



MICHIGAN PURCHASING CARD PROGRAM

The Michigan Purchasing Card Consortium, led by MSBO with MASB and MASA as partners, selected JP Morgan Chase as the provider for the statewide purchasing card program. This program is open to all school districts, colleges and universities in the state.

MSBO, MASB, and MASA officially launched the Michigan Purchasing Card Consortium in 2005. Since that time, over 194 entities have implemented the program and are reaping the benefits provided under this arrangement.

The program has had great success for the past several years and is expected to grow even more in 2011. Support Team members for the program are currently working on several projects to not only expand the participation in the program, but also provide additional support for those Districts who have implemented the program and wish to expand it within their operation. The program set a milestone in the 2010 year by posting a combined spend of over \$57 Million, a 3% increase over 2009 figures. At the current pace, the program should exceed the \$60 Million mark in total spend for 2011.

This program is significant for a variety of reasons:

ALL DISTRICTS CAN PARTICIPATE WITH THE SAME, LOW FEE STRUCTURE

All schools, regardless of size can participate with virtually no fees.

- All districts receive the same “deal” regardless of size.
- No annual card fee (normally \$35 annual fee per card)
- No transaction fees
- No implementation fees
- No training or material costs
- No monthly fee for online software (normally \$50 per month/\$600 annually)
- Even at minimum participation levels (10 cards), districts can save almost \$1,000 annually with our program

SAVES TIME AND MONEY

Purchasing Cards save time and money when compared with purchase orders and check writing.

- Research shows that processing a purchase order can cost around \$75 - \$120 per transaction and can take about 9 steps to complete
- Purchasing Card transactions cut that cost and can reduce the steps by 2/3.
- Reduced administrative costs
- Staff are more productive

Favorable payment terms - Improves cash management

- Monthly billing cycle
 - 25 day payment date after 30 day billing cycle
 - Payment by ACH debit from your bank
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- Can automatically allocate transactions to specific internal general ledger accounts

GREATER CONTROL OF EXPENDITURES

Purchasing Cards offer more efficient managerial control.

- You can set limits on each card to limit expenditures.
 - Single purchase amount limit
 - Flexible dollar limits timeframes (per day, week, month, billing cycle, year, etc.)
 - Number of authorizations per billing cycle
 - Number of authorizations per day
- Cards may also be programmed so they can be used for only certain types of purchases (by Merchant Category Codes).
- You can print a variety of reports automatically and through a report writer that help you understand spending patterns.
- An authorized administrator can control any district card from her/his computer...including canceling or modifying a card, online and real-time.
- Access to transaction information within 24-48 hours after the merchant posts.
- Options are available to produce a unique card with your logo

BENEFITS YOUR EMPLOYEES

Implementing Purchasing Cards also make tasks easier for district staff rather than with the manual paper transaction routine.

- Purchasing Cards will be more convenient for employees
- Empowers employees
- Takes less time
- Flexibility to select supplier
- Cardholders and managers can view transactions online and mark transactions as reviewed / supervisor reviewed.

REBATES ARE PAID

Because we are aggregating the spend of all districts, the total spend drives the level of rebate based on the agreed upon rebate schedule. Some important facts about the rebates are as follows:

- Districts spending less than \$100,000 annually will not receive a rebate under the current structure. It is encouraged that districts fully implement the system in order for them to obtain the required level of spend to qualify for rebating. The Support Team members are driven to assist all districts in reaching their highest potential regardless of size. For those districts not reaching the rebate threshold, it should be noted that they still enjoy participating in a program at no cost that creates significant savings for their District.
- Prior to this program, no district with Purchasing Cards was receiving a rebate - under this program participating districts can qualify.
- The sponsoring organizations will retain a portion of the rebate for administrative costs and split the balance among participating districts.

Rebate Calculation

The Annual Charge Volume for the Consortium drives the rebate level that districts will share in based on the district specific charge volume. With recently negotiated rebate levels, the opportunity to obtain a higher rebate is better than ever!

CREDIBILITY OF YOUR ORGANIZATIONS

Sponsorship from MSBO, MASA, and MASB brings credibility to this program.

- Your superintendent and school board will be familiar and more comfortable with purchase cards because their associations have been involved with the development of this program and continue communicate with their members about them.
- We bid this program out to get the best terms for our members.
- We will monitor the program, assist implementation and oversight, and will help troubleshoot problems.

JP MORGAN CHASE IS AN INDUSTRY LEADER

Our partner in this endeavor is one of the largest credit card firms in the world.

- They already have a strong presence in Michigan, having instituted over 194 programs in Michigan schools with a total annual spend of \$57 million.
- JP Morgan Chase is the second largest commercial card issuer in the U.S.
- JP Morgan Chase has a large number of private sector businesses and the Federal Government using their purchase card program already.
- JP Morgan Chase will be providing training, technical support, implementation assistance and marketing for the program.
- They are committed to ongoing product development.

Districts can choose to implement on a pilot basis or simply implement their full program on day one, the choice is yours.

WHO TO CONTACT FOR MORE INFORMATION AND QUESTIONS?

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