

STATE OF THE INDUSTRY REPORT · VOLUME 1, NUMBER 1

Before You **Renew**

The numbers that moved this quarter, and what they mean for your contracts.

Industry, category, and supplier intelligence for the education procurement professional.
Quarter Three, 2026: July, August, and September.

6.3%

Producer-price inflation, 12 months
to Sept 2026

3.7%

Consumer inflation: the index most
budgets use

2.6 pts

The gap, on the side institutions
buy from

Inside: the quarter in focus, four featured categories, contracts and suppliers, 90-day actions, and our forecast record.

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About This Report

The State of the Industry Report is the quarterly flagship publication of E&I Cooperative Services. It is written for procurement professionals serving higher education and K-12 institutions, and it blends two streams of E&I thought leadership. The first is the industry, global, and policy lens of the Community Engagement and Education team.

The second is the category management and supplier engagement lens of the Category Enablement Team. The report's distinguishing asset is E&I's first party intelligence: the conversations, field signals, category dynamics, and supplier activity that pass through a cooperative serving more than 6,200 member institutions.

Quotations from external sources are kept brief and attributed, factual claims are cited to authoritative originals in American Psychological Association (APA) style, and a complete reference list with verified links appears at the end. First party observations are labeled as such so that readers can weigh qualitative signal and quantitative evidence appropriately.

HOW TO READ THIS REPORT

Shortest path? The one-page “90 Days, No New Budget” checklists, in Higher Education and K-12 editions, distill Part Five into actions that need no new budget. Short on time? Start with Table 1, the cross-category signal summary in Part Three, then read Part Five for the recommended next moves.

Reading for one function? Each category in Part Three is self-contained; go straight to Information Technology, Facilities, Research and Scientific, or Finance and Admissions.

Checking our record? Part Six reports what happened to each of the five forecasts our research team set in June, before this series published anything, including the one we got wrong.

Want the argument in full? Read start to finish. The throughline is that several figures and assumptions the profession has been carrying did not survive verification this quarter, and the report is organized to show which ones and what follows.

Each category section closes with Sourcing implications, the practical actions a procurement team can take this quarter.

PART ONE

The Quarter in Focus

Three conditions shaped every category we manage during the third quarter, and they compound one another. Producer prices are rising considerably faster than the consumer index most institutional budgets are built on. The traditional student pipeline passed its peak last year while enrollment has not yet followed it down, which opens a window that is already closing. Federal support has become less predictable, with one significant outcome running in the institution's favor.

What connects them is not scarcity, which the profession has managed before. It is the unreliability of the reference points. A budget indexed to the wrong measure of inflation will be wrong in a direction that favors the supplier. A plan written against a demographic peak that has already passed will misjudge its own timing. A contingency built on the assumption that a budget request becomes an appropriation will misallocate attention. In each case the institution is not short of information. It is working from a reference point that has moved.

What the External Evidence Shows

The divergence between consumer and producer prices is the clearest instance and the one with the broadest reach. The Consumer Price Index for All Urban Consumers rose 3.7 percent over the twelve months ending September 2026, with the index less food and energy at 2.6 percent (Bureau of Labor Statistics, 2026a). Over the identical period the Producer Price Index for final demand rose 6.3 percent, its steepest twelve-month advance since December 2022, and the producer measure that strips out food, energy, and trade services rose 5.0 percent, nearly double the comparable consumer figure (Bureau of Labor Statistics, 2026b).

The single-month movement sharpened the point rather than softening it: final demand rose 1.3 percent in September alone, the largest monthly increase since March 2022, and final demand goods rose 2.6 percent in the month, the largest since the series began in 2009. Institutions purchase contracted labor, mechanical services, energy, logistics, and equipment. Those sit on the producer side of the divide.

A caution belongs here, because the temptation to sharpen the point is strong. It is sometimes asserted that education specific producer prices run a fixed number of basis points above consumer inflation. No published source supports that claim, and this report does not make it. The defensible statement is narrower and still consequential: economy wide, producer prices moved 2.6 percentage points faster than consumer prices over the same window, a gap that widened from the prior month rather than narrowing, and institutional purchasing sits on the producer side.

On the demographic side, the eleventh edition of Knocking at the College Door projects that the national number of high school graduates reached its maximum in 2025 at approximately 3.9 million, the highest figure since data collection began, and will decline roughly 13 percent to 3.4 million by 2041 (Lane et al., 2024). The projection is unusually reliable because the cohorts in question have already been born.

Enrollment has not yet followed: fall 2025 and spring 2026 each posted aggregate gains near one percent, carried entirely by undergraduates (National Student Clearinghouse Research Center, 2026a, 2026b). That is a recovery plateau sitting immediately ahead of a declining pipeline, and institutional language has not caught up with it. Planning documents across the sector still describe the peak as a forthcoming event.

Net tuition revenue continues to erode at the margin. The average institutional tuition discount rate for first time, full time undergraduates at private nonprofit institutions reached 54.5 percent for the 2024 to 2025 academic year on finalized data, with a preliminary estimate of 57.1 percent for the current year (National Association of College and University Business Officers study, as cited in Inside Higher Ed, 2026).

All three major rating agencies assigned the sector a negative or deteriorating outlook for 2026, and sixteen nonprofit closures were announced during calendar 2025, a figure that includes seven branch campuses (Unglesbee, 2026; Moody, 2025).

Federal conditions supply the third element. The Department of Education has requested 75.7 billion dollars in discretionary funding for fiscal year 2027, a reduction of 4.1 percent below the fiscal year 2026 appropriation, with the TRIO programs and GEAR UP shown at zero in the accompanying congressional justification (U.S. Department of Education, 2026a, 2026b).

A request is a planning signal rather than an outcome, and this year demonstrated the distinction: the National Science Foundation request proposed a 56.9 percent reduction, and the agency was funded at 8.75 billion dollars with research and related activities level at 7.18 billion (U.S. Senate Committee on Appropriations, 2026).

Running the other way, the National Institutes of Health cap of 15 percent on negotiated facilities and administrative rates was held unlawful by the First Circuit in January 2026, the administration declined further review in April, and parallel appeals at three other agencies were dropped (Federation of Associations in Behavioral and Brain Sciences, 2026). Negotiated rates stand.

What This Means by Segment

- **Higher education.** Research universities and comprehensive institutions carry the producer price exposure most heavily, because scale multiplies contracted services, energy, and equipment spend simultaneously. The indirect cost outcome matters disproportionately here as well: universities reported 6.8 billion dollars in indirect cost under recovery in fiscal year 2023, and capital equipment purchases sit among the categories that shortfall displaces (Attain Partners, 2026). The opportunity is to reprice escalation terms against the correct index while enrollment is still stable enough to permit deliberate action.
- **K-12.** Districts absorb the same forces in compressed form and without the cushion of federal relief. Elementary and Secondary School Emergency Relief funds carried an obligation deadline of September 30, 2024 and a regulatory liquidation deadline of January 28, 2025 (U.S. Department of Education, 2025). Districts that used those funds for recurring costs are now carrying them in operating budgets that did not grow to match. Where internal category capacity is thinnest, a single renewal shock absorbs a disproportionate share of a constrained budget, and cooperative leverage matters most.

PART TWO

The Global and Cross-Border View

The most consequential cross border development of the quarter is the one our research team forecast incorrectly in June, and it deserves to be set out precisely because a number of institutions will have planned against the original August 2026 date.

Regulation (EU) 2026/1744, adopted July 8, 2026 and in force from July 27, 2026, amends the Artificial Intelligence Act as part of what the European Commission describes as a targeted simplification of the artificial intelligence rulebook while preserving safeguards (European Commission, 2026a). The practical effect is a substantial deferral.

Obligations for stand alone high risk systems listed in Annex III, which include artificial intelligence used in education and in systems that may determine access to education, move from August 2, 2026 to December 2, 2027. Obligations for high risk systems embedded in regulated products under Annex I move to August 2, 2028.

What did take effect on August 2, 2026 are the Article 50 transparency obligations, with a grace period to December 2, 2026 for the marking and detection requirements in Article 50(2) as they apply to systems placed on the market before that date (European Commission, 2026b). Those are the provisions that reach vendor documentation and contract language in the near term, which is why the second half of our June forecast held even as the first half did not.

A United States institution may reasonably ask why a European statute belongs in its procurement planning. The answer has not changed: the rules travel through the supply chain. Institutions that enroll European students, operate programs abroad, or license analytics, admissions, proctoring, and student success tools from vendors serving the European market will encounter documentation requirements and transparency expectations that originate in the Act.

What has changed is the timing, and the honest guidance is that the deferral is runway rather than reprieve. Procurement teams that treat data governance, model transparency, and exit rights as standard contract terms now will be prepared when the high risk obligations arrive in December 2027, rather than discovering them mid negotiation.

The commercial dimension of the global picture again appears in vendor consolidation, and again in the same portfolio. In March 2026 the Cloud Infrastructure Service Providers in Europe association filed a competition complaint with the Directorate General for Competition over Broadcom's termination of the VMware Cloud Service Provider programme in Europe, stating that the cumulative practices have increased costs by more than one thousand percent and seeking interim measures (CISPE, 2026).

Separately, Microsoft implemented commercial pricing increases effective July 1, 2026 across several Microsoft 365 and Office 365 tiers, alongside a repackaging that added bundled components to the same stock keeping units (Microsoft, 2026). Education specific pricing is not addressed in that announcement, and this report does not extrapolate campus figures from commercial ones.

The pattern, however, is the one the cooperative model exists to offset: as enterprise software consolidates into fewer global suppliers, the leverage of any single institution declines and the value of demand aggregation rises.

PART THREE

Category Management in Focus

This edition features Information Technology; Facilities, Construction, and Interiors; Research and Scientific, with an emphasis on immersive learning and laboratory capital; and Finance and Admissions, with an emphasis on enrollment services. For each, we state the challenge as members describe it, contrast the prevailing assumption with the more accurate insight, summarize the dynamics E&I is observing, and draw the sourcing implications.

Featured categories rotate from edition to edition while this structure is preserved. Each category is treated at greater length in its own companion report, published alongside this edition.

Information Technology

START HERE

If you read one thing here, measure how much artificial intelligence use at your institution is occurring in tools you did not acquire, and prohibit in writing the use of institutional data to train or improve products sold to other customers.

The challenge as members describe it

Adoption is no longer the question. Ninety-four percent of higher education employees report having used artificial intelligence tools for work in the preceding six months, and 92 percent believe their institution has a work related artificial intelligence strategy (Robert, 2026). What members describe is a gap between that strategy and daily practice. They ask who holds decision rights, how governance is enforced when the technology arrives embedded in a product they already license, and what a contract should require when the underlying model may change without notice.

Status quo belief and the more accurate insight

THE BELIEF

The exposure sits in the platforms the institution licensed.

THE EVIDENCE

A majority of it sits in the tools the institution never acquired, where no contract reaches.

Fifty-six percent of employees report using artificial intelligence tools their institution did not provide, and 46 percent report being unaware of institutional policies governing work related use (Robert, 2026). An institution that has negotiated strong data provisions in its enterprise agreement, and whose staff are working in a consumer interface, has purchased a protection that is not attaching to the activity. That is a supply problem before it is a compliance problem, and a stricter memorandum does not address a supply problem.

Dynamics E&I is observing

Two dynamics dominated category engagement this quarter. The first is that institutional commitment is rising faster than measured return. Half of surveyed campus technology leaders report unclear results or outcomes below expectation, while 49 percent now characterize generative artificial intelligence investment as a high or essential priority, up from 34 percent the prior year (Palmer, 2026). Only 13 percent of institutions measure return on these implementations at all (Robert, 2026).

The second is that federal policy has moved governance toward institutions rather than centralizing it. In issuing its final supplemental grant priority on artificial intelligence in April 2026, the Department of Education expressly declined to impose federal level privacy requirements, reasoning that decisions about safety and communication regarding technology use are best made at the state and local level (U.S. Department of Education, 2026c).

Meanwhile the operative student privacy regulation has not been amended since December 2011, and no guidance specific to artificial intelligence has issued from the Student Privacy Policy Office. The applicable federal guidance on third party educational services dates to February 2014.

Sourcing implications

- Measure unsanctioned use rather than assuming it. The national figure is 56 percent; the institutional figure is discoverable through identity and network telemetry, and it should set the urgency of everything else.
- Require in every agreement an explicit prohibition on the use of institutional data to train, fine tune, or otherwise improve products offered to other customers, absent written authorization.
- Require advance notice of material changes to models or data handling, paired with a right to terminate without penalty, and refuse unilateral vendor amendment. Beyond commercial hygiene, a vendor able to change terms without institutional consent is difficult to describe as under institutional control with respect to education records.
- Confirm that the institution's annual notification of rights under the Family Educational Rights and Privacy Act defines the criteria under which a contractor may be designated a school official. Department guidance requires it, and a contract clause does not accomplish the designation (Privacy Technical Assistance Center, 2014).
- Where governance analysis points toward acquisition, a competitively solicited agreement lets a team require terms rather than negotiate them alone. E&I's generative artificial intelligence agreements are available on that basis, and a member's E&I sourcing consultant can identify the vehicle that fits the institution.

Facilities, Construction, and Interiors

START HERE

If you read one thing here, identify which building performance standards apply to your sites and on what deadline, and confirm whether the operations and maintenance program and energy management plan several of them mandate exist in documented form.

The challenge as members describe it

Facilities leaders continue to be asked to extend asset life, improve energy efficiency, maintain compliance, and avoid downtime without adding headcount. The question members put to us has sharpened over the past year. It is no longer only how to control spend without sacrificing uptime. It is how to fund a compliance obligation that arrived with a statutory deadline and no accompanying appropriation.

Status quo belief and the more accurate insight

THE BELIEF

Building performance regulation is a capital problem.

THE EVIDENCE

Several of these regimes mandate a continuing operations and maintenance program, which makes it a recurring services procurement that no capital project discharges.

New York City Local Law 97 covers buildings above 25,000 gross square feet and assesses penalties at 268 dollars per ton of carbon emissions (New York City Department of Buildings, 2026). The Washington State Clean Buildings Performance Standard explicitly reaches campus district energy systems, phases compliance by building size beginning June 1, 2026, and assesses penalties of 5,000 dollars plus 1.50 dollars per square foot.

It also requires, as conditions of compliance, an operations and maintenance program and a comprehensive energy management plan (Washington State Department of Commerce, 2026). Maryland, Colorado, Boston, and Cambridge operate comparable regimes on differing timelines. Institutions with facilities in several states will face several of them at once.

Dynamics E&I is observing

The reinvestment picture has not improved. Gordian's thirteenth edition, published in April 2026 and drawing on roughly 43,000 campus buildings representing about 1.1 billion gross square feet, placed the deferred capital renewal backlog at 156 dollars per gross square foot, an increase of 8 percent over the prior year, and found institutions investing only 73.5 percent of the funding required to keep the backlog from growing, with operating budgets 18.5 percent below target (Gordian, 2026).

APPA recommends annual allocation of 2 to 4 percent of current replacement value (APPA, 2025). Measured against that benchmark, a 73.5 percent capital funding ratio describes a structural deficit rather

than a lean year.

One widely repeated figure was removed from our analysis this quarter. It is frequently asserted that emergency repair costs roughly four times proactive renewal. That claim appears on numerous vendor publications and could not be traced to any association, standards body, or government source. The documented federal comparison is smaller and attributable: Department of Energy analysis places reactive maintenance at 18 dollars per horsepower per year, preventive at 13, predictive at 9, and reliability centered at 6 (U.S. Department of Energy, 2010). A differential of two to three times is a strong argument before a board, and it has the advantage of being sourceable.

Sourcing implications

- Map building performance exposure by site, with thresholds and deadlines, and scope the mandated operations and maintenance program and energy management plan before the compliance date rather than after a penalty notice.
- Establish the institution's reinvestment rate as a percentage of current replacement value against the 2 to 4 percent benchmark, and report the gap in dollars rather than in percentage terms when it goes to finance.
- Determine what proportion of maintenance activity is currently reactive, since that is the figure the federal cost ladder acts upon.
- Attach a utilization figure to every renewal request. Renewing an asset used well below capacity is a decision the institution should make deliberately rather than by default.
- Because compliance obligations of this kind are sustained through recurring service rather than a single purchase, a pre-competed agreement converts fragmented sourcing into planned, contracted work. E&I's facilities intelligence agreement supports that consolidation, and a member's E&I sourcing consultant can identify the vehicle that fits the institution.

Research and Scientific: Immersive Learning and Laboratory Capital

START HERE

If you read one thing here, require every immersive technology proposal to name a specific competency, program, and assessment, because that is where the evidence supports the investment and it is not where most proposals are scoped.

The challenge as members describe it

Members describe two constraints operating together. Laboratory and instructional equipment has become harder to fund from capital, and the most heavily marketed application in the category, immersive simulation, is difficult to evaluate before purchase. Institutions want to modernize clinical and technical training and are being asked to commit six figures against outcome claims they cannot independently verify.

Status quo belief and the more accurate insight

THE BELIEF

Immersive learning improves learning generally.

THE EVIDENCE

The evidence is strong for procedural and clinical skill acquisition and for safety training, and weak as a general proposition, and the scoping of a purchase should follow that distinction.

A stratified meta-analysis published in Educational Psychology Review in April 2026 examined 180 primary studies drawn from 26 earlier meta-analyses, comprising 281 comparisons and 18,792 participants, and sorted them by methodological risk of bias. Studies at low risk of bias did not produce a statistically significant effect, while studies carrying a higher risk of bias did.

The authors conclude that analyses based on the best available evidence do not yield consistent or robust support for a reliable learning advantage (Layadi et al., 2026). Discipline specific evidence is considerably stronger: a meta-analysis of twelve randomized trials in nursing education reported significant effects on knowledge, practical skills, and retention (Liu et al., 2023), and a review of 52 articles found virtual reality outperforming traditional instruction in safety training on both acquisition and retention (Scorgie et al., 2024).

Dynamics E&I is observing

Acquisition financing became materially easier during the quarter. Amendment 6 to E&I master agreement CNR01459, executed in August 2026, expressly expands scope to include leasing and financing options for capital equipment. Two provisions carry the commercial weight: equipment procured under such arrangements is deemed a purchase made pursuant to the agreement, and it qualifies for all applicable pricing, discounts, and incentives.

A third keeps an approved third party financier outside the agreement as an intermediary only, so warranties and service commitments remain enforceable against the supplier. That outcome is not automatic in a direct arrangement and frequently does not obtain.

Financing changes the cash profile rather than the obligation. Under Statement No. 87 of the Governmental Accounting Standards Board for public institutions, and under Accounting Standards Codification Topic 842 for private nonprofit institutions, equipment leases are recognized on the balance sheet. Institutions pursuing a lease structure to preserve liquidity are on solid ground; institutions pursuing one to manage reported leverage should consult the controller first.

Sourcing implications

- Require immersive technology proposals to name the program, the specific procedural or clinical skill, the assessment instrument, and the comparison condition. Proposals scoped to general instructional improvement cannot be evaluated and sit where the evidence is weakest.
- Prioritize safety training applications, which carry the clearest measured return in the published literature.

- Evaluate lower immersion alternatives seriously. The field has not settled whether higher immersion improves outcomes, and the cost difference is substantial.
- Verify in writing that financing arrangements preserve contracted pricing, discounts, and incentives, and that a third party financier acquires no rights under the supply agreement.
- Quote maintenance, calibration, software licensing, and consumables alongside acquisition cost. For instrumentation these frequently exceed purchase price across the asset life.

Finance and Admissions: Enrollment Services

START HERE

If you read one thing here, ask any third party enrollment provider three questions before anything else: what financial relief is included, how is the file targeted, and how is advising sustained after the student returns.

The challenge as members describe it

With the traditional pipeline contracting, institutions are turning to adult learners who left without a credential. The population is large and the movement within it is favorable: 43.1 million people had left postsecondary education without a credential as of the start of the 2023 to 2024 academic year, of whom 37.6 million were working age adults under 65, and more than one million re-enrolled during that year, an increase of 7.0 percent (Cohen et al., 2025). Members ask how to reach them at scale without building capability they cannot sustain.

Status quo belief and the more accurate insight

THE BELIEF

Outreach and coaching bring students back.

THE EVIDENCE

Coaching is the delivery mechanism rather than the treatment, and that the active ingredients in the trials that worked were money and sustained advising, applied to students close to completion.

Three randomized controlled trials, reported across four publications, bear on this question. Outreach alone produced re-enrollment gains of 1.5 percentage points that did not survive to credential completion when followed up three years later across 27,027 former students (Ortagus et al., 2024). Coaching alone, delivered to approximately 8,000 former state aid recipients in an independently funded trial with a pre-specified analysis plan, produced no detectable effect on enrollment, with effects larger than two percentage points ruled out; the coaching was genuinely delivered, since treatment students were 48.6 percentage points more likely to communicate with a coach (Turner and Gurantz, 2024).

Project REACT, funded by the Institute of Education Sciences, combined tuition waivers of up to fifteen credit hours with case managed proactive advising across five semesters and multi channel outreach,

targeted at students within fifteen credits of a degree, and raised re-enrollment from 11.2 percent to 20.7 percent (Rubin et al., 2026).

Dynamics E&I is observing

Members are increasingly attentive to the compliance architecture of these arrangements, and correctly so. The incentive compensation prohibition at 34 C.F.R. 668.14(b)(22) contains no bundled services exception. The allowance permitting tuition based payment to an unaffiliated third party rests entirely on Example 2-B within a 2011 Dear Colleague Letter (U.S. Department of Education, 2011).

That guidance remains in effect and was not rescinded; the letter rescinded in November 2024 was a different one addressing third party servicer scope, and the two are frequently confused. Because the allowance is sub-regulatory, it may be withdrawn without notice and comment rulemaking, and it should not be described as a safe harbor.

One further observation from the national data deserves emphasis. Of stopout students who did re-enroll, 4.7 percent earned a credential within their first year back (Cohen et al., 2025). Re-enrollment is the outcome a vendor agreement will naturally be written around. Completion is the outcome that produces sustained net tuition revenue and serves the student.

Sourcing implications

- Require independently evaluated evidence rather than vendor reported outcomes, and ask specifically whether any outcome claim rests on a design evaluated by a party other than the provider.
- Tie a meaningful portion of compensation to persistence and completion rather than to initial re-enrollment alone, and define the census point, the treatment of stop and return behavior, and the attribution window precisely.
- Verify the four conditions of the bundled services allowance continuously rather than once. Affiliation can change across a five year engagement, and invoicing practice as executed is what matters rather than invoicing as contemplated.
- Negotiate a change in law provision permitting restructuring or termination without penalty if the bundled services guidance is modified or withdrawn.
- Where the institution lacks the outreach infrastructure, data capability, or advising capacity to run such a program internally, a pre-competed agreement supplies it on established terms. E&I's enrollment management and student outreach agreement offers that route, and a member's E&I sourcing consultant can identify the vehicle that fits the institution.

Category	Dominant signal this quarter	What it means for procurement
Information Technology	Adoption near universal; a majority of use occurring outside sanctioned tools; return unmeasured at most institutions	Measure unsanctioned use; prohibit training on institutional data in writing; keep terms short and review after award

Category	Dominant signal this quarter	What it means for procurement
Facilities	Backlog at 156 dollars per gross square foot and rising; building performance deadlines now carry penalties	Treat compliance as recurring services, not a capital project; report the reinvestment gap in dollars
Research and Scientific	Financing obstacle removed; general efficacy evidence for immersive learning weakened under methodological filtering	Scope purchases to a named competency and assessment; model the balance sheet effect before committing
Finance and Admissions	Coaching alone produced no measurable enrollment effect; the combination with tuition relief nearly doubled re-enrollment	Buy the components the evidence supports; write performance terms around completion rather than enrollment

Table 1. Cross-category member signals, Q3 2026. Source: E&I Cooperative Services category engagement, Q3 2026, and the external evidence cited in Part Three.

Featured supplier and partner alignment

The cooperative's value in each category rests on a vetted, competitively solicited supplier base. The table below summarizes alignment for the featured categories and the agreements examined in this edition. It is illustrative rather than exhaustive, and it is intended to show how category needs map to contracted capability.

Category need	E&I agreement	Provision most relevant this quarter
Information technology: governed enterprise artificial intelligence	DLT Solutions, CR001527	Five year term through December 31, 2030; firm pricing for the first twenty-four months; education and pricing parity; conditional FERPA obligations if student records are received
Information technology: artificial intelligence with implementation services	New Tech Solutions, CR001528	Escalation capped at 4 percent or CPI-U with mandatory cost substantiation; compulsory downward adjustment if supplier costs fall; member rebate to 1.75 percent
Facilities: predictive intelligence and capital renewal planning	Mantis Innovation, CR001344	Firm pricing for twenty-four months, then a 3 percent cap; 95 percent on-time delivery standard; one year parts, labor, and travel warranty; compulsory downward adjustment
Research and scientific: laboratory supplies and capital equipment	VWR International, CNR01459, Amendment 6	Leasing and financing added to scope; financed equipment deemed a purchase under the agreement and retaining all contracted pricing and incentives
Finance and admissions: enrollment management and student outreach	ReUp Education, CR001583	Services structured and invoiced as bundled services under the 2011 guidance; FERPA school official provisions; revenue share of 28.5 percent inclusive of a 5 percent E&I discount

Table 2. Category and supplier alignment, Q3 2026. Source: E&I Cooperative Services executed master agreements, reviewed September 2026.

PART FOUR

Supplier and Ecosystem Engagement

If the recurring theme of this edition is that reference points moved, the counterpart in supplier engagement is that contract structure is what holds when they do. Three provisions recurring across the master agreements examined this quarter each address a pressure identified in Part One, and each is worth naming because institutions negotiating alone frequently do not obtain them.

Firm pricing periods of twenty-four months insulate members from the producer price movement described above for long enough to plan around it. Education and pricing parity provisions oblige a supplier to extend terms equal to or better than those offered to any other cooperative or comparable consortium serving education, which converts aggregate membership scale into individual institutional pricing. Escalation caps paired with substantiation requirements shift the burden of justifying an increase onto the party holding the cost information, which is the protection that holds regardless of which index moves.

A fourth provision deserves particular attention this quarter because it is uncommon in the wider market and because three of the four master agreements reviewed contain it. A downward adjustment obligation requires the supplier, if its cost to provide the products or services decreases at any point following an approved price increase, to execute an amendment reducing cost to the member so as to maintain the same profit margin.

In an environment where producer prices have moved sharply in one direction, an institution should know whether it holds a mechanism that operates when they move back. Our first party observation is that this clause is very rarely invoked, not because it is unavailable but because no one at the institution is assigned to monitor it.

Two patterns in supplier engagement were visible across category conversations. The first is that members increasingly ask suppliers to demonstrate rather than assert. In artificial intelligence, that means documented data handling and a component inventory rather than a general assurance. In facilities, it means condition data at the asset level rather than a dashboard. In enrollment services, it means independently evaluated outcomes rather than case studies. E&I solicitation requirements increasingly reflect that shift.

The second is that consolidation on the buy side continues, and that it carries its own risk. Members reducing the number of suppliers they manage recover oversight and audit readiness, and they simultaneously concentrate exposure. The cooperative role is to make consolidation safe by ensuring that fewer relationships do not become single points of failure, which is one reason multi award structures remain preferable in categories where continuity of service matters more than unit price.

Supplier diversity belongs in the same frame. Tracking diverse spend by certification category, integrating diversity into evaluation criteria, and structuring contracts so that capable smaller firms can compete reduce concentration risk and strengthen the supplier base over time.

PART FIVE

From Insight to Action

The following steps translate this quarter's analysis into action. They are organized for higher education and for K-12, because the right next move differs by segment even when the underlying pressure is shared. None of them requires new budget.

For higher education procurement teams

1. Identify every contract whose escalation is indexed to the consumer price index where the underlying purchase is producer priced, and flag those for renegotiation at the next opportunity. Where an escalation ceiling is expressed as the greater of a fixed percentage or the index, note that it authorizes an increase above prevailing inflation whenever the index sits below that percentage.
2. Assign responsibility for monitoring downward adjustment clauses. Three of the four master agreements examined this quarter contain one, and a clause nobody monitors produces nothing.
3. Retrieve the institution's annual notification of rights under the Family Educational Rights and Privacy Act and confirm it defines the criteria under which a contractor may be designated a school official. Amend it before any further vendor receives education records.
4. Produce an institutional figure for unsanctioned artificial intelligence use from identity and network telemetry, and govern against that number rather than the national one.
5. Map which building performance standards apply at each site, with deadlines, and confirm whether the operations and maintenance program and energy management plan those standards mandate exist in documented form.
6. Add three questions to enrollment services diligence: what financial relief is included, how is the file targeted, and how is advising sustained after the student returns.

For K-12 procurement and business officials

7. Apply producer price reasoning to transportation, food service, and facilities contracts, where the divergence from consumer inflation is widest and district exposure is concentrated.
8. Use cooperative contracts to convert a single large technology renewal into a pre-competed pathway, preserving budget for instructional priorities, and confirm what artificial intelligence functionality has been added to platforms already licensed and under what amended terms.
9. Confirm the district's annual FERPA notification defines school official criteria before any further edtech or artificial intelligence vendor receives student records.
10. Apply total cost of ownership reasoning to facilities decisions using the federal maintenance cost ladder, favoring planned replacement over the higher long run cost of emergency repair.

11. Where programs were expanded with relief funds that have now expired, identify which recurring costs have migrated into the operating budget and whether a cooperative agreement can restructure them.

PART SIX

The Record on Our Forecasts

In June, our research team set five forecasts in an internal edition that was never distributed, and committed to grading them here before this series published anything. Each is reported below with the evidence that bears on it and a plain verdict. One was wrong in a way that matters, and it is treated first.

Forecast one: artificial intelligence governance moves from voluntary to mandatory

We wrote that the European Union Artificial Intelligence Act would reach broad application on August 2, 2026, and that its transparency and enforcement provisions would begin to shape vendor documentation and contract terms reaching United States institutions.

Partially borne out, and the headline date was wrong. Regulation (EU) 2026/1744, adopted July 8, 2026 and in force from July 27, moved the high risk obligations for stand alone Annex III systems, which include education, to December 2, 2027, and those for product embedded Annex I systems to August 2, 2028 (European Commission, 2026a).

The Article 50 transparency obligations did begin applying on August 2, 2026 as we said, with a grace period to December 2, 2026 for certain marking requirements (European Commission, 2026b). The second half of the forecast held. The first half did not, and institutions that scheduled compliance work against August 2026 have more time than the original date implied.

Forecast two: accessibility work continues despite the deadline extension

We wrote that institutions prepared for the original April 2026 accessibility deadline would proceed, and that accessibility provisions would appear with growing frequency in solicitations well before the extended deadline.

Borne out. The Department of Justice Interim Final Rule extending compliance dates was published at 91 Federal Register 20902 on April 20, 2026, moving entities serving populations of 50,000 or more to April 26, 2027 and smaller entities and special districts to April 26, 2028 (U.S. Department of Justice, 2026). The technical standard was not changed.

No final rule has been issued since, and the comment period closed on June 22, 2026. A parallel extension on the same pattern was issued by the Department of Health and Human Services for Section 504 web accessibility obligations. The substantive obligation remains intact and now lands in April 2027.

Forecast three: enterprise software renewals remain a source of volatility

We wrote that subscription transitions and bundle consolidation would continue to produce renewal increases.

Borne out in substance, with a documentation caveat we owe you. Microsoft implemented commercial pricing increases effective July 1, 2026 across several Microsoft 365 and Office 365 tiers, alongside

repackaging that added bundled components to the same stock keeping units (Microsoft, 2026). The Broadcom VMware situation escalated to a formal competition complaint filed with the European Commission in March 2026 (CISPE, 2026).

The mechanism we named is real and evidenced. What we could not find, and will not manufacture, is credible published data quantifying these increases at higher education institutions specifically. Institutions seeking a campus benchmark should rely on their own renewal history and on peer exchange rather than on any published figure, because no reliable one exists.

Forecast four: facilities backlogs will not stabilize without deliberate reinvestment

We wrote that on current investment levels, deferred renewal would continue to grow.

Too early to tell, and we should have said so when we made it. No facilities benchmarking dataset has appeared between June 2026 and today that bears on the question. The APPA Facilities Performance Indicators survey for 2026 opens in the autumn with publication expected in spring 2027, and Gordian's fourteenth edition will follow its usual annual cycle. The April 2026 data is directionally consistent with the forecast, but it predates the forecast and cannot confirm it. This is a forecast still running rather than one validated, and we will report on it when the underlying instruments publish.

Forecast five: student health demand stays elevated even as symptoms ease

We wrote that demand would remain elevated, with continued reliance on telehealth and blended models, and that the governance of those models rather than their availability would be the decisive variable.

Partially borne out. The American College Health Association published its Spring 2026 National College Health Assessment reference group results in August 2026, covering 57,211 students at 86 institutions, reporting 45.4 percent screening positive for loneliness and substantial service utilization (American College Health Association, 2026).

The demand half of the forecast is supported. The telehealth half is not, because no national dataset published since June 2026 measures telehealth or blended delivery utilization in campus mental health services, and we will not assert it without one. The Healthy Minds national report for 2025 to 2026, which we named as our forward test, has not yet appeared. Federal funding held steady rather than contracting, which removes one downside risk the forecast implicitly carried.

Two practices follow from this review. First, where a forecast depends on a statutory date that is subject to amendment, we will say so at the time of publication rather than printing the date unqualified. Second, where no measuring instrument is scheduled to publish within the forecast window, we will label the forecast as one that cannot be tested in the next edition, rather than carrying it forward as though it could.

Looking Ahead

What the next quarter is likely to bring

- **The producer price divergence will show up in renewal requests.** Suppliers absorbing goods and services inflation through 2026 will seek recovery at anniversary dates, and the justifications offered will cite inflation without specifying which measure. This is testable: we will report next edition on what members observed in their own renewal correspondence.
- **Artificial intelligence governance activity will shift from policy drafting to procurement practice.** With federal requirements expressly devolved to institutions and the European high risk obligations deferred to December 2027, the near term action is contractual rather than regulatory. We expect the share of institutions with an artificial intelligence specific procurement step to rise from the roughly half recorded in 2025.
- **Building performance compliance will produce its first visible enforcement in the education sector.** New York City has completed a compliance reporting cycle and has indicated further compliance data will be published. Washington State passed its first Tier 1 deadline in June. We expect at least one publicly reported institutional penalty or enforcement action within the next two quarters.
- **Facilities benchmarking will not be testable until spring.** APPA collects its 2026 indicators beginning this autumn. We flag this deliberately, per the practice change noted in Part Six.
- **Enrollment services procurement will begin to reflect the experimental record.** We expect institutions to start asking providers for independently evaluated outcomes and to begin writing completion linked performance terms. Whether the market responds by changing scope or by contesting the evidence is the question worth watching.

Our standing question for the coming quarter follows from the theme of this one: are members verifying the figures on which their commitments rest, or inheriting them? The next edition will measure progress against that question, and against the forecasts above.

Methodology and Sources

This report draws on two bodies of evidence. The first is E&I Cooperative Services first party intelligence gathered during the third quarter of 2026, including member meeting themes, field and category manager observations, supplier and contract activity, and review of executed master agreements. These observations are labeled in the text as E&I category engagement data and reflect qualitative signal across the cooperative's membership.

The second is external data drawn from authoritative originals released during or shortly before the coverage period. Government records, official regulatory publications, peer reviewed studies, and recognized sector benchmarking reports were favored over secondary aggregators.

For this edition, every external figure was traced to a document that was retrieved and read, and each online source listed below was checked to resolve to the cited material at the time of publication. Contract provisions described in Part Three and Part Four were read directly from the executed master agreements.

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Forecast record: This edition reports the record of the five forecasts set in the internal, undistributed June edition, including its error on the application date of the European Union Artificial Intelligence Act. See Part Six.

Next edition: Volume 1, Number 2, covering the fourth quarter of 2026, will revisit the forecasts established in this issue.

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