyers and end users in terms of the intended design and specs.

Future Leads for Technology & Professional Services

Purchasing Entity	Est. Value $	Description	Year
Lone Star College System	$1,500,000	AI Based Student Engagement Tool	2024
University of System of Georgia	$8,000,000	Student Mental Health Services	2024
University of Minnesota	$1,000,000	Video Interview Tool	2025
University of Florida	$500,000	Online Student Authentication and Proctoring Services	2025

Future Leads for AEC

Purchasing Entity	Est. Value $	Description	Year
Texas State University	$31,876,000	Construction of New Academic Building	2029
California Sate University-San Marcos	$101,000,000	Health Professions and Education Building	2028
California State University-East Bay	$70,000,000	University Theatre/Robinson Hall Renovation	2028
University of Washington	$95,000,000	Design-build services for the construction of a kitchen cafeteria renovation and addition at the UW medical center Montlake	2024

Typical Higher Education Purchase Sizes

Purchase amounts for institutions of higher education are shown here as ranges of award value. These are based on GovWin's awards/purchase data for 2020-23, which includes sole source, below-threshold and cooperative purchases that were reported by the SLED governments.

Half (50%) of all self-reported purchases in higher education take place in the "under $20K" tier. This points to the use of relatively lower buying thresholds where a formal competitive bid process is not yet required.

Counting each tier of purchase value, the overall mean average award was around $837,000. Excluding the lower purchases under $20K yields an overall average of nearly $1.7 million.

Range of Value	Share of Total	Average Within Range
$1K - $19K	50.0%	$7,000
$20K - $99K	26.5%	$45,000
$100K - $499K	13.9%	$227,000
$500K - $999K	3.5%	$703,000
$1M - $4.9M	4.1%	$2,000,000
$5M or more	2.0%	$35,000,000
TOTAL	**100.0%**	**$837,253**
Avg. $20K & up	**50.0%**	**$1,667,771**

Cooperative Purchasing Option for Higher Education

We examined the use of co-op contracts in higher education using GovWin's database of prior purchases.

This table explores which industries are relatively more or less common with higher ed co-op purchases. These products and services tend to emphasize standard or commodity-type items in general—which saves administrators precious time that they can then spend on the more custom, larger-scale or riskier procurements.

At the top of the list for industries that do better in co-ops than in traditional bid-based buying are operations & maintenance, professional business services and technology & telecom.

12 SLED Industries	Share of Co-op Higher Ed Purchases	Typical Share of All Higher Ed Bids	Prospensity to Purchase
Architecture and Engineering	0.5%	6.2%	0.08
Construction	11.5%	32.1%	0.36
Education Products and Services	1.0%	2.9%	0.34
Environmental Services	2.2%	4.1%	0.53
Financial Services and Insurance	2.0%	2.5%	0.79
Healthcare	4.9%	4.0%	1.23
Operations and Maintenance	41.6%	18.4%	2.26
Professional Business Services	9.8%	7.9%	1.24
Public Safety	1.0%	1.9%	0.52
Technology and Telecom	21.3%	12.7%	1.67
Transportation	3.2%	5.4%	0.59
Water and Energy	1.2%	2.0%	0.62
Total	**100.0%**	**100.0%**	**1.00**

Key Takeaways for Vendors and Suppliers

K-12 & Higher Ed have distinctive drivers and requirements that deserve to be understood and approached separately rather than as a single group. Here are key takeaways for the industry's size & scale, types of purchases and growth & forecast.

SIZE & SCALE

- K-12 accounted for 11.1% of the entire SLED market in 2023.
- Higher education represented 6.1% of the SLED market during the same period.

TOP INDUSTRIES & TYPES OF PURCHASES

- All industries sell into K-12 and higher education but there are some categories particularly strong in both and some that are uniquely strong in one or the other.
- Educational products & services and technology solutions tend to be dominant across K-12 and higher ed.
- The federal Infrastructure Act (IIJA) will continue to support construction bids and is now halfway through its lifecycle with various funding opportunities available through FY2026.

GROWTH & FORCAST

- K-12 has grown at a healthy rate of 1.6% per year over the last 10 years (2013-2023).

  Influencing factors: Quasi-protected status in state budgets, population growth, legislative requirements and federal stimulus.

- Higher education bids have trended lower, around -2.6% annually in the same timeframe.

  Influencing factors: Declining enrollment, less generous state funding and rising tuition costs.

- Bid volume forecasts through 2025 call for a slight decrease for both K-12 and higher education.

Suggestions for Selling to This Market

To be successful, vendors and suppliers need to:

- Have access to the full range of competitive bid opportunities to prioritize.
- Identify active renewable term contracts, understand satisfaction with the current supplier and determine whether to bid.
- Research past awards, pricing and vendors to determine their competitiveness and the optimal strategy for winning business.
- Learn about co-ops and compete to get on at least one contract to broaden the sales footprint.
- Develop a forward-looking list of future opportunities to research and pursue.
- Invest in business development resources with high-potential governments to build relationships and provide valuable advice that can help inform upcoming specs and contracts.
- Monitor trends in K-12 and higher ed funding for investments and general government purchases.
- Determine the significance and impact of federal and state rules and standards on student performance and addressing continued learning gaps from the pandemic.
- Inquire about the impact of still available pandemic-era stimulus funding on budgets in the short and longer-term.

Glossary of Industries

Education governments issue bids & RFPs relevant for companies in a broad range industries that fall into one of the following 12 industry groups:

Architecture & Engineering

Architectural and engineering related work including project design, planning, inspection and surveying

Construction

The construction, expansion, replacement, or enhancement of roads, buildings, structures or landscaping

Educational Products & Services

Products and services intended specifically for the educational market such as textbooks, education software and education consulting services

Environmental Services

Testing and measurement services such as: environmental consulting, environmental testing, wildlife/stream/soil assessments, scientific research and GIS mapping

Financial Services & Insurance

Products and services related to banking, investments, retirement, insurance, payroll, billing, accounting or auditing

Healthcare

Healthcare services, supplies and equipment, as well as mental health and social services

Operations & Maintenance

A broad range of 'operations' functions that are typically purchased in multi-year renewable contracts such as: cleaning, waste, infrastructure and grounds maintenance, uniforms, food, and facilities supply orders

Professional Business Services

Services and consulting in areas such as administrative, employment, economic, legal, professional, business and printing/publishing

Public Safety

Products and services specific to police, fire, emergency, security, corrections or military uses

Technology & Telecom

A broad range of technology and telecom products and services such as hardware, software, wireless, cloud or IT consulting

Transportation

Vehicle purchases and equipment, as well as transportation services such as intelligent transportation systems equipment and consulting

Water & Energy

Construction or expansion of water or energy infrastructure, as well as consulting, equipment and supplies

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