
Metropolitan Educational Council

Annual Summary of Services Report



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Our Mission

The Metropolitan Educational Council (MEC) is a consortium of school districts and related agencies in the greater central Ohio area. The primary mission of the Council shall be to contribute to the educational services made available to youth and adults by the cooperative action of the membership. MEC shall identify, plan and provide to its members services that can be more effectively achieved by cooperative endeavors.

ANNUAL REPORT

July 27, 2011

We are pleased to present to you this 2011 Annual Report summarizing the overall state of the Metropolitan Educational Council, highlighting activities of the past year for both the purchasing and ITC divisions of the organization.

This report will provide an overview of the current level of MEC services available to member school districts and related organizations. It is by no means all-inclusive, but gives a snapshot of the aggressive approach the Council is taking to better serve the membership. The staff is always open to new ideas and approaches in becoming a more effective organization, and member comments are always welcome.

STAFF

The Metropolitan Educational Council continues to employ 20.5 staff. The Purchasing Cooperative employees make up 4.5 FTE of the 20.5 FTE of employees of the Metropolitan Educational Council. Changes in MEC staff have occurred over the past year. In July, 2010 Alicia Alarie was selected as MEC's new Purchasing Coordinator, employed to improve communications between MEC's membership and vendors. Over the past year, Alicia has met with many member and non-member schools to promote the benefits of the MEC. She has also been working with current and new vendors to improve MEC catalog offerings through joint promotional communications to our members. These efforts are working. Over the past year the Council has added 10 new members, increasing from 183 to 193 member participants.

The ITC continues to employ 16 full-time employees across its service areas. In 2010-2011 MEC continued to experience changes in staff due to retirements in student services, fiscal services and technical service. The Technical Services position was not filled due to the changing needs in the ITC. The vacated positions in EMIS and Fiscal Services were filled by highly qualified individuals. Connie DeWitt was employed as our new EMIS Specialist and Carol VanSickle was hired as our new Fiscal Services Coordinator.

SERVICES

Cooperative Purchasing

Currently, MEC offers cooperative purchasing opportunities to 193 districts and related organizations in 39 different commodity areas with 115 companies under contract with MEC. These offerings include the 17 commodity areas offered through the multi-state AEPA program. All of these contracts offer deep discounts based on volume purchasing, quality products and reliable service.

The cooperative food program for 2009-10 generated over \$30 million in discounted sales by participating MEC member schools. This converts to net revenue to MEC of \$262,045. Last year's cooperative bus program had 25 participating members bid through MEC for buses. The Southeastern Ohio Voluntary Education Co-op and the Stark County School Council of Governments continue to contract with the MEC for specific purchasing services, which enhances the volumes of commodities being bid. The MEC-EPC in a shared services arrangement, provide districts in the MEC and EPC an alternative to the food commodity diversion program offered by the State. This cooperative program has just completed a fifth year in the USDA Food Commodity Diversion Program of which 48 or more MEC member districts participate.

OCEPC / AEPA Affiliations

The nine Ohio Purchasing Cooperatives are collectively organized as the Ohio Council of Educational Purchasing Consortia (OCEPC). Through their arrangement as the OCEPC, MEC and the other cooperatives are able to offer members the benefits of the Association of Educational Purchasing Agencies (AEPA). The AEPA is a nationally discounted program serving a 24-state region that bids high-volume school commodities for its members. The value of AEPA in Ohio has been strengthened by recent legislative changes coordinated and paid for by the current OCEPC members. MEC members pay no membership fees to be involved with these organizations. MEC maintains a direct role with these organizations and assists with work responsibilities such as writing specifications and bidding on behalf of these organizations. New commodity areas are offered each year through these affiliations. Many of our member schools are taking advantage of the discounts offered through the contract arrangements of the AEPA. MEC benefits through this affiliation not only through discounts for our members, but also through revenue proceeds that we receive. The recent OCEPC sponsored legislation will enable member school districts to benefit from labor and material discounts associated with roofing, synthetic fields and other large dollar goods and services. All contracts of the AEPA meet the Ohio legal requirements for bidding thus eliminating the need for member schools to bid individually.

EnergyUSA-Natural Gas

Participating districts may access their accounts through the EnergyUSA website: <http://www.energyusa.com/>. The designated school staff members who receive the monthly invoices have access to the reports available by entering their email address as their username and then selecting “Sign up for access.” A password will be emailed to them immediately. All current data and history back to August, 2009 is available.

AEP Retail Electric Bid

In January, taking advantage of the electric deregulation statutes, the Metropolitan Educational Council (MEC) along with Columbus City Schools, Stark County Schools and the Ohio Mid-Eastern Regional Educational Services Agency, jointly sponsored a request for proposal for electricity. Requests were sent to every licensed retail electricity provider in Ohio. Twelve potential providers signed up to bid and four qualifying bids were submitted. On March 2 the bids were reviewed and a contract was awarded to AEP Retail to supply some 50 school districts, including 26 from MEC. AEP Retail, Inc. offered a flat rate of 5.507 cents per kWh for every kWh used. This flat rate will be fixed through December of 2013. The winning bid price per kWh for all classes of service is roughly 15% less than what school districts in the aggregate are currently paying for electricity. Further, that rate will not be subject to increase for the next 33 months.

MEC-EPC LFP Insurance

MEC began partnering with the EPC, as of July 1, 2011 renewal, to provide access to the insurance and related risk management services provided by the Educational Purchasing Coop (EPC) Liability, Fleet & Property Insurance Program (LFP). We are happy to be reinstating the MEC program through the cooperation of the EPC, bringing to the MEC the advantage of the foundation of the success of the EPC program and the broker services of Arthur J. Gallagher & Company. We are happy to provide quotes to our membership as LFP insurance renewals come due.

MEC Health Program

MEC has operated the *MetroPlan*, a successful benefit consortium, for many years. The key to this success has been an extremely flexible approach to curbing the costs of health care. All MEC Members are eligible for group discounting on administration and pooling. The *MetroPlan* also allows each participating member to maintain complete autonomy of benefit choices, and each group is rated on its own claims experience. Each group has only the rewards of participating in a larger purchasing group. The Insurance Committee has been proactive in evaluating Consumer Driven Healthcare and Wellness Initiatives to engage employees in their own health. Options are available for Self-Funding, Health Savings Accounts, Health

Reimbursement Accounts, Minimum Premium, Retro-Agreements and other Health Incentives and Assessments.

MEC Life Program

The program renewal took place November, 2010 and was awarded to American United Life at very competitive rates with the rate guaranteed until January, 2015. Supplemental Life and Dependent Life rates are also guaranteed for the life of the contract. This program currently has 123 participating members, plus 4 consortiums making up an additional 45 schools/entities, making a grand total of 168 participating schools/entities as of June, 2011.

MEC Dental Program

Group Dental Plans are available through the same group purchasing. The advantages of a larger purchasing group result in reduced administrative fees and expanded plan design options.

MEC Vision

Group Vision Plans are designed to coordinate with the group health benefits. The MEC Vision Program carves out duplicate and unnecessary coverage for a more tailored and integrated benefit plan. The Standard, providing VSP coverage, was promoted as a revised option in FY2012 with two participating schools.

Group Retrospective/Rating Group

As of July, 2010, MEC was approved for the MEC Group Retrospective/ Rating Group Program through the Bureau of Worker's Compensation. Unfortunately, due to the competitive market for this new BWC initiative, this program did not get off the ground and we have decided to table the program for another year and re-evaluate its potential to our membership July, 2012.

Most Recent Initiatives

ORC Health & Wellness Alliance-United Healthcare

The Metropolitan Educational Council (MEC) has received Certificate of Authority and Recognition under Section 1731.021 of the Ohio Revised Code as a Health and Wellness Alliance. The Alliance qualification allows MEC Members to be exempt from the State Premium Tax on Insurance Plans. MEC Members with 2-500 health insurance eligible employees will receive a 1% reduction in premium upon their insured effective date or renewal with United Healthcare. The MEC Health and Wellness Alliance was signed under Certificate of Authority by Ohio's Lt. Governor/Director of Insurance, Mary Taylor, on April 13, 2011

OCEPC Legislation

Through affiliations with the OCEPC and the AEPA, MEC will be educating and offering new services associated with labor cost and materials on large scale projects to our members through recent legislation adopted by the Governor's office. Districts will learn more about this in the fall.

New Shared Services Initiatives

MEC is examining the organization's by-laws in an effort to strengthen our participation in the new shared services environments. Language to be presented to the governing bodies of MEC this fall will enable cities, counties and townships to become involved as members of MEC.

INFORMATION TECHNOLOGY CENTER

EMIS Services

MEC continues to provide excellent service to its EMIS customers. MEC now serves 32 public and state schools and 54 charter/community schools in this service area. EMIS services have become more tightly linked to our student information system (DASL). Those customers not using DASL have been able to submit flat file extracts to be uploaded to ODE (through 2015). Our staff will continue to play a major role in assisting entities with flat file submittals.

We did have a few charter schools close or fail to open this year. We have also added four new charter/community schools for EMIS services.

Connie DeWitt joined our EMIS staff this year after many years of service in the Dublin City Schools. Connie brings a wealth of district level experiences and is also very proficient in the DASL student services software.

We are also anticipating the retirement of Charla Green our EMIS Lead Coordinator during the 2011-2012 school year but are working on a retire/rehire scenario with her. MEC staff members support an ADM of 141,825 with a staff of 2.0 FTEs in our EMIS Services area.

Fiscal Services

The MEC Fiscal Services staff continues to work diligently to support 36 public and state schools and 22 charter/community schools.

Staff members are actively supporting the functions of accounting, inventory, payroll, employee kiosk and eProcurement within their department.

In May we were able to hire Carol Van Sickle to replace Charla Rose who retired in June. Carol comes to MEC from another ITC (SEOVEC in Athens) after 14 years of service and experience in fiscal services. She also supported eProcurement at SEOVEC.

MEC staff members support an ADM of 161,688 with a staff of 3.0 FTEs in our Fiscal Services area.

INFOhio

MEC INFOhio Library Services currently serves 17 districts and 7 charter/community school with 266 buildings on the SIRSI/Dynix library automation system. This service is continues to be underfunded by ODE while it is the one service area that directly affects a student's education. While flat funded in the current biennial budget the new state biennial budget represents yet another reduction in funding for this service area.

INFOhio staff members at MEC are leading the way in the addition of electronic books (eBooks) to the online collection. Our staff has been recognized by INFOhio Central for their contributions and leadership in this project.

The 2011-2012 school year will see major changes for our INFOhio staff as we anticipate the retirement of both Ilene King and Mary Nemeth. We are also anticipating a shift in the operating platform for the INFOhio software and more regionalization of services across the state.

MEC staff members support an ADM of 129,002 with a staff of 2.5 FTEs in our INFOhio Services area.

Student Services

Both DASL and Progress Book users had an amazingly successful year. MEC staff members continue to refine and develop training to meet the needs of our client districts. We also upgraded our servers that support these services and seem to have eliminated many of the performance issues reported in the past.

MEC currently has 23 public school districts and 27 charter/community schools live on DASL. The Student Services staff has been converting two more public districts and several new non-public schools. We anticipate more non-public schools in the next two years as the phase out of flat file submission continues.

We also added IEP Anywhere as a special education software option for our districts this spring.

MEC staff members support an ADM of 63,000 on DASL and 58,166 on Progress Book (and over 67,369 active parent access accounts) with a staff of 3.0 FTEs in our Student Services area.

Technical Services

The MEC Technical Services staff has taken significant steps this year to provide the increased probability of recovery of customer data and network services via our Disaster Recovery/Business Continuity project over the past three years. We currently have redundant data circuits to each of our customer sites as well as virtualized and redundant hardware capabilities. A major event this summer will be the relocation of our site to a new facility. Our current lease agreement with BRESCO is terminating and we will be locating to DATA Center 101. This move will allow us to explore less expensive data circuits and access to the Internet as well as a better electrical and HVAC capabilities at the new site. Transition to the new site will begin as soon as circuits are in place from our two main providers and should be completed by the end of August.

Technical staff members have recently completed a major upgrade of our core data network. Due to ever increasing demands from our district clients for more bandwidth to the Internet we have been forced to increase our capacity in two key areas. We have upgraded our core network to support 1GB circuits to our clients and we continue to increase our bandwidth to the Internet. Last year our bandwidth to the Internet was tripled. We are prepared to increase by another 42% this fall and have the capacity to grow significantly more over the next three years. So far costs for bandwidth have come down due in large part to subsidies in the biennial budget and the OECN's ability to buy in bulk quantities from OARnet. Three years ago we were paying over \$20 per MB to the Internet. It is anticipated in the new budget that cost will drop to \$9 per MB. This has allowed us to increase capacity with a small increase in the past two years to our customers. At our current fee level we should be in good shape for at least two more years.

This past year also saw the addition of a fire suppression system in our data center. We now have the capability to automatically suppress a fire event and call out to the fire department in the event of a fire in our data center. We used a very new technology that did not require the addition of water lines and saved us over \$200,000 on the cost of a traditional fire suppression system. This system is utilized in the cell phone tower industry, NASA and the military.

In June Jim Lovsey retired after 30+ years of service to the OECN and MEC. Bruce Hawkins from the MCOECN presented Jim with a framed certificate honoring his years of service. MEC has entered into a purchased services arrangement for support for our open VMS system that Jim has managed.

MEC staff members support an ADM of 152,483 with a staff of 5.0 FTEs in our Technical Services area.

Economic Realities

Understandably, the economic downturn continues to have an adverse impact on the budgets of ITC participating districts. As projected since 2009, we did see an increase in local revenue from new clients and or services through FY11. Much of this is offset by continued reductions in our state funding. We also continued to watch our general fund spending and ended FY11 with a slight positive cash balance.

For FY12 we are projecting revenue to be in line with our Five-Year projection but will feel the loss of a large district (Reynoldsburg \$138,825) and several charter/community schools that have closed or will be closing. Prior to these losses we were on pace to have a net increase in new business, but even with these departures we are anticipating a slight increase in local revenues.

We are also watching the impact of the community fiber project in Gahanna. This will lead to the loss of revenue from data circuits to their buildings that MEC still held contracts with AT&T through 2014. We will be renegotiating our Master Agreement with AT&T during the fall of 2011 and hope to negate the impact of this loss through greater savings on the renewal of existing contracts with AT&T or any successors to those contracts. There is also some outstanding balance on the AT&T contract due to the cancellation of the Reynoldsburg portion of the contract that has yet to be determined.

The MECOECN is also reviewing options for greater shared services among member ITCs. The impact is not known at this time. We will likely be a hosting site for future shared resource endeavors which could gain revenue from other ITCs that would purchase services from us, but again it is too early to predict.

We will be launching a major advertising campaign with our charter and community schools to encourage them to use more of our services such as DASL. There are many positives that our newest clients have expressed to us about the benefits of using DASL on their EMIS reporting. Several schools reported to us that their data

was better than ever and that they received more funding as a result of the “cleaner data reporting.”

This may also cause us to take a look at the minimum fee we charge for our services. Many of our charter/community school clients as well as our public school clients feel the fees are too high. For some of the smaller entities that only have a hundred or so students the impact is very severe. Some of our smaller clients are paying the equivalent of \$40 per student compared to the average fee of \$5 per student. At the same time we still have a few large districts that are not paying full rates due to fee maximums that were put in place many years ago. Some of our larger clients are paying the equivalent of a fee of \$2.50 per student while the majority of our clients pay \$5 per student.

The concept of our “per ADM” fee system may have run its course and a new system is needed. MEC staff members are working with the MCOECN and other ITC directors to explore a more palatable system for the FY13 school year and beyond.

FACILITIES

MEC is approaching the conclusion of the ninth year at the 2100 CityGate facility. Our current facility is at or near capacity. The training and conference rooms are being used for trainings and meetings on a regular basis. MEC is experiencing more on-site activity from member schools than ever before.

Building of additional space to accommodate future MEC needs has been reviewed and discussed however, discussions and planning for facility changes have slowed in light of the decline in real estate values and the uncertainty of legislative funding and changes. No formal recommendations are being made at this time.

FINANCES

The financial climate of the Council continues in a positive state and is being monitored very closely. The General Fund ending unencumbered balance June 30, 2011 was \$1,799,918. This compares to an ending balance of \$1,636,384 in 2010. A cash balance increase of \$163,535 was experienced, mainly due to the property tax refund of \$49,753.65. General Fund revenue is anticipated to continue to increase as of FY2012 as a result of new memberships and fees particularly generated through AEPA purchasing with the addition of 1% revenue of sales. The Council will continue their efforts to expand membership and programs to increase revenue for the General Fund. MEC will continue to fulfill its mission of bringing value and savings to our members with no increase in membership fees while continuing to bring on new programs with potential revenue.

The ITC Fund continues to maintain an appropriate cash balance and continue to meet the needs of participating districts over a five county area. The ITC ending unencumbered cash balance for June 30, 2011 was \$3,292,710. This compares to an ending unencumbered cash balance of \$3,436,387 in FY2010. A cash balance decrease of \$143,678 was experienced mainly due to additional expenditures in FY2011 to upgrade the system core equipment. Although the ITC did not open another lease agreement as has been traditionally done annually, money is still budgeted for FY2012 in anticipation of its potential use.

MEMBERSHIP

The Metropolitan Educational Council's purchasing membership to date is 193 school districts and related organizations in 39 Ohio counties.

1. Ten new districts/organizations have joined MEC during the past school year.
2. Current membership provides services for students. The MEC staff continues to share membership information with potential member districts.

The ITC provides services to more than 161,000 students in 100 educational entities in Franklin, Union, Madison, Pickaway, Fairfield and 15 other counties. The 100 entities include 35 public school districts and 65 community schools. The students served for each service area are as follows:

EMIS – 141,825	Fiscal – 161,688
INFOhio – 129,002	DASL – 63,000
ProgressBook – 58,166	Technical – 152,483

The ITC offers several other services including MECNET/Fiber Telecommunications and OnBase Electronic Document Imaging.

MEC Spring Vendor Fair

The MEC 2011 Vendor Fair was held on April 20, 2011 at the Aladdin Shrine Center. This year we hosted 97 booths and 70 vendors. Many of the vendors this year scheduled multiple booths for their companies. Due to changes in the business world, many vendors are now representing additional product lines; therefore the booth count remained high while vendor count decreased a bit from past years.

The 2012 MEC Vendor Fair is scheduled for April 25, 2012 at the Aladdin Shrine Center. We look forward to seeing you there!

Vendor Fair Annual Financial Summary

Vendor Fair April 20, 2011

Financials as of June 20, 2011

Receipts:

Total Revenue Received:	\$	30,197.00
Outstanding Receivables to Date:	\$	2,125.00
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	\$	32,322.00

Expenditures:

Aladdin Temple Rental Fee:	\$	7,098.30
Entertainment	\$	300.00
Lunches	\$	4,016.30
Printing	\$	377.50
Signage	\$	147.18
Mailings	\$	578.07
Raffle	\$	500.00
Misc.	\$	490.21
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	\$	13,507.56

Total 2010 Proceeds:	\$	18,814.44
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Former History:	2010	\$	13,174.70
	2009	\$	9,183.84
	2008	\$	13,144.00
	2007	\$	10,773.00

COMMITTEES

Volunteers from the membership are the primary support structure of the Metropolitan Educational Council. Thanks to the many volunteers who make up MEC committees, the Council continues to be very successful. The organization is fortunate to have so many dedicated individuals with diverse and valued expertise serving on committees from the Governing Board to various sub-committees. Three of the four Governing Board meetings are morning meetings and all meetings of the Governing Board are held at the Citygate facility. The annual MEC Summer Executive Committee meeting is held each summer for the purpose of sharing information, evaluating programs and future planning. We would like to thank all those that serve on the various committees and offer their support and input to MEC

throughout the year. This support is valued, and without this duty to service there could be no MEC organization.

MEC REFLECTION

Much work has been done over the past three years to strengthen the value and business of MEC. Improvements in communications through our new website presence, dedicated efforts to educate members about our commodity prices and catalogs, along with an increased emphasis on customer service have been put in place to improve the member experience at MEC. As we embark on this new era of “shared service,” we believe that MEC is positioned to be a leader. For nearly 40 years MEC has been working with districts to consolidate and share services, saving MEC member schools significant dollars.

The years to come will be both challenging and exciting for MEC and the member schools they represent, as efforts continue to promote consolidation and shared services among school districts, townships, municipalities and counties.