

The following items will be discussed at the meeting of the Standing Committee on Finance and Operations to be held on Tuesday, August 18, 2015 at 5:00 p.m. in Room 410 at the Durkin Administration Building:

gb #4-100.4 - Administration/Miss Biancheria (June 5, 2014)

Response of the Administration to the request to provide a report regarding the Energy Management contract.

gb #4-204 - Mr. Foley/Mr. O'Connell/Ms. Novick/Mr. Monfredo/Miss Biancheria (July 21, 2014)

To review the status of the FY15 Budget and make appropriate transfers as required.

gb #5-178 - Administration (June 26, 2015)

To review the Report on Applying Agreed-Upon Procedures for Student Activity Fund Testing for the 2014 and 2015 fiscal years, as prepared by CliftonLarsonAllen LLP.

gb #5-184 - Administration (July 8, 2015)

To consider participation in the USDA Community Eligibility Program which provides free meals to all students within the Worcester Public Schools.

motion (gb #5-93) - Miss Biancheria/Mr. Foley/Mr. Monfredo/Ms. Novick/Mr. O'Connell/Miss Ramirez/Mayor Petty (March 11, 2015)

Request that the Administration forward the Foundation Budget Review Committee's report to the Standing Committee on Finance and Operations.

motion - gb #5-109.1 Ms. Novick (June 4, 2015)

Request that the Administration provide a report at the Standing Committee on Finance and Operations regarding the School Plant staffing levels.

ITEM: gb #4-100.4

STANDING COMMITTEE: **FINANCE AND OPERATIONS**

DATE OF MEETING: Tuesday, August 18, 2015

ITEM: Administration/Miss Biancheria (June 5, 2014)

Response of the Administration to the request to provide a report regarding the Energy Management contract.

PRIOR ACTION:

4-3-14 - Set the dates of Thursday, June 5, 2014 and Thursday, June 19, 2014 at 4:00 p.m.

BACKUP:

Annex A (1 page) contains a copy of the Administration's response to the item.

PRIOR ACTION (continued)

- 6-5-14 - 500-91112 School Committee
(continued) It was moved and voice voted to approve Account 500-91112 in the amount of \$87,000.
- 540-91124 Crossing Guards
It was moved and voice voted to approve Account 540-91124 in the amount of \$529,948.
- 500125-92000 Other Insurance Programs
It was moved and voice voted to approve Account 500125-92000 in the amount of \$57,358.
- 500101-96000 Retirement
It was moved and voice voted to approve Account 500101-96000 in the amount of \$15,153,592.
- 500133-92000 Printing & Postage
It was moved and voice voted to approve Account 500133-92000 in the amount of \$207,531.
- 500138-92000 In-State Travel
It was moved and voice voted to approve Account 500138-92000 in the amount of \$62,500.
- 500105-92000 Out-of-State Travel
Mr. Monfredo stated that the President of Worcester State University will not charge the \$3,000 for the dorms and the food provided to students on campus.
Mr. Monfredo made the following motion:
Request that Account 500105-92000 be reduced by \$5,000 and transferred to the Worcester Future Teachers line item.
On a roll call of 3-4 (yeas-Miss Biancheria, Mr. Monfredo, Mr. O'Connell), the motion was defeated.
It was moved to approve Account 500105-92000 in the amount of \$5,000.
On a roll call of 4-3 (nays-Miss Biancheria, Mr. Monfredo, Mr. O'Connell), the motion was approved.
- 500-91114 Day by Day Subs
Miss Biancheria made the following motions:
Request that the Administration provide a report to include the number of hours per school that Instructional Assistants are requested to work in the classrooms.
Request that the Administration provide a copy of the section of the Instructional Assistants' contract regarding a monetary payment for covering a classroom.
On a voice vote, the motions were approved.
It was moved and voice voted to approve Account 500-91114 in the amount of \$871,200.

PRIOR ACTION (continued)

6-5-14 - 500-91133 School Nurses

(continued) It was moved and voice voted to approve Account 500-91133 in the amount of \$3,476,323.

500122-92000 Athletics OM

Mr. O'Connell made the following motion:

Request that the Administration provide a report in the Fall of 2014 regarding line item K. regarding possible means of increasing revenue at the concession stand at Foley Stadium.

On a voice vote, the motion was approved.

Mr. Foley made the following motion:

Request that Mr. O'Connell's motion be referred to the Standing Committee on Finance and Operations.

On a voice vote, the motion was approved.

500129-92000 Workers Compensation

It was moved and voice voted to approve Account 500129-92000 in the amount of \$1,352,305.

Mr. O'Connell made the following motion:

Request that the Administration interact with the Administration of the City of Worcester as to workplace circumstances and areas in which the Administration of the Worcester Public Schools can change its employment practices with a goal of reducing workers compensation liability.

On a voice vote, the motion was approved.

Mr. Foley made the following motion:

Request that the Administration provide a report as to workers compensation costs in communities similar in size to Worcester.

On a voice vote, the motion was approved.

500123-96000 Health Insurance

It was moved and voice voted to approve Account 500123-96000 in the amount of \$41,912,351.

500137-96000 Unemployment

It was moved and voice voted to approve Account 500137-96000 in the amount of \$325,209.

500-91134 Educational Support

It was moved and voice voted to approve Account 500-91134 in the amount of \$1,984,105.

PRIOR ACTION (continued)

6-5-14 - 500-91119 Custodian Salaries

(continued) Ms. Novick made the following motion:

Request that the issue of industry standards and recommendations for custodial staffing levels according to certain amounts of square footage and certain amounts of buildings for custodians be referred to the Standing Committee on Finance and Operations.

On a voice vote, the motion was approved.

It was moved and voice voted to approve Account 500-91119 in the amount of \$6,415,975.

500-97203 Custodian Overtime

Mr. O'Connell made the following motion:

Request that the following motions be referred to the Standing Committee on Finance and Operations:

Request that the Administration prepare recommendations with regard to an appropriate fee structure for each of the facilities in the Worcester Public Schools that are in fact rented out to outside individuals or groups.

Request that the Administration prepare, in its own recommendations with regard to the fee structure, a recommendation as to allocation of fees received between the school and other appropriate expenditure sources in connection with the school system.

On a voice vote, the motions were approved.

It was moved and voice voted to approve Account 500-97203 in the amount of \$1,026,338.

500-91120 Maintenance Service

It was moved and voice voted to approve Account 500-91120 in the amount of \$2,019,880.

Miss Biancheria made the following motion:

Request that the Administration provide a report during the month of September regarding the Energy Management contract.

On a voice vote, the motion was approved.

500-97204 Maintenance Services Overtime

It was moved and voice voted to approve Account 500-97204 in the amount of \$147,840.

500152-92000 Facilities Department OM

It was moved and voice voted to approve Account 500152-92000 in the amount of \$2,702,991.

Ms. Novick made the following motion:

Request that the issue of food composting be referred to the Joint Committee of the Standing Committee on Finance and Operations and the City Council's Standing Committee on Education.

On a voice vote, the motion was approved.

PRIOR ACTION (continued)

- 6-5-14 - Miss Biancheria made the following motion:
(continued) Request that the Administration keep the School Committee apprised of the new specifications for the process of the trash removal bid.
On a voice vote, the motion was approved.
Ms. Novick made the following motions:
Request that the Administration provide a description of position and achievement on page 146, line E.
Request that the Administration further explain line D. on page 166, and line A. on page 167.
On a voice vote, the motions were approved.
Mr. O'Connell made the following motion:
Request that the Administration provide a report at the next Budget Session as to Building Utilities, line C. as to what our options are in connection with a possible conversion of the three remaining oil utilizing facilities, St. Casimir's, Foley Stadium and Harlow Street, to natural gas.
On a voice vote, the motion was approved.
- 6-19-14 - Mr. Monfredo made the following motion:
Request that the School Committee urge the City Manager and City Council to consider earmarking the free cash, if it becomes available in the City's general fund, to the reduction of class sizes with classrooms with 27 or more children.
On a voice vote, the motion was approved.
500146-92000 Building Utilities
Mr. Monfredo made the following motion:
Request that \$6,400 be reduced from Account 500146-92000 to be transferred to the Miscellaneous Educational OM Account, line Q. Worcester Future Teachers account.
On a voice vote, the motion was approved.
It was moved and voice voted to approve Account 500146-92000 in the amount of \$6,332,665 as amended.
500141-92000 Vehicle Maintenance
It was moved and voice voted to approve Account 500141-92000 in the amount of \$614,277.
540-91117 Transportation Salaries
It was moved and voice voted to approve Account 540-91117 in the amount of \$2,596,983.

PRIOR ACTION (continued)

6-19-14 - 540-97201 Transportation Salaries OT

(continued) Miss Biancheria requested that account 540-97201 Transportation Salaries OT be referred to the Joint Committee of the Standing Committee on Finance and Operations and the City Council's Standing Committee on Education.

Miss Biancheria made the following motion:

Request that \$20,000 be reduced from Account 540-97201 and added to the line item for safety.

On a roll call of 2-4-1 (yeas-Miss Biancheria, Mr. O'Connell) (absent-Ms. Novick), the motion was defeated.

It was moved and voice voted to approve Account 540-97201 in the amount of \$464,447.

540103-92000 Transportation

Mr. O'Connell made the following motion:

Request that \$20,000 be reduced from Account 540103-92000 and transferred to Account 500-91111.

On a roll call of 3-3-1 (yeas-Miss Biancheria, Mr. Monfredo, Mr. O'Connell) (nays-Mr. Foley, Miss Ramirez, Mayor Petty) (absent-Ms. Novick), the motion was defeated.

It was moved and voice voted to approve Account 540103-92000 in the amount of 12,839,450.

500-91123 Non Instructional Support Salaries

Miss Biancheria made the following motion:

Request that \$10,000 be reduced from Account 500-91123 and added to the line item for safety.

On a roll call of 3-3-1 (yeas-Miss Biancheria, Mr. Monfredo, Mr. O'Connell) (nays-Mr. Foley, Miss Ramirez, Mayor Petty) (absent-Ms. Novick), the motion was defeated.

It was moved and voice voted to approve Account 500-91123 in the amount of \$1,791,108.

500-91118, 540-91118 Supplemental Programs

Miss Biancheria made the following motion:

Request that the Administration provide a presentation in reference to line item C. on translators indicating what the partnerships with healthcare is providing and if there are plans in the future for contacting other districts.

On a voice vote, the motion was approved.

It was moved and voice voted to approve Accounts 500-91118, 540-91118 in the amount of \$1,366,375.

500-91122 School Clerical Salaries

It was moved and voice voted to approve Account 500-91122 in the amount of \$2,055,344.

PRIOR ACTION (continued)

6-19-14 - 500-91121 Administration Clerical Salaries

(continued) It was moved and voice voted to approve Account 500-91121 in the amount of \$3,077,577.

500130-92000 & 96000 Personal Services

It was moved and voice voted to approve Account 500130-92000 & 96000 in the amount of \$3,423,506.

500-97205 Support Overtime Salaries

It was moved and voice voted to approve Account 500-97205 in the amount of \$65,527.

500-91110 Administration Salaries

Mr. O'Connell made the following motion:

Request that \$500,000 be reduced from Account 500-91110 and added to Account 500-91111.

On a roll call of 2-5 (yeas-Miss Biancheria, Mr. O'Connell), the motion was defeated.

Ms. Novick made the following motion:

Request that \$65,000 be reduced from Account 500-91110, line item C. School-Based Supervision and transferred to Account 500-91111.

On a voice vote, the motion was approved.

It was moved and voice voted to approve Account 500-91110 in the amount of \$11,550,840 as amended.

500136-92000 Misc. Educational OM

It was moved and voice voted to approve Account 500136-92000 in the amount of \$3,606,981 as amended.

50S502 Nutrition Program

It was moved and voice voted to approve Account 50S502 in the amount of \$11,837,495.

500132-92000 Special Education Tuition

It was moved and voice voted to approve Account 500132-92000 in the amount of \$15,459,501.

500-91115 Instructional Assistant Salaries

It was moved to recuse Miss Biancheria due to a potential conflict of interest.

On a roll call of 6-0-1 (absent-Miss Biancheria), the motion was approved.

It was moved to approve Account 500-91115 in the amount of \$9,060,472.

On a roll call of 6-0-1 (absent-Miss Biancheria), the motion was approved.

PRIOR ACTION (continued)

6-19-14 - 500-92204 Instructional Materials

(continued) Ms. Novick made the following motion:
Request that the Administration provide a report on how the \$1 per pupil for recess supplies was allocated this year.

On a voice vote, the motion was approved.

It was moved and voice voted to approve Account 500-92204 in the amount of \$2,757,252.

500-91111 Teacher Salaries

It was moved and voice voted to approve Account 500-91111 in the amount of \$149,802,163 as amended.

Various Grant Programs - \$35,862,150

Mr. O'Connell made the following motion:

Request that pages 179 – 219 from the FY15 Budget book be referred to the Standing Committee on Finance and Operations.

On a voice vote, the motion was approved.

Ms. Novick asked the Mayor that if the McKinney-Vento transportation funding, that the Worcester Public Schools paid for, is reimbursed to the City that it be transferred to the school department.

Miss Biancheria requested that the Administration keep the School Committee apprised of the installation of the solar panels for Sullivan Middle and South High Community schools.

It was moved to approve the FY15 Budget in the amount of \$305,201,911.

On a roll call of 5-2 (nays-Miss Biancheria, Mr. O'Connell), the motion was approved.

It was moved to suspend the rules to reconsider the vote to approve the FY15 Budget in the amount of \$305,201,911.

On a roll call of 7-0, the motion was approved.

It was moved to reconsider the vote to approve the FY15 Budget in the amount of \$305,201,911.

On a roll call of 2-5 (yeas-Miss Biancheria, Mr. O'Connell), the motion was defeated.

It was moved and voice voted to accept the Administration's responses to the following motions:

- A. Request that the Administration provide a description of position and achievement on page 146, line E.
- B. Request that the Administration further explain line D. on page 166, and line A. on page 167.

PRIOR ACTION (continued)

- 7-31-14 - (motions)
To consider the Administration's responses to the following motions:
- A. Request that the Administration provide a report to include the number of hours per school that Instructional Assistants are requested to work in the classrooms.
 - B. Request that the Administration provide a copy of the section of the Instructional Assistants' contract regarding a monetary payment for covering a classroom.
- Accepted and filed.
- 10-28-14 - (motion) : Ms. Novick (June 5, 2014)
Request that the issue of industry standards and recommendations for custodial staffing levels according to certain amounts of square footage and certain amounts of buildings for custodians be referred to the Standing Committee on Finance and Operations.
Mr. Allen stated that although there is a gap in the target number of custodians dedicated to building cleaning, there has been a significant noticeable difference in the overall cleanliness of buildings and grounds during the past several years. The district created a second shift custodial supervisor and much of the time has been used in training custodians on best cleaning practices. The district has also upgraded cleaning equipment through the capital repair budget.
Ms. Novick made the following motion:
Request that the Administration prepare the same type of report for maintenance and school plant.
On a voice vote, the motion was approved.
FILE.
(motion) - : Mr. O'Connell (June 16, 2014)
Request that pages 179 – 219 from the FY15 Budget book be referred to the Standing Committee on Finance and Operations.
Mr. Allen provided an overview of the item.
The Administration will be preparing a full budget reconciliation report after the City does its tax recap process.
Mr. Foley stated that the system is budgeting the 1% indirect cost rate for grants so there is automatically a shortfall of approximately \$800,000 due to the continued discussion on what the indirect cost rate should be.
FILE.
- 10-28-14 - SCHOOL COMMITTEE MEETING - The School Committee approved the action of the Standing Committee as stated.
- 3-19-15 - Referred to the Standing Committee on Finance and Operations.

WORCESTER PUBLIC SCHOOLS

Energy Management Service Savings

The FY15 Budget of the Worcester Public Schools included the in-sourcing of energy management services from contracted vendors to employees within the Worcester Public Schools.

Once transfer from contracted services to in-house employees, the annualized savings will achieve \$106,327, a near 60% reduction from last year.

	FY14 (Actual Costs)	FY15 (Estimated) Annualized Upon Full Transfer	Savings
Energy Management	\$188,385	\$82,058	\$106,327

In addition to the cost savings, the transfer of these services to the Facilities Department have resulted in the following:

1. Real time, in-city 24/7 monitoring of all automated controlled buildings allowing for instant reporting of an actual adverse condition.
2. Ease of adjusting building schedules based weather and/or usage changes to a particular building.
3. Knowledge of each individual building interior space, boiler room, and distribution system.
4. Ability to inform the district HVAC technicians directly about issues at a school. This has led to less time needed to diagnose an issue per call.
5. Greater accountability of HVAC controls throughout the system.
6. Ability to assist in project recommendations. In house energy management oversight allows for better control over project installations working closely with boiler contractors and commissioning agents to insure the work is done right.
7. Analyze all heat complaints to identify and address repeat calls and building section failures.
8. Direct contact with building personnel (custodians, principal, staff).

Based on efforts to date, there has been a 67% reduction in the number of school heating complaint work orders as compared to last heating season (from 603 to 200).

The transfer of this service from an outside vendor to a position within the Worcester Public Schools has resulted in both a cost savings and improved service to the schools.

STANDING COMMITTEE: **FINANCE AND OPERATIONS**

DATE OF MEETING: Tuesday, August 18, 2015

ITEM: Mr. Foley/Mr. O'Connell/Ms. Novick/Mr. Monfredo/Miss Biancheria
(July 21, 2014)

To review the status of the FY15 Budget and make appropriate transfers as required.

PRIOR ACTION:

- 7-31-14 - Referred to the Standing Committee on Finance and Operations.
- 10-28-14 - Mr. Allen provided an update on the FY15 Budget first quarter report as contained in Annex A of the backup for the item.
It was moved and voice voted to hold the item.
- 3-16-15 - **STANDING COMMITTEE ON FINANCE AND OPERATIONS**
Mr. Allen provided an update on the FY15 Budget second quarter report as contained in Annex A of the backup for the item.
(Continued on page 2.)

BACKUP:

Annex A (1 page) contains a copy of the FY15 Budget Account Summary Final Report.

PRIOR ACTION (continued)

- 3-16-15 - Ms. Novick made the following motion:
Request that the Administration provide a report in a Friday Letter on the freezes in the following accounts:

<u>Amount</u>	<u>Account</u>	<u>Title</u>
\$50,000	500136-92000	Technology
\$50,000	500136-92000	Staff Development
\$50,000	500136-92000	Environmental Management
\$50,000	500-92204	Curriculum Supplies

On a voice vote, the motion was approved.

It was moved to approve the following transfers:

<u>Amount</u>	<u>From Account</u>	<u>From Title</u>	<u>To Account</u>	<u>To Title</u>
\$30,000	500-91122	School Clerical Salaries	540-91117	Transportation Salaries
\$60,000	500-91121	Administrative Clerical	540-97201	Transportation Overtime
\$200,000	500-91115	Instruction Assistants	540103-92000	Transportation
\$200,000	500123-96000	Health Insurance	500137-96000	Unemployment Compensation
\$250,000	500-91119	Custodial Salaries	500-97203	Custodial Overtime
\$400,000	500-91111	Teacher Salaries	500130-92000	Personal Services
\$199,873	500-92204	Instructional Materials	500130-92000	Personal Services

On a roll call of 3-0, the motion was approved.

- 3-19-15 - SCHOOL COMMITTEE MEETING - The School Committee approved the action of the Standing as amended.

It was moved to approve the following transfers:

<u>Amount</u>	<u>From Account</u>	<u>From Title</u>	<u>To Account</u>	<u>To Title</u>
\$30,000	500-91122	School Clerical Salaries	540-91117	Transportation Salaries
\$60,000	500-91121	Administrative Clerical	540-97201	Transportation Overtime
\$200,000	500-91115	Instruction Assistants	540103-92000	Transportation
\$200,000	500123-96000	Health Insurance	500137-96000	Unemployment Compensation
\$250,000	500-91119	Custodial Salaries	500-97203	Custodial Overtime
\$400,000	500-91111	Teacher Salaries	500130-92000	Personal Services
\$199,873	500-92204	Instructional Materials	500130-92000	Personal Services

On a roll call of 7-0, the motion was approved.

- 5-7-15 - STANDING COMMITTEE ON FINANCE AND OPERATIONS

Mr. Allen spoke to the status of the Third Quarter Report.

Mr. Foley made the following motion:

Request that the School Committee approve the following transfers:

<u>Amount</u>	<u>From Account</u>	<u>From Title</u>	<u>To Account</u>	<u>To Title</u>
\$50,000	500-91119	Custodial Salaries	540-97201	Transportation Overtime
\$250,000	500-91120	Maintenance Salaries	500-97203	Custodial Overtime
\$200,000	500-91115	Instructional Assistant Salaries	500146-92000	Building Utilities

On a roll call of 3-0, the motion was approved.

PRIOR ACTION (continued)

5-7-15 - SCHOOL COMMITTEE MEETING - The School Committee approved the action of the Standing as amended.

Mr. Foley made the following motion:

Request that the School Committee approve the following transfers:

Amount	From Account	From Title	To Account	To Title
\$50,000	500-91119	Custodial Salaries	540-97201	Transportation Overtime
\$250,000	500-91120	Maintenance Salaries	500-97203	Custodial Overtime
\$200,000	500-91115	Instructional Assistant Salaries	500146-92000	Building Utilities

On a roll call of 7-0, the motion was approved.

**WORCESTER PUBLIC SCHOOLS
 2014-2015 BUDGET
 ACCOUNT SUMMARY
 FINAL REPORT**

<u>Account</u>	<u>Account Title</u>	<u>Adopted Budget</u>	<u>Expended</u>	<u>Final 6/30/2015</u>
500-91110	Administration Salaries	\$11,550,840	\$11,695,650	-\$144,810
500-91111	Teacher Salaries	\$149,802,163	\$149,856,582	-\$54,419
500-91112	School Committee Salaries	\$87,000	\$72,500	\$14,500
500-91114	Day by Day Substitutes Salaries	\$871,200	\$1,024,424	-\$153,224
500-91115	Instructional Assistants Salaries	\$9,060,472	\$8,703,455	\$357,017
500-91116	Coach Salaries	\$0	-\$5,999	\$5,999
540-91117	Transportation Salaries	\$2,596,983	\$2,611,040	-\$14,057
540-97201	Transportation Overtime Salaries	\$464,447	\$584,102	-\$119,655
500-91118	Supplemental Program Salaries	\$1,366,375	\$1,195,707	\$170,668
500-91134	Educational Support Salaries	\$1,984,105	\$2,088,247	-\$104,142
540-91124	Crossing Guard Salaries	\$529,948	\$497,644	\$32,304
500-91119	Custodial Salaries	\$6,415,975	\$6,174,822	\$241,153
500-97203	Custodial Overtime Salaries	\$1,026,338	\$1,443,620	-\$417,282
500-91120	Maintenance Service Salaries	\$2,019,880	\$1,774,008	\$245,872
500-97204	Maintenance Overtime Salaries	\$147,840	\$187,392	-\$39,552
500-91121	Administrative Clerical Salaries	\$3,077,577	\$3,025,288	\$52,289
500-97205	Support Overtime Salaries	\$65,527	\$92,933	-\$27,406
500-91122	School Clerical Salaries	\$2,055,344	\$2,073,174	-\$17,830
500-91133	School Nurse Salaries	\$3,476,323	\$3,715,694	-\$239,371
500-91123	Non Instructional Salaries	\$1,791,108	\$1,661,754	\$129,354
	Salary Total	\$198,389,444	\$198,472,037	-\$82,593
500101-96000	Retirement	\$15,153,592	\$15,075,023	\$78,569
540103-92000	Transportation	\$12,839,450	\$12,745,834	\$93,616
500105-92000	Out-of-State Travel	\$5,000	\$1,498	\$3,502
500122-92000	Athletic Ordinary Maintenance	\$0	\$6,009	-\$6,009
500123-96000	Health Insurance	\$41,912,351	\$41,269,567	\$642,784
500125-92000	Other Insurance Programs	\$57,358	\$51,736	\$5,622
500129-96000	Workers Compensation	\$1,352,305	\$1,674,481	-\$322,176
500130-92000	Personal Services	\$3,423,506	\$4,360,091	-\$936,585
500132-92000	Special Education Tuition	\$15,009,440	\$14,781,153	\$228,287
500133-92000	Printing & Postage	\$207,531	\$213,065	-\$5,534
500-92204	Instructional Materials	\$2,757,252	\$2,312,757	\$444,495
500136-92000	Miscellaneous Educational OM	\$3,606,981	\$3,478,929	\$128,052
500137-96000	Unemployment Compensation	\$325,209	\$586,558	-\$261,349
500138-92000	In-State Travel	\$62,500	\$81,052	-\$18,552
500141-92000	Vehicle Maintenance	\$614,277	\$576,424	\$37,853
500146-92000	Building Utilities	\$6,332,665	\$6,400,487	-\$67,822
500152-92000	Facilities Ordinary Maintenance	\$2,702,991	\$2,665,080	\$37,911
	Non Salary Total	\$106,362,406	\$106,279,744	\$82,662
	Total General Fund Budget	\$304,751,850	\$304,751,781	\$69

ITEM: gb #5-178

STANDING COMMITTEE: **FINANCE AND OPERATIONS**

DATE OF MEETING: Tuesday, August 18, 2015

ITEM: Administration (June 26, 2015)

To review the Report on Applying Agreed-Upon Procedures for Student Activity Fund Testing for the 2014 and 2015 fiscal years, as prepared by CliftonLarsonAllen LLP.

PRIOR ACTION:

7-23-15 - Referred to the Standing Committee on Finance and Operations.

BACKUP:

Annex A (26 pages) contains a copy of the City of Worcester, Massachusetts Report on Applying Agreed-Upon Procedures Student Activity Fund Testing for the Fiscal Year Ending June 30, 2014.

CITY OF WORCESTER, MASSACHUSETTS
REPORT ON APPLYING AGREED-UPON PROCEDURES
STUDENT ACTIVITY FUND TESTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CITY OF WORCESTER, MASSACHUSETTS
REPORT ON APPLYING AGREED-UPON PROCEDURES
STUDENT ACTIVITY FUND TESTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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CliftonLarsonAllen LLP
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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable School Committee
Worcester Public Schools
City of Worcester, Massachusetts

We have performed the procedures, as listed in the attached Schedule of Student Activity Funds Testing Results and Recommendations, which were agreed to by the Worcester Public Schools (WPS) solely to assist the WPS determine whether the student activity funds are being administered in accordance with the Massachusetts Student Activity Law (Massachusetts General Law (MGL) Chapter 71, Section 47) for the period July 1, 2013 through June 30, 2014. The WPS is responsible for the administration of its student activity funds in accordance with the Massachusetts Student Activity Law. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The results of our procedures are identified in the attached Schedule of Student Activity Funds Testing Results and Recommendations.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the WPS' administration of its student activity funds in accordance with the Massachusetts Student Activity Law. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the WPS and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads 'CliftonLarsonAllen LLP'.

CliftonLarsonAllen LLP

Boston, Massachusetts
July 10, 2015

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
Burncoat Middle School		
1. Determine that the banking and accounting systems related to the Schools' student activity funds have been established in accordance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47). Specifically, we will:		
a. Obtain from the Chief Financial and Operations Officer a list of Student Activity Checking Accounts maintained at the Schools and verify they have been authorized by the School Committee and said School Committee has authorized a maximum balance that may be on hand in such accounts through review of minutes and other documentation to be defined in our findings if applicable.	The procedure was performed without exception.	None.
b. Verify that student activity fund deposits are made to an interest bearing bank account (Student Activity Agency Account) maintained by the City Treasurer by obtaining a copy of three months bank statements for each of the schools.	The procedure was performed without exception.	None.
c. Verify that interest earned on the Agency Account is retained in a separate student activity fund and spent by direction of the School Committee by observing interest income postings to said separate account as maintained in the individual student activity funds detailed general ledger.	A separate student activity fund is not used to post interest income.	We recommend a separate fund be established for interest earnings.
d. Verify that deposits and/or transfers made to the Checking Account represented the initial funding of the Checking Account from the Agency Account or the reimbursement of expenses from the Agency Account through the City's warrant process by obtaining the applicable support for all deposits.	The procedure was performed without exception.	None.
e. Verify that the principal is bonded to secure the faithful performance of his/her duties in connection with such account by obtaining a copy of such bond.	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
2. Obtain (from each Schools' Principal) and evaluate each of the student activity funds maintained at the Schools for the purpose of identifying any individual funds that fall outside the definition of student activity funds in accordance with the Massachusetts Student Activity Law and the Student Activity Accounts Guidelines for Massachusetts School Districts issued by the Massachusetts Association of School Business Officials.	The procedure was performed without exception.	None.
3. Obtain and evaluate a sample of 6 student activity Checking Account reconciliation(s) for each School during the engagement period to determine the following:		
a. Reconciliations were signed and dated by the preparer and reviewer	The procedure was performed without exception.	None.
b. Reconciliations were completed no later than 30 days after month-end	Procedure performed with the following exception: 1 out of the 6 reconciliations selected for testing was not completed within 30 days of month end.	We recommend procedures be implemented to document the completion of all reconciliations no later than 30 days after month-end.
c. Outstanding checks identified on the reconciliations were supported by a detailed listing	The procedure was performed without exception.	None.
4. Obtain and evaluate the June 30, 2014 student activity Checking and Agency Account reconciliations for each School and trace the balances per the bank reconciliations to the detailed balances of the individual student activity funds.	Procedure performed with the following exception: There is a \$11,401 variance between the bank reconciliations to the detailed balances of the individual student activity funds.	We recommend procedures be implemented to reconcile bank reconciliation balances to the detailed balances of the individual student activity funds.
5. Select a sample of 10 receipts to determine that they were:		
a. Credited to the applicable student activity account	The procedure was performed without exception.	None.
b. Deposited to the applicable Agency Account	The procedure was performed without exception.	None.
6. Select a sample of 10 disbursements to determine that they were:		
a. Supported by an approved invoice or other documentation	The procedure was performed without exception.	None.
b. Charged to the applicable student activity account	The procedure was performed without exception.	None.
c. Appear to be related to the purpose for which the student activity fund was created	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
Burncoat High School		
1. Determine that the banking and accounting systems related to the Schools' student activity funds have been established in accordance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47). Specifically, we will:		
a. Obtain from the Chief Financial and Operations Officer a list of Student Activity Checking Accounts maintained at the Schools and verify they have been authorized by the School Committee and said School Committee has authorized a maximum balance that may be on hand in such accounts through review of minutes and other documentation to be defined in our findings if applicable.	The procedure was performed without exception.	None.
b. Verify that student activity fund deposits are made to an interest bearing bank account (Student Activity Agency Account) maintained by the City Treasurer by obtaining a copy of three months bank statements for each of the schools.	The procedure was performed without exception.	None.
c. Verify that interest earned on the Agency Account is retained in a separate student activity fund and spent by direction of the School Committee by observing interest income postings to said separate account as maintained in the individual student activity funds detailed general ledger.	Although a separate interest fund is maintained by the school, we identified an addition to the interest fund that did not relate to interest earned.	We recommend the school implement procedures such that the only additions to the interest fund relate to interest earned.
d. Verify that deposits and/or transfers made to the Checking Account represented the initial funding of the Checking Account from the Agency Account or the reimbursement of expenses from the Agency Account through the City's warrant process by obtaining the applicable support for all deposits.	The procedure was performed without exception.	None.
e. Verify that the principal is bonded to secure the faithful performance of his/her duties in connection with such account by obtaining a copy of such bond.	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
2. Obtain (from each Schools' Principal) and evaluate each of the student activity funds maintained at the Schools for the purpose of identifying any individual funds that fall outside the definition of student activity funds in accordance with the Massachusetts Student Activity Law and the Student Activity Accounts Guidelines for Massachusetts School Districts issued by the Massachusetts Association of School Business Officials.	The procedure was performed without exception.	None.
3. Obtain and evaluate a sample of 6 student activity Checking Account reconciliation(s) for each School during the engagement period to determine the following:		
a. Reconciliations were signed and dated by the preparer and reviewer	The procedure was performed without exception.	None.
b. Reconciliations were completed no later than 30 days after month-end	Procedure performed with the following exception: 1 out of the 6 reconciliations selected for testing was not completed within 30 days of month end.	We recommend procedures be implemented to document the completion of all reconciliations no later than 30 days after month-end.
c. Outstanding checks identified on the reconciliations were supported by a detailed listing	The procedure was performed without exception.	None.
4. Obtain and evaluate the June 30, 2014 student activity Checking and Agency Account reconciliations for each School and trace the balances per the bank reconciliations to the detailed balances of the individual student activity funds.	Procedure performed with the following exception: There is a \$2,691 variance between the bank reconciliations to the detailed balances of the individual student activity funds.	We recommend procedures be implemented to reconcile bank reconciliation balances to the detailed balances of the individual student activity funds.
5. Select a sample of 10 receipts to determine that they were:		
a. Credited to the applicable student activity account	The procedure was performed without exception.	None.
b. Deposited to the applicable Agency Account	The procedure was performed without exception.	None.
6. Select a sample of 10 disbursements to determine that they were:		
a. Supported by an approved invoice or other documentation	The procedure was performed without exception.	None.
b. Charged to the applicable student activity account	The procedure was performed without exception.	None.
c. Appear to be related to the purpose for which the student activity fund was created	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
Claremont Academy		
1. Determine that the banking and accounting systems related to the Schools' student activity funds have been established in accordance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47). Specifically, we will:		
a. Obtain from the Chief Financial and Operations Officer a list of Student Activity Checking Accounts maintained at the Schools and verify they have been authorized by the School Committee and said School Committee has authorized a maximum balance that may be on hand in such accounts through review of minutes and other documentation to be defined in our findings if applicable.	The procedure was performed without exception.	None.
b. Verify that student activity fund deposits are made to an interest bearing bank account (Student Activity Agency Account) maintained by the City Treasurer by obtaining a copy of three months bank statements for each of the schools.	The procedure was performed without exception.	None.
c. Verify that interest earned on the Agency Account is retained in a separate student activity fund and spent by direction of the School Committee by observing interest income postings to said separate account as maintained in the individual student activity funds detailed general ledger.	A separate student activity fund is not used to post interest income.	We recommend a separate fund be established for interest earnings.
d. Verify that deposits and/or transfers made to the Checking Account represented the initial funding of the Checking Account from the Agency Account or the reimbursement of expenses from the Agency Account through the City's warrant process by obtaining the applicable support for all deposits.	The procedure was performed without exception.	None.
e. Verify that the principal is bonded to secure the faithful performance of his/her duties in connection with such account by obtaining a copy of such bond.	The procedure was performed without exception.	None.
2. Obtain (from each Schools' Principal) and evaluate each of the student activity funds maintained at the Schools for the purpose of identifying any individual funds that fall outside the definition of student activity funds in accordance with the Massachusetts Student Activity Law and the Student Activity Accounts Guidelines for Massachusetts School Districts issued by the Massachusetts Association of School Business Officials.	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
3. Obtain and evaluate a sample of 6 student activity Checking Account reconciliation(s) for each School during the engagement period to determine the following:		
a. Reconciliations were signed and dated by the preparer and reviewer	The procedure was performed with the following exception: 4 out of the 6 Checking Account reconciliations selected were not dated by the preparer. Also, 3 out of the 6 reconciliations were not dated by the reviewer.	We recommend procedures be implemented to have the preparer and reviewer sign and date all Checking Account reconciliations.
b. Reconciliations were completed no later than 30 days after month-end	Due to the fact that 4 out of the 6 reconciliations were not dated by the preparer, we could not determine if the reconciliations were completed no later than 30 days after month end.	We recommend procedures be implemented to document the completion of all reconciliations no later than 30 days after month-end.
c. Outstanding checks identified on the reconciliations were supported by a detailed listing	The procedure was performed without exception.	None.
4. Obtain and evaluate the June 30, 2014 student activity Checking and Agency Account reconciliations for each School and trace the balances per the bank reconciliations to the detailed balances of the individual student activity funds.	Procedure performed with the following exception: There is a \$8,217 variance between the bank reconciliations to the detailed balances of the individual student activity funds.	We recommend procedures be implemented to reconcile bank reconciliation balances to the detailed balances of the individual student activity funds.
5. Select a sample of 10 receipts to determine that they were:		
a. Credited to the applicable student activity account	The procedure was performed without exception.	None.
b. Deposited to the applicable Agency Account	The procedure was performed with the following exception: 1 out of the 10 transactions selected was posted to the incorrect Agency Sub-Account.	We recommend procedures be implemented to ensure that deposits are credited to the correct Agency Sub-Account
6. Select a sample of 10 disbursements to determine that they were:		
a. Supported by an approved invoice or other documentation	The procedure was performed without exception.	None.
b. Charged to the applicable student activity account	The procedure was performed without exception.	None.
c. Appear to be related to the purpose for which the student activity fund was created	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
Doherty High School		
1. Determine that the banking and accounting systems related to the Schools' student activity funds have been established in accordance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47). Specifically, we will:		
a. Obtain from the Chief Financial and Operations Officer a list of Student Activity Checking Accounts maintained at the Schools and verify they have been authorized by the School Committee and said School Committee has authorized a maximum balance that may be on hand in such accounts through review of minutes and other documentation to be defined in our findings if applicable.	The procedure was performed without exception.	None.
b. Verify that student activity fund deposits are made to an interest bearing bank account (Student Activity Agency Account) maintained by the City Treasurer by obtaining a copy of three months bank statements for each of the schools.	The procedure was performed without exception.	None.
c. Verify that interest earned on the Agency Account is retained in a separate student activity fund and spent by direction of the School Committee by observing interest income postings to said separate account as maintained in the individual student activity funds detailed general ledger.	The procedure was performed without exception.	None.
d. Verify that deposits and/or transfers made to the Checking Account represented the initial funding of the Checking Account from the Agency Account or the reimbursement of expenses from the Agency Account through the City's warrant process by obtaining the applicable support for all deposits.	The procedure was performed without exception.	None.
e. Verify that the principal is bonded to secure the faithful performance of his/her duties in connection with such account by obtaining a copy of such bond.	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
2. Obtain (from each Schools' Principal) and evaluate each of the student activity funds maintained at the Schools for the purpose of identifying any individual funds that fall outside the definition of student activity funds in accordance with the Massachusetts Student Activity Law and the Student Activity Accounts Guidelines for Massachusetts School Districts issued by the Massachusetts Association of School Business Officials.	The procedures were performed with the following exceptions: We identified fund balances for the Classes of 1999 through 2013. Based on the MASBO's SAAG, funds related to graduated classes should be closed out.	We recommend the High School follow MASBO's SAAG guidance related to graduated classes, which is as follows: a) The School Committee approves a policy that specifies how these monies shall be disposed of upon a class' graduation. Such a policy should specify how long the class account should remain active after graduation (i.e., ninety days) to allow time for outstanding bills to be received and paid. b) After this waiting period, the policy should specify if and how the remaining monies will be transferred to the graduates, if the monies will revert to the incoming senior class, or other specific disposition instructions.
3. Obtain and evaluate a sample of 6 student activity Checking Account reconciliation(s) for each School during the engagement period to determine the following:		
a. Reconciliations were signed and dated by the preparer and reviewer	The procedure was performed without exception.	None.
b. Reconciliations were completed no later than 30 days after month-end	Procedure performed with the following exception: 1 out of the 6 reconciliations selected for testing was not completed within 30 days of month end.	We recommend procedures be implemented to document the completion of all reconciliations no later than 30 days after month-end.
c. Outstanding checks identified on the reconciliations were supported by a detailed listing	The procedure was performed without exception.	None.
4. Obtain and evaluate the June 30, 2014 student activity Checking and Agency Account reconciliations for each School and trace the balances per the bank reconciliations to the detailed balances of the individual student activity funds.	Procedure performed with the following exception: There is a \$21,055 variance between the bank reconciliations to the detailed balances of the individual student activity funds.	We recommend procedures be implemented to reconcile bank reconciliation balances to the detailed balances of the individual student activity funds.
5. Select a sample of 10 receipts to determine that they were:		
a. Credited to the applicable student activity account	The procedure was performed without exception.	None.
b. Deposited to the applicable Agency Account	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
6. Select a sample of 10 disbursements to determine that they were:		
a. Supported by an approved invoice or other documentation	The procedure was performed without exception.	None.
b. Charged to the applicable student activity account	The procedure was performed with the following exception: 2 out of the 10 transactions tested did not identify a fund on the supporting documentation.	We recommend procedures be implemented to identify the specific student activity fund an expense relates to within the supporting documentation for each disbursement.
c. Appear to be related to the purpose for which the student activity fund was created	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Up Procedures	Results	Recommendation
Forest Grove Middle School		
1. Determine that the banking and accounting systems related to the Schools' student activity funds have been established in accordance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47). Specifically, we will:		
a. Obtain from the Chief Financial and Operations Officer a list of Student Activity Checking Accounts maintained at the Schools and verify they have been authorized by the School Committee and said School Committee has authorized a maximum balance that may be on hand in such accounts through review of minutes and other documentation to be defined in our findings if applicable.	The procedure was performed without exception.	None.
b. Verify that student activity fund deposits are made to an interest bearing bank account (Student Activity Agency Account) maintained by the City Treasurer by obtaining a copy of three months bank statements for each of the schools.	The procedure was performed without exception.	None.
c. Verify that interest earned on the Agency Account is retained in a separate student activity fund and spent by direction of the School Committee by observing interest income postings to said separate account as maintained in the individual student activity funds detailed general ledger.	A separate student activity fund is not used to post interest income.	We recommend a separate fund be established for interest earnings.
d. Verify that deposits and/or transfers made to the Checking Account represented the initial funding of the Checking Account from the Agency Account or the reimbursement of expenses from the Agency Account through the City's warrant process by obtaining the applicable support for all deposits.	The procedure was performed without exception.	None.
e. Verify that the principal is bonded to secure the faithful performance of his/her duties in connection with such account by obtaining a copy of such bond.	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
2. Obtain (from each Schools' Principal) and evaluate each of the student activity funds maintained at the Schools for the purpose of identifying any individual funds that fall outside the definition of student activity funds in accordance with the Massachusetts Student Activity Law and the Student Activity Accounts Guidelines for Massachusetts School Districts issued by the Massachusetts Association of School Business Officials.	The procedure was performed without exception.	None.
3. Obtain and evaluate a sample of 6 student activity Checking Account reconciliation(s) for each School during the engagement period to determine the following:		
a. Reconciliations were signed and dated by the preparer and reviewer	The procedure was performed without exception.	None.
b. Reconciliations were completed no later than 30 days after month-end	Procedure performed with the following exception: 1 out of the 6 reconciliations selected for testing was not completed within 30 days of month end.	We recommend procedures be implemented to document the completion of all reconciliations no later than 30 days after month-end.
c. Outstanding checks identified on the reconciliations were supported by a detailed listing	The procedure was performed without exception.	None.
4. Obtain and evaluate the June 30, 2014 student activity Checking and Agency Account reconciliations for each School and trace the balances per the bank reconciliations to the detailed balances of the individual student activity funds.	Procedure performed with the following exception: There is a \$4,329 variance between the bank reconciliations to the detailed balances of the individual student activity funds.	We recommend procedures be implemented to reconcile bank reconciliation balances to the detailed balances of the individual student activity funds.
5. Select a sample of 10 receipts to determine that they were:		
a. Credited to the applicable student activity account	The procedure was performed without exception.	None.
b. Deposited to the applicable Agency Account	The procedure was performed without exception.	None.
6. Select a sample of 10 disbursements to determine that they were:		
a. Supported by an approved invoice or other documentation	The procedure was performed without exception.	None.
b. Charged to the applicable student activity account	The procedure was performed without exception.	None.
c. Appear to be related to the purpose for which the student activity fund was created	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
North High School		
1. Determine that the banking and accounting systems related to the Schools' student activity funds have been established in accordance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47). Specifically, we will:		
a. Obtain from the Chief Financial and Operations Officer a list of Student Activity Checking Accounts maintained at the Schools and verify they have been authorized by the School Committee and said School Committee has authorized a maximum balance that may be on hand in such accounts through review of minutes and other documentation to be defined in our findings if applicable.	The procedure was performed without exception.	None.
b. Verify that student activity fund deposits are made to an interest bearing bank account (Student Activity Agency Account) maintained by the City Treasurer by obtaining a copy of three months bank statements for each of the schools.	The procedure was performed without exception.	None.
c. Verify that interest earned on the Agency Account is retained in a separate student activity fund and spent by direction of the School Committee by observing interest income postings to said separate account as maintained in the individual student activity funds detailed general ledger.	The procedure was performed without exception.	None.
d. Verify that deposits and/or transfers made to the Checking Account represented the initial funding of the Checking Account from the Agency Account or the reimbursement of expenses from the Agency Account through the City's warrant process by obtaining the applicable support for all deposits.	The procedure was performed without exception.	None.
e. Verify that the principal is bonded to secure the faithful performance of his/her duties in connection with such account by obtaining a copy of such bond.	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
2. Obtain (from each Schools' Principal) and evaluate each of the student activity funds maintained at the Schools for the purpose of identifying any individual funds that fall outside the definition of student activity funds in accordance with the Massachusetts Student Activity Law and the Student Activity Accounts Guidelines for Massachusetts School Districts issued by the Massachusetts Association of School Business Officials.	The procedure was performed without exception.	None.
3. Obtain and evaluate a sample of 6 student activity Checking Account reconciliation(s) for each School during the engagement period to determine the following:		
a. Reconciliations were signed and dated by the preparer and reviewer	None of the 6 Checking Account reconciliations selected were dated by the preparer or reviewer.	We recommend procedures be implemented to have the preparer and reviewer date all Checking Account reconciliations.
b. Reconciliations were completed no later than 30 days after month-end	Due to the fact that none of the reconciliations were dated by either the preparer or the reviewer, we could not determine if the reconciliations were completed no later than 30 days after month end.	See recommendation in step 3.a. above
c. Outstanding checks identified on the reconciliations were supported by a detailed listing	The procedure was performed without exception.	None.
4. Obtain and evaluate the June 30, 2014 student activity Checking and Agency Account reconciliations for each School and trace the balances per the bank reconciliations to the detailed balances of the individual student activity funds.	Procedure performed with the following exception: There is a \$2,610 variance between the bank reconciliations to the detailed balances of the individual student activity funds.	We recommend procedures be implemented to reconcile bank reconciliation balances to the detailed balances of the individual student activity funds.
5. Select a sample of 10 receipts to determine that they were:		
a. Credited to the applicable student activity account	The procedure was performed without exception.	None.
b. Deposited to the applicable Agency Account	The procedure was performed without exception.	None.
6. Select a sample of 10 disbursements to determine that they were:		
a. Supported by an approved invoice or other documentation	The procedure was performed without exception.	None.
b. Charged to the applicable student activity account	The procedure was performed without exception.	None.
c. Appear to be related to the purpose for which the student activity fund was created	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
South High School		
1. Determine that the banking and accounting systems related to the Schools' student activity funds have been established in accordance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47). Specifically, we will:		
a. Obtain from the Chief Financial and Operations Officer a list of Student Activity Checking Accounts maintained at the Schools and verify they have been authorized by the School Committee and said School Committee has authorized a maximum balance that may be on hand in such accounts through review of minutes and other documentation to be defined in our findings if applicable.	The procedure was performed without exception.	None.
b. Verify that student activity fund deposits are made to an interest bearing bank account (Student Activity Agency Account) maintained by the City Treasurer by obtaining a copy of three months bank statements for each of the schools.	The procedure was performed without exception.	None.
c. Verify that interest earned on the Agency Account is retained in a separate student activity fund and spent by direction of the School Committee by observing interest income postings to said separate account as maintained in the individual student activity funds detailed general ledger.	A separate student activity fund is not used to post interest income.	We recommend a separate fund be established for interest earnings.
d. Verify that deposits and/or transfers made to the Checking Account represented the initial funding of the Checking Account from the Agency Account or the reimbursement of expenses from the Agency Account through the City's warrant process by obtaining the applicable support for all deposits.	The procedure was performed without exception.	None.
e. Verify that the principal is bonded to secure the faithful performance of his/her duties in connection with such account by obtaining a copy of such bond.	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
2. Obtain (from each Schools' Principal) and evaluate each of the student activity funds maintained at the Schools for the purpose of identifying any individual funds that fall outside the definition of student activity funds in accordance with the Massachusetts Student Activity Law and the Student Activity Accounts Guidelines for Massachusetts School Districts issued by the Massachusetts Association of School Business Officials.	The procedures were performed with the following exceptions: We identified fund balances for the Classes of 2011, 2012 and 2013. Based on the MASBO's SAAG, funds relating to graduated classes should be closed out.	We recommend the High School follow MASBO's SAAG guidance related to graduated classes, which is as follows: a) The School Committee approves a policy that specifies how these monies shall be disposed of upon a class' graduation. Such a policy should specify how long the class account should remain active after graduation (i.e., ninety days) to allow time for outstanding bills to be received and paid. b) After this waiting period, the policy should specify if and how the remaining monies will be transferred to the graduates, if the monies will revert to the incoming senior class, or other specific disposition instructions.
3. Obtain and evaluate a sample of 6 student activity Checking Account reconciliation(s) for each School during the engagement period to determine the following:		
a. Reconciliations were signed and dated by the preparer and reviewer	Procedure performed with the following exception: 1 out of the 6 reconciliations selected for testing was not dated by the reviewer	We recommend procedures be implemented to have the reviewer date all Checking Account reconciliations.
b. Reconciliations were completed no later than 30 days after month-end	Procedure performed with the following exception: 3 out of the 6 reconciliations were not completed within 30 days after month end.	We recommend procedures be implemented to document the completion of all reconciliations no later than 30 days after month-end.
c. Outstanding checks identified on the reconciliations were supported by a detailed listing	The procedure was performed without exception.	None.
4. Obtain and evaluate the June 30, 2014 student activity Checking and Agency Account reconciliations for each School and trace the balances per the bank reconciliations to the detailed balances of the individual student activity funds.	Procedure performed with the following exception: There is a \$89 variance between the bank reconciliations to the detailed balances of the individual student activity funds.	We recommend procedures be implemented to reconcile bank reconciliation balances to the detailed balances of the individual student activity funds.
5. Select a sample of 10 receipts to determine that they were:		
a. Credited to the applicable student activity account	The procedure was performed without exception.	None.
b. Deposited to the applicable Agency Account	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
6. Select a sample of 10 disbursements to determine that they were:		
a. Supported by an approved invoice or other documentation	The procedure was performed without exception.	None.
b. Charged to the applicable student activity account	The procedure was performed without exception.	None.
c. Appear to be related to the purpose for which the student activity fund was created	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
Sullivan Middle School		
1. Determine that the banking and accounting systems related to the Schools' student activity funds have been established in accordance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47). Specifically, we will:		
a. Obtain from the Chief Financial and Operations Officer a list of Student Activity Checking Accounts maintained at the Schools and verify they have been authorized by the School Committee and said School Committee has authorized a maximum balance that may be on hand in such accounts through review of minutes and other documentation to be defined in our findings if applicable.	The procedure was performed without exception.	None.
b. Verify that student activity fund deposits are made to an interest bearing bank account (Student Activity Agency Account) maintained by the City Treasurer by obtaining a copy of three months bank statements for each of the schools.	The procedure was performed without exception.	None.
c. Verify that interest earned on the Agency Account is retained in a separate student activity fund and spent by direction of the School Committee by observing interest income postings to said separate account as maintained in the individual student activity funds detailed general ledger.	A separate student activity fund is not used to post interest income.	We recommend a separate fund be established for interest earnings.
d. Verify that deposits and/or transfers made to the Checking Account represented the initial funding of the Checking Account from the Agency Account or the reimbursement of expenses from the Agency Account through the City's warrant process by obtaining the applicable support for all deposits.	The procedure was performed without exception.	None.
e. Verify that the principal is bonded to secure the faithful performance of his/her duties in connection with such account by obtaining a copy of such bond.	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
2. Obtain (from each Schools' Principal) and evaluate each of the student activity funds maintained at the Schools for the purpose of identifying any individual funds that fall outside the definition of student activity funds in accordance with the Massachusetts Student Activity Law and the Student Activity Accounts Guidelines for Massachusetts School Districts issued by the Massachusetts Association of School Business Officials.	The procedure was performed without exception.	None.
3. Obtain and evaluate a sample of 6 student activity Checking Account reconciliation(s) for each School during the engagement period to determine the following:		
a. Reconciliations were signed and dated by the preparer and reviewer	Procedure performed with the following exceptions: 4 out of the 6 reconciliations tested were not dated by the reviewer. 1 out of the 6 reconciliations was not dated by the preparer.	We recommend procedures be implemented to have the preparer and reviewer date all Checking Account reconciliations.
b. Reconciliations were completed no later than 30 days after month-end	Procedure performed with the following exceptions: 3 out of the 6 reconciliations were not completed within 30 days after month end. 1 out of the 6 reconciliations was not dated, therefore we should not determine if the reconciliation was completed no later than 30 days after month end.	We recommend procedures be implemented to document the completion of all reconciliations no later than 30 days after month-end.
c. Outstanding checks identified on the reconciliations were supported by a detailed listing	The procedure was performed without exception.	None.
4. Obtain and evaluate the June 30, 2014 student activity Checking and Agency Account reconciliations for each School and trace the balances per the bank reconciliations to the detailed balances of the individual student activity funds.	Procedure performed with the following exception: There is a \$1,442 variance between the bank reconciliations to the detailed balances of the individual student activity funds.	We recommend procedures be implemented to reconcile bank reconciliation balances to the detailed balances of the individual student activity funds.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
5. Select a sample of 10 receipts to determine that they were:		
a. Credited to the applicable student activity account	This procedure performed with the following exception: 1 out of the 10 receipts was credited to a fund that was different from the fund identified on the supporting documentation.	We recommend procedures be implemented to ensure that deposits are credited to the correct student activity fund and that the fund identified on the supporting documentation agrees with the fund the deposit is credited to.
b. Deposited to the applicable Agency Account	The procedure was performed without exception.	None.
6. Select a sample of 10 disbursements to determine that they were:		
a. Supported by an approved invoice or other documentation	The procedure was performed without exception.	None.
b. Charged to the applicable student activity account	The procedure was performed with the following exception: 3 out of the 10 transactions tested did not identify a fund on the supporting documentation.	We recommend procedures be implemented to document the student activity account that should be charged.
c. Appear to be related to the purpose for which the student activity fund was created	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
Worcester East Middle School		
1. Determine that the banking and accounting		
a. Obtain from the Chief Financial and Operations Officer a list of Student Activity Checking Accounts maintained at the Schools and verify they have been authorized by the School Committee and said School Committee has authorized a maximum balance that may be on hand in such accounts through review of minutes and other documentation to be defined in our findings if applicable.	The procedure was performed without exception.	None.
b. Verify that student activity fund deposits are made to an interest bearing bank account (Student Activity Agency Account) maintained by the City Treasurer by obtaining a copy of three months bank statements for each of the schools.	The procedure was performed without exception.	None.
c. Verify that interest earned on the Agency Account is retained in a separate student activity fund and spent by direction of the School Committee by observing interest income postings to said separate account as maintained in the individual student activity funds detailed general ledger.	A separate student activity fund is not used to post interest income.	We recommend a separate fund be established for interest earnings.
d. Verify that deposits and/or transfers made to the Checking Account represented the initial funding of the Checking Account from the Agency Account or the reimbursement of expenses from the Agency Account through the City's warrant process by obtaining the applicable support for all deposits.	The procedure was performed without exception.	None.
e. Verify that the principal is bonded to secure the faithful performance of his/her duties in connection with such account by obtaining a copy of such bond.	The procedure was performed without exception.	None.
2. Obtain (from each Schools' Principal) and evaluate each of the student activity funds maintained at the	The procedure was performed without exception.	None.
3. Obtain and evaluate a sample of 6 student activity		
a. Reconciliations were signed and dated by the preparer and reviewer	The procedure was performed without exception.	None.
b. Reconciliations were completed no later than 30 days after month-end	The procedure was performed with the following exception: 4 out of the 6 reconciliations were not completed within 30 days after month end.	We recommend procedures be implemented to document the completion of all reconciliations no later than 30 days after month-end.
c. Outstanding checks identified on the reconciliations were supported by a detailed listing	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
4. Obtain and evaluate the June 30, 2014 student activity Checking and Agency Account reconciliations for each School and trace the balances per the bank reconciliations to the detailed balances of the individual student activity funds.	Procedure performed with the following exception: There is a \$4,543 variance between the bank reconciliations to the detailed balances of the individual student activity funds.	We recommend procedures be implemented to reconcile bank reconciliation balances to the detailed balances of the individual student activity funds.
5. Select a sample of 10 receipts to determine that		
a. Credited to the applicable student activity account	This procedure performed with the following exception: 1 out of the 10 items selected for testing did not identify the student activity fund on the supporting documentation.	We recommend procedures be implemented to document the applicable student activity fund on the supporting documentation.
b. Deposited to the applicable Agency Account	The procedure was performed without exception.	None.
6. Select a sample of 10 disbursements to determine		
a. Supported by an approved invoice or other documentation	The procedure was performed without exception.	None.
b. Charged to the applicable student activity account	The procedure was performed without exception.	None.
c. Appear to be related to the purpose for which the student activity fund was created	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
Worcester Technical High School		
1. Determine that the banking and accounting systems related to the Schools' student activity funds have been established in accordance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47). Specifically, we will:		
a. Obtain from the Chief Financial and Operations Officer a list of Student Activity Checking Accounts maintained at the Schools and verify they have been authorized by the School Committee and said School Committee has authorized a maximum balance that may be on hand in such accounts through review of minutes and other documentation to be defined in our findings if applicable.	The procedure was performed without exception.	None.
b. Verify that student activity fund deposits are made to an interest bearing bank account (Student Activity Agency Account) maintained by the City Treasurer by obtaining a copy of three months bank statements for each of the schools.	The procedure was performed without exception.	None.
c. Verify that interest earned on the Agency Account is retained in a separate student activity fund and spent by direction of the School Committee by observing interest income postings to said separate account as maintained in the individual student activity funds detailed general ledger.	A separate student activity fund is not used to post interest income.	We recommend a separate fund be established for interest earnings.
d. Verify that deposits and/or transfers made to the Checking Account represented the initial funding of the Checking Account from the Agency Account or the reimbursement of expenses from the Agency Account through the City's warrant process by obtaining the applicable support for all deposits.	The procedure was performed without exception.	None.
e. Verify that the principal is bonded to secure the faithful performance of his/her duties in connection with such account by obtaining a copy of such bond.	The procedure was performed without exception.	None.

**CITY OF WORCESTER MASSACHUSETTS
 SCHEDULE OF STUDENT ACTIVITY FUNDS TESTING RESULTS AND RECOMMENDATIONS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014**

Agreed-Upon Procedures	Results	Recommendation
2. Obtain (from each Schools' Principal) and evaluate each of the student activity funds maintained at the Schools for the purpose of identifying any individual funds that fall outside the definition of student activity funds in accordance with the Massachusetts Student Activity Law and the Student Activity Accounts Guidelines for Massachusetts School Districts issued by the Massachusetts Association of School Business Officials.	The procedure was performed without exception.	None.
3. Obtain and evaluate a sample of 6 student activity Checking Account reconciliation(s) for each School during the engagement period to determine the following:		
a. Reconciliations were signed and dated by the preparer and reviewer	The procedure was performed without exception.	None.
b. Reconciliations were completed no later than 30 days after month-end	The procedure was performed without exception.	None.
c. Outstanding checks identified on the reconciliations were supported by a detailed listing	The procedure was performed without exception.	None.
4. Obtain and evaluate the June 30, 2014 student activity Checking and Agency Account reconciliations for each School and trace the balances per the bank reconciliations to the detailed balances of the individual student activity funds.	Procedure performed with the following exception: There is a \$56,473 variance between the bank reconciliations to the detailed balances of the individual student activity funds.	We recommend procedures be implemented to reconcile bank reconciliation balances to the detailed balances of the individual student activity funds.
5. Select a sample of 10 receipts to determine that they were:		
a. Credited to the applicable student activity account	The procedure was performed without exception.	None.
b. Deposited to the applicable Agency Account	The procedure was performed without exception.	None.
6. Select a sample of 10 disbursements to determine that they were:		
a. Supported by an approved invoice or other documentation	The procedure was performed without exception.	None.
b. Charged to the applicable student activity account	The procedure was performed with the following exception: 4 out of the 10 transactions tested did not identify a fund on the supporting documentation.	We recommend procedures be implemented to document the student activity account that should be charged on the supporting documentation.
c. Appear to be related to the purpose for which the student activity fund was created	The procedure was performed without exception.	None.

STANDING COMMITTEE: **FINANCE AND OPERATIONS**

DATE OF MEETING: Tuesday, August 18, 2015

ITEM: Administration (July 8, 2015)

To consider participation in the USDA Community Eligibility Program which provides free meals to all students within the Worcester Public Schools.

PRIOR ACTION:

- 7-23-15 - Referred to the Standing Committee on Finance and Operations. Mr. O'Connell requested that when this item is taken up at the Standing Committee level that the Administration discuss the impact of the change in income eligibility guidelines and discuss the impact on the system's application for grants.

BACKUP:

- Annex A (2 pages) contains a copy of information regarding the item.
Annex B (2 pages) contains a copy of the Massachusetts - Change from Low Income to Economically Disadvantaged Enrollment Data.
Annex C (3 pages) contains a copy of the Redefining Low Income - A New Metric for K-12 Education Data.
Annex D (7 pages) contains a copy a document from the Massachusetts Department of Elementary and Secondary Education revised July 6, 2015.
Annex E (6 pages) contains a copy of a document from the Massachusetts Budget and Policy Center dated July 2, 2015.

An important component of the Healthy, Hunger-Free Kids Act of 2010 (HHFKA) is to ensure that children have access to the nutrition they need to grow into health adults. The Community Eligibility Provision (CEP), as authorized by amendments made in HHFKA, is a tool that allows all children in low income communities to have access to health school meals. CEP allows participating schools to offer healthy, free breakfast and lunches to all students without requiring their families to complete individual applications.

In Massachusetts, 22 districts enrolling 142,000 students have already begun participating in the CEP for their school nutrition program. These communities include Boston, Fitchburg, Holyoke, Lawrence, New Bedford, Salem, Seven Hills Charter School, Southbridge, Springfield, Wareham, and West Springfield, among some other charter schools.

There are a total of 54 districts in Massachusetts eligible to participate in the CEP program (representing 390,000, or 41%, of the state's enrollment). Worcester is one of these districts eligible to participate in the program based on the number of low income students.

The result of adopting this program is reduced administrative burden and increase access to school meals for all children.

The method of determining participation in the program requires at least 40% of enrollment to be direct certified (as being qualified for school lunch program) through enrollment on state benefit services (SNAP, TAFDC, homeless and foster care, and MassHealth). The districts direct certified enrollment is multiplied by 160% to determine the total eligible reimbursement rate for meal programs (to a maximum of 100%).

Based on this formula, Worcester has achieved the maximum 100% reimbursement. This means that all eligible meals served through the Nutrition Program will be reimbursed at the free meal reimbursement rate. The following is a financial analysis of this impact on the program:

Program	Number	Rate	FY15	FY16 CEP	Difference
Reimbursement:					
Lunch – Free	2,356,838	\$3.0975	\$7,300,306	\$8,501,677	\$1,201,371
Lunch - Reduced	119,331	\$2.6975	\$321,895	\$0	-\$321,895
Lunch – Paid	268,521	\$0.3975	\$106,737	\$0	-\$106,737
Breakfast - Free	1,551,404	\$1.9300	\$2,994,210	\$3,477,163	\$482,953
Breakfast - Reduced	83,779	\$1.6300	\$136,560	\$0	-\$136,560
Breakfast - Paid	166,456	\$0.2800	\$46,608	\$0	-\$46,608
Snacks - Free	95,815	\$0.8200	\$78,568	\$86,151	\$7,583
Snacks - Reduced	362	\$0.4100	\$148	\$0	-\$148
Snacks - Paid	8,885	\$0.0700	\$622	\$0	-\$622
Total Reimbursement	4,651,391		\$10,985,654	\$12,064,991	\$1,079,337
Food Sales			\$431,475	\$0	-\$431,475
Universal Breakfast			\$179,000	\$179,000	\$0
Summer Meals			\$63,896	\$63,896	\$0
Total Revenue:			\$11,660,025	\$12,307,887	\$647,862

Worcester has carefully evaluated the CEP allowance for the Child Nutrition program over the past two years and the Administration recommends that this method be adopted for the 2015-2016 school year. In addition to the financial analysis, the program would also see savings of approximately \$40,000 in the cost to process meal application forms, as well as reduce the administrative burden for collection at the school level.

The CEP factor of 100% is guaranteed for the next four year. This means that the district does not have to collect meal applications from families for that period of time and all meals served are fully reimbursed at the free rate. At the end of the four years, or at any point during the CEP program for whatever reason, the WPS can elect to revert to the meal application process if that method is deemed to be more favorable to the district.

Other uses of “low income” and the newly defined “economically disadvantaged” category is summarized by the Administration on the following pages. Additional information on CEP is included as separate attachments.

Massachusetts – Change from Low Income to Economically Disadvantaged

In Massachusetts, the state uses low income enrollments for a wide range of purposes, such as school nutrition, Chapter 70, federal entitlement allocations (district and school), state grant awards, assessment reporting, accountability system, school building reimbursement rates, and research projects – consistent across states. Without the availability of free and reduced enrollments in a growing number of districts, DESE faced the need to develop a new income metric that is consistent across all districts, accurate, and verifiable. The state is considering various models, but is likely going to use the number of students directly certified as receiving state benefits as the new “economically disadvantaged” enrollment totals for districts. Worcester would see a 30.4% change.

Overall, there is a 31.4% decrease in the number of students between the low income enrollment (direct certification and meal application method) and the economically disadvantaged (direct certification only) method.

Use of Economically Disadvantaged Enrollment Data

Use of Data	First Year of Impact	DESE’s Current Solution
Chapter 70 Charter school tuition	FY17	<ul style="list-style-type: none"> Using low income data for FY16 Recommend adjustments to low income increments in FY17 to offset changes Subject to legislative and governor approval
Federal entitlement grants	FY16	<ul style="list-style-type: none"> Use economically disadvantaged data in FY16 calculations Community allocations are based on census data Hold harmless provisions (Title I)
Accountability system	FY16	<ul style="list-style-type: none"> Use economically disadvantaged data in FY16 Developing strategy around longitudinal comparisons
Local use of data	FY16	<ul style="list-style-type: none"> District choice – not required by ESE
Public reporting	FY16	<ul style="list-style-type: none"> Report economically disadvantaged data on ESE website (consistent across all districts)
School Building Authority	FY16	<ul style="list-style-type: none"> Providing technical assistance to the MSBA
Research projects	FY16	<ul style="list-style-type: none"> Working with researchers on how to use the data and identify ways to bridge the change in metrics

The DESE will recommend a change to the Chapter 70 funding formula as part of the FY17 budget process using CEP enrollments for all districts. DESE intends to recommend that the per pupil rate be increased to hold the statewide foundation level equal.

We have analyzed our impact of CEP on our E-Rate reimbursement rate. E-Rate is allowing communities to use their CEP (with 160% factor) as their low income enrollment. Our E-Rate calculation using CEP places us in the highest reimbursement category of funding, possibly ensuring an increase of \$400,000 in annual E-rate funding.

All other DESE uses have moved to CEP calculations for FY16, including federal entitlement grant funding.

Redefining Low Income – A New Metric for K-12 Education Data

For many years, the Department of Elementary and Secondary Education (DESE) has collected data on the number of low income students attending each of our public elementary and secondary schools. Research clearly shows that students from lower income households typically face more learning challenges than students from more affluent households. Collecting data on students' family income helps us to direct more resources to their schools and helps us to monitor how well those schools are doing with those students.

The most commonly used metric for measuring income status has been eligibility for free or reduced price meals under the U.S. Department of Agriculture's school nutrition program. Families submit application forms documenting their household income. If the income falls below certain levels set by USDA, students in that family can then receive free or reduced price school breakfasts and lunches. Under long-standing U.S. Department of Education guidance, these students are then recorded as "low income" for purposes of educational statistics.

Two years ago, USDA introduced the Community Eligibility Program (CEP) as an option for schools and districts with high concentrations of low income students. Under CEP, all students in the participating schools are entitled to receive free meals under the school nutrition program. This eliminates the cost and administrative burden of collecting and processing family applications, as well as the costs associated with collecting lunch fees. More importantly, CEP increases student participation in school nutrition programs, and we know that students learn better when they are not hungry. For all these reasons, DESE is encouraging eligible schools and districts to participate in CEP.

But without the availability of free and reduced price data in many of our largest districts, we faced the need to develop a new income status metric that could be used consistently across the state. This new metric, which we are calling **economically disadvantaged** to differentiate it from the old "low income" measure, will be used to report data from all schools and districts, not just those participating in CEP. The new measure will be based on a student's participation in one or more of the following state-administered programs: the Supplemental Nutrition Assistance Program (SNAP); the Transitional Assistance for Families with Dependent Children (TAFDC); the Department of Children and Families' (DCF) foster care program; and MassHealth (Medicaid).

Individual school districts have used the so-called "direct certification" process to access enrollment data from these programs for many years, in order to validate their free and reduced price school lunch participation. DESE will now use the same direct certification process on a statewide basis. Strict data security protocols are in place at the Executive Office of Health and Human Services to ensure that all confidential data is protected in accordance with federal and state data privacy statutes and MassIT security policies.

Because of this change in methodology, the number of “economically disadvantaged” students reported as enrolled on October 1, 2014, in most schools will be lower than the number of “low income” students reported in 2013-14 and prior years. Obviously this has nothing to do with any real changes in family income; it is simply a shift from one valid measure to another valid measure. Neither measure is “right” or “wrong” (in fact, neither measure lines up exactly with the Census Bureau’s “poverty” definition), but either can be a useful surrogate in identifying how well we are serving children at the lower end of the socioeconomic scale. **It is important for users of this data to understand that enrollment percentages and achievement data for “economically disadvantaged” students cannot be directly compared to “low income” data in prior years.**

How will this change affect particular district programs and activities?

- The foundation budget, which is used to calculate both Chapter 70 school aid and charter school tuition rates, currently relies on free and reduced price data. FY16 will be a transition year, using FY15 free and reduced price data from non-CEP districts and a combination of FY14 free and reduced price data plus direct certification for new students in CEP districts. For FY17 and beyond, we have recommended to the Foundation Budget Review Commission that the low-income increments in the formula be increased sufficiently to offset the lower number of students in the economically disadvantaged category.
- For grant programs that require poverty data for eligibility or entitlement calculations, the appropriate DESE program office will provide guidance directly to districts and schools.
- School building authority reimbursement rates are also based in part on low income percentages. We are providing information to the MSBA Board and will assist them in evaluating alternatives.
- Performance metrics in DESE’s school and district accountability system will be updated to reflect the new measurement. DESE will provide additional guidance to districts regarding this transition.
- Schools and districts that use free and reduced price eligibility for sliding scale fees or other local purposes may continue to do so. For schools participating in CEP, this may involve a combination of direct certification data and some supplemental data collection from families.
- Districts will receive updated SIMS reporting instructions.

For all of us who have used free and reduced price eligibility data for a multitude of purposes over the years, the shift to a new metric will not be easy. Nevertheless, it is a necessary change so that our less affluent cities and towns can take advantage of the many benefits of USDA's Community Eligibility Program. We appreciate your patience and understanding as we work through all the details of this change.

For further information or assistance, please contact:


Rob Curtin, Director of Education Data Services (rcurtin@doe.mass.edu or 781-338-3582) or

Jeff Wulfson, Deputy Commissioner (jwulfson@doe.mass.edu or 781-338-6500)

A Changing Metric: Low Income vs. Economically Disadvantaged

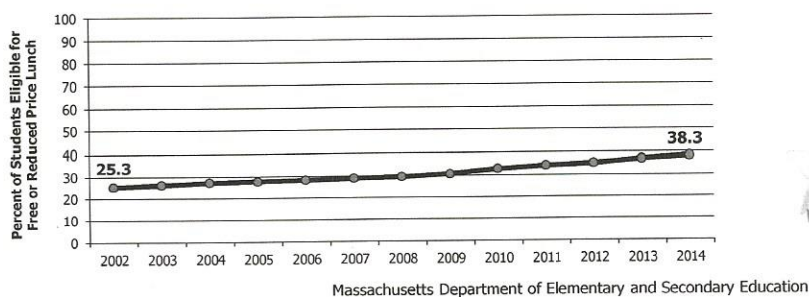
Revised July 6, 2015

MASSACHUSETTS DEPARTMENT OF
ELEMENTARY AND SECONDARY
EDUCATION



Historical Background

- ★ ESE has been collecting student demographic data for decades
- ★ Originally collected in the aggregate; since 2002, collected at the student level through the Student Information Management System (SIMS)
- ★ One variable collected has been "Low Income" – a student's eligibility for free or reduced price lunch under the National School Lunch Act of 1945



Historical Background

- ★ “Low Income” data have been used for a wide range of purposes
 - ★ School nutrition
 - ★ Chapter 70
 - ★ Federal entitlement allocations (district and school)
 - ★ State grant awards
 - ★ Assessment reporting
 - ★ Accountability system
 - ★ School building reimbursement rates
 - ★ Research projects – consistent across states
- ★ Participation in NSLP high but not 100%



Massachusetts Department of Elementary and Secondary Education

A Changing Landscape

- ★ In 2011-12 school year, the U.S. Department of Agriculture began a three year pilot of the **Community Eligibility Provision** (CEP)
- ★ Program allowed districts or schools that met a certain threshold of qualifying students (40%) to offer free breakfast and lunch to all students without collecting eligibility forms for all students
- ★ Students are qualified through means other than collecting eligibility forms such as Direct Certification (EOHHS maintained database tracking enrollment in SNAP, TAFDC, foster care and MassHealth)
- ★ USDA reimbursement for free meals based on 160% of the direct certification count



Massachusetts Department of Elementary and Secondary Education

CEP Benefits

- ★ Higher participation in breakfast and lunch programs
 - ★ Reduced cost to families
 - ★ No stigma in program
- ★ Eliminates reporting burden for families and schools
- ★ Eliminates burden of collecting and accounting for lunch fees
- ★ Loss of lunch fees offset by higher USDA reimbursement and cost savings – many districts will come out ahead financially



Massachusetts Department of Elementary and Secondary Education

Massachusetts Participation in CEP

- ★ Massachusetts joined USDA pilot in 2013-14 and Boston public schools served as the pilot district
- ★ Starting in 2014-15, the program was available to all districts

School Year	Number of Districts Participating	Number of Students	Percent of State Enrollment
2013-14	1	57,000	6%
2014-15	22	142,000	15%
2015-16	54*	390,000	41%

* Based on eligibility – actual number to be determined



Massachusetts Department of Elementary and Secondary Education

Defining a New Metric -- Considerations

- ★ Consistent across all districts (CEP and non-CEP)
- ★ Accurate
- ★ Verifiable
- ★ Student-level
- ★ Minimize administrative burden



Massachusetts Department of Elementary and Secondary Education

Defining a New Metric -- Options

Potential Option	Considerations
1. Require CEP districts to collect income data from all students	<ul style="list-style-type: none"> • Additional burden on districts implementing CEP • No incentive for families to report
2. Use census poverty data	<ul style="list-style-type: none"> • Doesn't provide student level data • Doesn't align with district boundaries
3. Use state revenue data	<ul style="list-style-type: none"> • Privacy issues • Not all low income families file
4. Match against the Direct Certification database	<ul style="list-style-type: none"> • Results in lower poverty numbers • Break in trend data
5. Multiply the Direct Certification count by a factor to approximate the low income count	<ul style="list-style-type: none"> • Allowable use by the USED and USDA (160%) • Doesn't provide a student by student accounting
6. Classify all students in CEP districts as low income	<ul style="list-style-type: none"> • Consistent with current definition • Windfall for CEP districts • Reduces usefulness of metric



What are Other States Doing?

- ★ Delaware
 - ★ Implement Community Eligibility and move away from collecting income forms
 - ★ Use Direct Certification percentage as a new metric
- ★ California
 - ★ Continue requirement to collect income forms for all students
 - ★ Allow one form to be active record for four years if no substantive change
- ★ Kentucky and Michigan
 - ★ Require annual collection of income forms for all students
- ★ We expect that USED will eventually recommend a new standard after these and other options are studied over a period of years

Massachusetts Department of Elementary and Secondary Education



How It Works

- ★ ESE collaborates with EOHHS to match **all enrolled students** against the Direct Certification database
- ★ Matches students that are participating in SNAP, TAFDC, foster care or MassHealth (up to 130% of poverty)
- ★ Match is run three times a year (October 1, March 1 and end of year)
- ★ Result is a student by student classification of **"economically disadvantaged"** status

Massachusetts Department of Elementary and Secondary Education

10



How do the Results Compare?

Year	Measure	# of Students Enrolled	Number Classified	Percent Classified
2013-14	Low Income	955,739	365,885	38.3%
2014-15	Economically Disadvantaged	955,844	251,026	26.3%

- ★ Statewide percentage decreased by 12 percentage points
- ★ 31.4% reduction in the number of students
- ★ Differentiated impact across districts
- ★ Of the ten districts with the highest relative share of the low income population in 2014, nine of the ten are still in the top ten of relative share with the new metric



Massachusetts Department of Elementary and Secondary Education

Specific District Impacts 2014 Top 10 Highest # of Low Income

District	2014 Low Income #	2015 Econ. Disadv. #	% Change
Springfield	22,556	17,330	-23.2%
New Bedford	9,635	6,984	-27.5%
Fall River	8,080	5,799	-28.2%
Worcester	17,923	12,478	-30.4%
Lawrence	12,474	8,572	-31.3%
State	365,885	251,026	-31.4%
Lowell	10,540	6,896	-34.6%
Boston	42,169	26,754	-36.6%
Lynn	11,933	6,870	-42.4%
Brockton	13,722	7,892	-42.5%
Everett	5,506	2,882	-47.7%



Massachusetts Department of Elementary and Secondary Education

Specific Program Impacts

Use of Data	First Year of Impact	Current Solution
Chapter 70 Charter school tuition	FY17	<ul style="list-style-type: none"> Using low income data for FY16 Recommend adjustments to low income increments in FY17 to offset changes Subject to legislative and governor approval
Federal entitlement grants	FY16	<ul style="list-style-type: none"> Use economically disadvantaged data in FY16 calculations Community allocations are based on census data Hold harmless provisions (Title I)
Accountability system	FY16	<ul style="list-style-type: none"> Use economically disadvantaged data in FY16 Developing strategy around longitudinal comparisons



Massachusetts Department of Elementary and Secondary Education

Specific Program Impacts

Use of Data	First Year of Impact	Current Solution
Local use of data	FY16	<ul style="list-style-type: none"> District choice – not required by ESE
Public reporting	FY16	<ul style="list-style-type: none"> Report economically disadvantaged data on ESE website (consistent across all districts)
School Building Authority	FY16	<ul style="list-style-type: none"> Providing technical assistance to the MSBA
Research projects	FY16	<ul style="list-style-type: none"> Working with researchers on how to use the data and identify ways to bridge the change in metrics



Massachusetts Department of Elementary and Secondary Education



July 2, 2015

FAQ: Expanding School Meals and Implications for School Funding Formulas

What's the national school meal program and who's eligible?

The national school meals program helps ensure that low-income kids get healthy lunch and breakfast while at school.

Historically, at the beginning of every school year, families filled out an application declaring their household income. Kids in families below 130 percent of the federal poverty level received free meals. Those between 130 and 185 percent received reduced-price meals. Schools were reimbursed by the federal government based on detailed records of which kids (free, reduced, or paid) were eating meals on a daily basis. (For more info: MassBudget's Children's Budget pages for [School Lunch](#) and [School Breakfast](#))

What does the school meal program have to do with school funding formulas?

As the best available data on family income, school funding formulas have for many years used meal status for distributing funding. Massachusetts, for instance, uses free or reduced price meal status in the Chapter 70 school funding formula, targeting additional state funding to districts with more low-income students. This funding is intended to provide supports like extended day and smaller class sizes. (More info: [Demystifying the Chapter 70 Formula](#))

How is the process of enrollment for school meals changing with Direct Certification?

Recognizing that many low-income families are already enrolled in other public programs that use similar income criteria--e.g. food stamps and MassHealth (or Medicaid)--districts have moved towards directly enrolling kids for free meals if their families are already enrolled in one of these other programs. Called "Direct Certification" this process automatically enrolls many eligible kids for free meals. It is intended to reduce the administrative burden on families and school districts of filling out and collecting income forms.

What is the Community Eligibility Provision for offering universal free meals in low-income schools?

The national school meals program is now building on Direct Certification by allowing schools or districts with at least 40 percent of their kids directly certified for school meals the option to provide

This research was funded in part by the Annie E. Casey Foundation. We thank them for their support but acknowledge that the findings and conclusions presented in this report are those of MassBudget alone, and do not necessarily reflect the opinions of the Foundation.

free meals to all students every day. Called “Community Eligibility” this program can increase revenue for participating schools and dramatically reduce daily record-keeping in school cafeterias. With all students participating, Community Eligibility can also help reduce the stigma of being identified by peers as low-income. The program provides more children with better access to free meals – and we know that children learn better when they are not hungry (More info: [Food Insecurity Affects School Children’s Academic Performance, Weight Gain, and Social Skills](#)). During the 2013-2014 school year Boston was the first school district to pilot Community Eligibility in Massachusetts. Twenty-two additional districts are participating this school year. (More info: [Community Eligibility: Making High-Poverty Schools Hunger Free](#))

For districts that adopt Community Eligibility, Direct Certification eliminates the need to collect school meal applications from every family each year.

What’s happening with districts that do not adopt Community Eligibility?

Districts that do not adopt Community Eligibility still directly certify some students for school meals based on the data matching process described above. They then send out the traditional free and reduced price meal applications to all other families.

How are changes to the school meal program affecting school funding formulas?

Since the income data gathered by the traditional free and reduced price meal forms has historically been used to inform many school funding programs, and since Community Eligibility districts no longer collect these forms from every family every year, the state needs to determine a new approach for counting low-income students in these districts. For instance, the state’s Chapter 70 education funding formula – the largest source of school funding in low-income districts – uses these headcounts as a key variable in determining state support.

At best, Direct Certification only identifies those low-income families already enrolled in other programs. Therefore, Direct Certification tends to identify many fewer low-income families than does the traditional free and reduced meal application process, making it insufficient for Chapter 70 purposes to simply replace free and reduced meal headcounts with Direct Certification headcounts; most districts would see large reductions (a few would see increases) in state support for low-income students even though there would be no real change in the actual needs of their student populations.

Direct Certification rates tend to be lower for several reasons, including that the two processes use slightly different eligibility standards; the data matching process is challenging to get 100% correct, especially when reconciling partial matches (e.g. reconciling nickname variations, different date formatting, spelling mistakes, etc.); and high-poverty districts that have at least 62.5 percent Direct Certification rates have no need to identify additional eligible kids through data-matching, since they will already receive 100 percent reimbursement from the federal government for all of their kids (More info, see p. 8: [Community Eligibility: Making High-Poverty Schools Hunger Free](#)).

What are we doing about this in Massachusetts?

This research was funded in part by the Annie E. Casey Foundation. We thank them for their support but acknowledge that the findings and conclusions presented in this report are those of MassBudget alone, and do not necessarily reflect the opinions of the Foundation.

Over the past few years, the Department of Elementary and Secondary Education (DESE) has supported districts in rolling out Direct Certification and Community Eligibility. Additionally, DESE is developing ideas for adjusting school funding programs (e.g. Chapter 70) to account for this new data collection process in Community Eligibility districts.

Specifically, instead of using the traditional free and reduced meal status for counting “low-income” students in a school, DESE has recently developed a new “economically disadvantaged” measure. DESE is proposing that the new “economically disadvantaged” measure be used for counting low-income kids in all districts, not just those participating in Community Eligibility (even though non-Community Eligibility districts continue to distribute free and reduced meal application forms to all families every year). In order to distinguish between these two approaches, DESE is now calling the traditional free and reduced application method the “low-income” approach. DESE appears to be proposing this uniform change in order to maintain consistency of the data used in Chapter 70. Otherwise, low-income students would be counted by different methods in Community Eligibility and non-Community Eligibility districts.

The new measure essentially uses a Direct Certification approach, automatically counting students as “economically disadvantaged” if they are in one or more of the following programs: the Supplemental Nutrition Assistance Program (food stamps), Transitional Assistance for Families with Dependent Children (TAFDC), MassHealth, or the state foster care program. This definition does not include other youth that are categorically eligible under federal rules, including those in families participating in Head Start as well as migrant and homeless youth.

The new “economically disadvantaged” measure generates a lower statewide estimate of low-income students than does the current “low-income” measure – 26 percent versus 38 percent. Further, the specific size of this gap varies considerably by district. Communities with more immigrants, for instance, appear likely to have larger gaps between these two measures since immigrants enroll in public programs at lower rates (and some are ineligible altogether). Also causing gaps may be local variations in program participation and variations in school district record keeping and administrative capacity to reconcile partial data matches.

Districts with large gaps under "economically disadvantaged" calculation

District	"Low-Income" FY 2014 (Free/Reduced Price Meals)	"Economically Disadvantaged" FY 2015 (Direct Certification)	Percentage Change
Revere	78%	37%	-52%
Everett	80%	41%	-49%
Somerville	67%	36%	-47%
Lynn	83%	46%	-44%
South Middlesex Regional Voc.	65%	36%	-44%
Brockton	81%	46%	-43%
Chelsea	83%	48%	-43%
Lawrence Regional Voc.	84%	48%	-42%
Boston	78%	49%	-37%
Lawrence	92%	62%	-33%

Recognizing that the total number of kids newly identified as "economically disadvantaged" is lower than the number identified as "low-income" under the traditional free and reduced meal application system, DESE has proposed increasing the Foundation Budget rate associated with these kids. The goal is to make this adjustment in a way that is cost-neutral overall, with districts receiving roughly the same amount of Chapter 70 funding as they would have under the old approach. (More info: [A New Metric for K-12 Education Data](#)).

It is unclear how this would work in practice, however, since the gap between low-income student counts under the new and old methods varies widely across districts (see examples in table above). Increasing the Foundation Budget rate for all districts uniformly would create winners and losers, with some districts getting more aid than they historically have received and others receiving less.

How might we also improve the Direct Certification process?

There will likely always be some gap between the proposed "economically disadvantaged" method and those identified as "low-income" under the old system. Nonetheless, the gap can be closed significantly by implementing a high-quality Direct Certification system that both enrolls all eligible families in the appropriate public programs and effectively matches these families with school enrollment records.

Specific improvements to Direct Certification could include:

- Including migrant youth, homeless youth, and families participating in Head Start in the new "economically disadvantaged" measure. These student groups can be automatically eligible for school meals under federal rules, but they are not included under current state rules.
- Broadening the MassHealth match for "economically disadvantaged" students. Currently the measure only captures families on MassHealth up to 130 percent of the federal poverty level. Traditionally, families up to 185 percent of poverty have been eligible for the school meals program, so the MassHealth match could be adjusted accordingly up to 185 percent of poverty.

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- Encouraging closer coordination between school districts and social service providers in order to better ensure that all eligible families are enrolling in the public programs captured by the new “economically disadvantaged” measure (e.g. food stamps and MassHealth). This would both help expand access to food and health care for lower income families and mean that fewer children would be missed in DESE’s measure of “economically disadvantaged” for Chapter 70 school funding purposes.
- Improving administrative capacity to better facilitate the technical work of data matching – at the school, district and state levels – so that no eligible students fall through the cracks. For instance, non-uniform tracking of variations in names (nicknames, middle names, abbreviations, etc) and dates of birth, can lead to partial matches and significant unintended misses in the data matching system. As districts become more familiar with these processes, systems can be implemented to help minimize these misses.

What are some other options for adjusting school funding mechanisms?

Since Community Eligibility became an option nationwide only this year, many other states are also now dealing with similar decisions. As a stopgap, many are applying year-old free and reduced meal percentages to current enrollment totals for Community Eligibility districts. DESE is doing a version of this for FY 2016 and could consider a slightly extended phase-in as the new system is refined and built. Income status in communities can vary year to year, however, so approaches like these will necessarily be temporary.

Options for ensuring accurate low-income headcounts for school funding purposes (e.g. Chapter 70) include:

- Continue using the traditional free and reduced meal application counts (what DESE is now calling the “low-income” method) for non-Community Eligibility districts. For Community Eligibility districts, adopt a new, simplified income form for kids not identified initially through the Direct Certification process. This form could be similar to, and simpler than, the current free and reduced meal application form. And since income levels for school districts do not fluctuate much year-to-year, we could consider gathering these additional forms on a less regular basis. California, for instance, is collecting a supplemental income form once every four years in Community Eligibility districts. This can be done online and integrated into a district’s regular registration packet. (More info: [California School Boards Association Factsheet](#).)

One potential challenge with this approach is that families have less incentive to fill out these income forms when it is not tied to receipt of school meals. States can, however, require that families fill out these forms. They cannot currently require families to fill out free and reduced meal applications.

- Communities with more immigrants appear likely to have larger gaps between the two measures since immigrants enroll in public programs at lower rates (and some are ineligible altogether). Therefore, the state could include in the “economically disadvantaged” measure some estimate of the immigrant population in a given community. English language learner status, for instance, could be used as a proxy for a community’s immigrant population and could be considered somehow by the formula.

- Utilize Census data on the household income by school district or municipality as part of estimating students in poverty. There are some real limitations to relying exclusively on Census data, however. Some Census data is not a direct headcount of people at different income levels, but rather a sample, and sample sizes are sometimes small for remote parts of the state. Additionally, the Census data does not distinguish between which school-aged kids are enrolled in public schools. For these reasons, Census estimates could probably only be used as part of a blended estimate.
- Rather than adjusting the Foundation Budget rate associated with students in poverty, as is currently proposed by DESE, the state could instead adjust upwards the “economically disadvantaged” estimate by an amount that brings communities back close to their historic “low-income” estimate level (based on free and reduced meal applications). This would have the benefit of keeping intact the cost assumptions underlying the Foundation Budget, which aim to articulate the level of educational supports we want to provide each student. And just as adjusting the Foundation Budget rate could be done in a way that is cost neutral statewide, adjusting the headcount estimate could also be made cost neutral. But since the gap between “economically disadvantaged” and “low-income” varies significantly by district, it will be challenging to find an adjustment method – for either the Foundation Budget rate or the headcount estimate – that treats all communities fairly.

Direct Certification and Community Eligibility represent meaningful improvements for students in Massachusetts, helping ensure that kids eat healthy breakfasts and lunches while in school - and we know that children learn better when they are not hungry. These new programs have led to some transition challenges for school funding mechanisms, but options exist for preserving these positive improvements while limiting or avoiding technical problems.

ITEM: motion
gb #5-93

STANDING COMMITTEE: **FINANCE AND OPERATIONS**

DATE OF MEETING: Tuesday, August 18, 2015.

ITEM: Miss Biancheria/Mr. Foley/Mr. Monfredo/Ms. Novick/Mr. O'Connell/
Miss Ramirez/Mayor Petty (March 11, 2015)

Request that the Administration forward the Foundation Budget Review Committee's report to the Standing Committee on Finance and Operations.

PRIOR ACTION:

3-20-15 -

1. FY15 Budget

Dr. Boone discussed the status of the FY15 Budget and highlighted the 9c. state budget reductions.

Mr. Monfredo requested that the School Committee meet more often with the local delegation.

Ms. Novick stated that IA positions are being preserved by freezing accounts.

(Continued on page 2.)

BACKUP:

Annex A (1 page) contains a copy of the list of topics to be discussed.

Annex B (12 pages) contains a copy of the Foundation Budget Review Commission Preliminary Report.

PRIOR ACTION (continued)

3-20-15 - (continued)

2. FY16 Budget

Mr. Allen made a presentation on the FY16 Budget.

Representative Mahoney asked Mr. Allen how much the budget would increase if the per pupil aid were to be \$25 instead of \$20.

Mr. Allen indicated that he would provide the calculation.

Senator Chandler asked about the number of out-of-district special education students.

Mr. Allen indicated that he would provide that number.

Miss Biancheria made the following motion:

Request that the Administration provide a list of schools with the current enrollment figures.

On a voice vote, the motion was approved.

Senator Chandler inquired as to the impact of the summer programs on MCAS scores in the past.

3. Foundation Budget Review Committee

It was moved and voice voted to refer gb #5-93 to the Standing Committee on Finance and Operations.

It was moved and voice voted to file the following items:

gb #4-177 - Ms. Novick/Mr. Monfredo/Mr. Foley/Mr. O'Connell/Miss Biancheria (May 28, 2014)

Request Administration calculate the effect on the Worcester Public Schools foundation budget were the state to use actual special education enrollment figures in the calculation.

gb #4-212 - Ms. Novick/Mr. Foley/Mr. O'Connell/Mr. Monfredo (July 22, 2014)

To set priorities regarding the state's reconsideration of the foundation formula.

TOPICS

2. FY15 Budget

(Annex B) contains a copy of a memorandum from Dr. Boone regarding the status of the FY15 Budget – 9c State Budget Reductions

Kindergarten Expansion Grants

2. FY16 Budget

A brief presentation will be made at the meeting

Kindergarten Expansion Grants

3. Foundation Budget Review Committee

(Annex C) contains copies of testimony presented at the meeting, one from Dr. Boone alone, and another from Mayor Petty, City Manager Augustus and Dr. Boone.

Inclusion of full day pre-school in the Foundation Budget

Additional funding for K-3 low income schools regarding class size reduction

Items to be answered and filed:

*gb #4-177 - Ms. Novick/Mr. Monfredo/Mr. Foley/Mr. O'Connell/Miss Biancheria
(May 28, 2014)*

Request Administration calculate the effect on the Worcester Public Schools foundation budget were the state to use actual special education enrollment figures in the calculation.

gb #4-212 - Ms. Novick/Mr. Foley/Mr. O'Connell/Mr. Monfredo (July 22, 2014)

To set priorities regarding the state's reconsideration of the foundation formula.

4. MSBA Projects

(Annex D) contains a copy of the report entitled, "School Renovation Projects."

5. Chapter 222

(Annex E) contains a copy of Chapter 222 of the Acts of 2012.

Suspension process clarification for those students who endanger the safety of other students in the school

6. Mandatory program funding such as fingerprinting

7. Possible action on lifting the charter school cap

8. Chapter 74 Funds

Foundation Budget Review Commission

Preliminary Report

June 30, 2015

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Foundation Budget Review Commission Membership

Commission Chairs

Senator Sonia Chang-Díaz, *Senate Chair of the Joint Committee on Education*

Representative Alice H. Peisch, *House Chair of the Joint Committee on Education*

Commission Members

Tom Moreau, *Secretary of Education Designee*

Commissioner Mitchell D. Chester, *Department of Elementary & Secondary Education*

Commissioner Tom Weber, *Department of Early Education & Care*

Representative Michael Moran, *Speaker of the House Designee*

Senator Patricia Jehlen, *Senate President Designee*

Representative Kim Ferguson, *House Minority Leader Designee*

Edward Moscovitch, *Senate Minority Leader Designee*

Paul Reville, *Governor Designee*

Evan Ross, *House Ways & Means Chair Designee*

Senator Sal DiDomenico, *Senate Ways & Means Chair Designee*

Mayor Kevin Dumas, *Massachusetts Municipal Association Appointee*

Joe Esposito, *Massachusetts Business Alliance for Education Appointee*

Patrick Francomano, *Massachusetts Association of School Committees Appointee*

Mary Bourque, *Massachusetts Association of School Superintendents Appointee*

Barbara Madeloni, *Massachusetts Teachers Association Appointee*

John Coleman Walsh, *American Federation of Teachers Massachusetts Appointee*

John Lafleche, *Massachusetts Association of Vocational Administrators Appointee*

Michael Wood, *Massachusetts Association of Regional Schools Appointee*

David Verdolino, *Massachusetts Association of School Business Officials Appointee*

Advisory Members (non-voting)

Mary Frantz, *League of Women Voters of Massachusetts Appointee*

Luc Schuster, *Massachusetts Budget and Policy Center Appointee*

JD Chesloff, *Massachusetts Business Roundtable Appointee*

Jennifer Francioso, *Massachusetts Parent Teacher Association Appointee*

Carolyn Ryan, *Massachusetts Taxpayers Foundation Appointee*

Jason Williams, *Stand for Children Massachusetts Appointee*

Chris Martes, *Strategies for Children Appointee*

Commission Staff

Jennie Williamson, *Research Director of the Joint Committee on Education*

Nathanael Shea, *Chief of Staff in the Office of Senator Sonia Chang-Díaz*

Chapter 165 of the Acts of 2014

SECTION 124. Chapter 70 of the General Laws is hereby amended by striking out section 4, as so appearing, and inserting in place thereof the following section:-

Section 4. Upon action of the general court, there shall periodically be a foundation budget review commission to review the way foundation budgets are calculated and to make recommendations for potential changes in those calculations as the commission deems appropriate. In conducting such review, the commission shall seek to determine the educational programs and services necessary to achieve the commonwealth's educational goals and to prepare students to achieve passing scores on the Massachusetts Comprehensive Assessment System examinations. The review shall include, but not be limited to, those components of the foundation budget created pursuant to section 3 of chapter 70 and subsequent changes made to the foundation budget by law. In addition, the commission shall seek to determine and recommend measures to promote the adoption of ways in which resources can be most effectively utilized and consider various models of efficient and effective resource allocation. In carrying out the review, the commissioner of elementary and secondary education shall provide to the commission any data and information the commissioner considers relevant to the commission's charge.

The commission shall include the house and senate chairs of the joint committee on education, who shall serve as co-chairs, the secretary of education, the commissioner of elementary and secondary education, the commissioner of early education and care, the speaker of the house of representatives or a designee, the president of the senate or a designee, the minority leader of the house of representatives or a designee, the minority leader of the senate or a designee, the governor or a designee, the chair of the house committee on ways and means or a designee, the chair of the senate committee on ways and means or a designee and 1 member to be appointed by each of the following organizations: the Massachusetts Municipal Association, Inc., the Massachusetts Business Alliance for Education, Inc., the Massachusetts Association of School Committees, Inc., the Massachusetts Association of School Superintendents, Inc., the Massachusetts Teachers Association, the American Federation of Teachers Massachusetts, the Massachusetts Association of Vocational Administrators, Inc., the Massachusetts Association of Regional Schools, Inc. and the Massachusetts Association of School Business Officials. Members shall not receive compensation for their services but may receive reimbursement for the reasonable expenses incurred in carrying out their responsibilities as members of the commission. The commissioner of elementary and secondary education shall furnish reasonable staff and other support for the work of the commission. Prior to issuing its recommendations, the commission shall conduct not fewer than 4 public hearings across regions of the commonwealth. It shall not constitute a violation of chapter 268A for a person employed by a school district to serve on the commission or to participate in commission deliberations that may have a financial impact on the district employing that person or on the rate at which that person may be compensated. The commission may establish procedures to ensure that no such person participates in commission deliberations that may directly affect the school districts employing those persons or that may directly affect the rate at which those persons are compensated.

SECTION 278. (a) The foundation budget review commission established in section 4 of chapter 70 of the General Laws shall file its report on or before June 30, 2015. A copy of the report and recommendations shall be made publicly available on the website of the department of elementary and secondary education and submitted to the joint committee on education.

(b) In addition to the membership listed in section 4 of chapter 70 of the General Laws and for the purposes of this review, there shall be 1 advisory nonvoting member of the foundation budget review commission from each of the following organizations: the League of Women Voters of Massachusetts, the Massachusetts Budget and Policy Center, the Massachusetts Business Roundtable, the Massachusetts Parent Teacher Association, the Massachusetts Taxpayers Foundation, Stand for Children and Strategies for Children. Advisory members shall be informed in advance of any public hearings or meetings scheduled by the commission and may be provided with written or electronic materials deemed appropriate by the commission's co-chairs. Before finalizing its recommendations, the foundation budget commission established in said section 4 of said chapter 70 shall solicit input from advisory members who may offer comments or further recommendations for the commission's consideration.

Executive Summary

Sections 124 and 278 of the FY15 State Budget established the Foundation Budget Review Commission (Commission) to “review the way foundation budgets are calculated and to make recommendations for potential changes in those calculations as the commission deems appropriate.” In conducting such review, the Commission was charged with determining “the educational programs and services necessary to achieve the commonwealth’s educational goals and to prepare students to achieve passing scores on the Massachusetts Comprehensive Assessment System examinations.” The statute also directed the Commission to review “those components of the foundation budget created pursuant to section 3 of chapter 70 and subsequent changes made to the foundation budget by law,” and to “determine and recommend measures to promote the adoption of ways in which resources can be most effectively utilized and consider various models of efficient and effective resource allocation.”

To inform its deliberations, the Commission conducted six public hearings across the Commonwealth to solicit testimony from members of the public (*refer to Appendix A for a summary of public hearing comments*). The Commission also held seven meetings between October 2014 and June 2015, during which members examined relevant research and considered information and data presented by various stakeholders (*refer to Appendix B for a summary of the Commission meetings and a list of documents reviewed at each meeting*).

This document summarizes the preliminary findings and recommendations developed by the Commission as of June 30, 2015. The Commission has sought a legislative extension to continue its deliberations through November 1, 2015, by which time the Commission plans to release a final report containing its additional recommendations.

This preliminary report contains two parts: Part A and Part B. Part A contains the Commission’s recommendations for certain adjustments to the Health Insurance and Special Education components of the foundation budget formula. These recommendations were finalized and approved unanimously by the Commission on June 9th, 2015. Part B contains a summary of the other topics that the Commission plans to review during its extended deliberations and aims to address in the final report.

Findings & Recommendations

- PART A -

The Education Reform Act of 1993 established the foundation budget to ensure adequate funding for all students in Massachusetts. Since then, some of the assumptions contained in the formula for calculating the foundation budget have become outdated. In particular, the actual costs of health insurance and special education have far surpassed the assumptions built into the formula for calculating the foundation budget.¹ As a result, those costs have significantly reduced the resources available to support other key investments.

I. Health Insurance

Findings

Actual spending on employee health insurance far exceeds the current foundation budget allotment for such costs, as noted in several recent studies.² Statewide, district spending on “Employee Benefits & Fixed Charges” exceeds the foundation budget allotment by more than 140%.³ This is primarily due to the dramatic growth in health insurance costs nationwide and the fact that such costs have increased at a significantly higher rate than the rate of inflation used to adjust the foundation budget. In addition, the “Employee Benefits & Fixed Charges” component of the foundation budget does not include retiree health insurance, even though districts or communities incur such costs.

In developing the below recommendations, the Commission leveraged the collective expertise of its members to engage in discussions about how to address the discrepancy between the foundation budget and actual spending on health insurance. To inform such discussions, the Commission reviewed the factors encompassed in the “Employee Benefits & Fixed Charges” component of the formula, examined data on municipal health insurance trends, and reviewed information regarding the participation of school district employees in the state’s Group Insurance Commission (GIC) health plans.

Recommendations

1. Adjust the employee health insurance rate captured in the “Employee Benefits/Fixed Charges” component of the formula to reflect the average⁴ Group Insurance Commission (GIC) rate*;
2. Add a new category for “Retired Employee Health Insurance” to the foundation budget; and
3. Establish a separate health care cost inflation adjustor for the employee health insurance portion of the “Employee Benefits/Fixed Charges” component of the formula, based on the change in the GIC rates.

¹ Recent studies have estimated the gap between foundation and actual spending in these categories to be as high as \$2.1 billion combined (*Massachusetts Budget & Policy Center, “Cutting Class: Underfunding the Foundation Budget’s Core Education Program,” 2011; Massachusetts Business Alliance for Education, “School Funding Reality: A Bargain Not Kept,” 2010; Massachusetts Department of Elementary & Secondary Education, “Report on the Status of the Public Education Financing System in Massachusetts,” 2013*).

² Ibid.

³ Melissa King & Roger Hatch, DESE. “Massachusetts Foundation Budget: Focus on Special Education and Health Insurance.” March 2015. Powerpoint presentation.

⁴ While the Commission recommends using the average rate, it acknowledges that there may be other benchmarks that the Legislature may find more appropriate.

* The increment representing the other parts of the “Employee Benefits/Fixed Charges” component would remain the same.

II. Special Education

Findings

Foundation enrollment accounts for the additional costs of providing special education services through an assumed rate of district enrollment, rather than an actual count of students. A district's foundation enrollment is multiplied by 3.75% to add additional special education resources to the foundation budget. This translates to an assumption that 15% of students receive in-district special education services 25% of the time.⁵ In actuality, around 16% of students receive some level of in-district special education services statewide⁶, which suggests that the foundation budget understates the number of in-district special education students. Out-of-district special education enrollment is assumed at 1% of foundation enrollment, which mirrors the rate of out-of-district special education placements statewide. However, districts spend far more on special education tuition for out-of-district placements than what is allocated through the foundation budget. In FY13, actual costs were 59% higher than the foundation budget rate of \$25,454.⁷ To address the fact that the foundation budget understates the number of in-district special education students and the cost of out-of-district special education, the Commission has developed the below recommendations.

Recommendations

1. Increase the assumed in-district special education enrollment rate from 3.75% to 4.00% (for non-vocational students) and 4.75% to 5.00% (for vocational students)
 - *Current assumption (3.75%) = 15% of students receiving SPED services 25% of the time*
 - *Proposed change (4.00%) = 16% of students receiving SPED services 25% of the time*
2. Increase the out-of-district special education cost rate to capture the total costs that districts bear before circuit breaker reimbursement is triggered. One example of how this might be done is to increase the out-of-district special education cost rate by an amount equal to the following:

$$[4 \times \text{statewide foundation budget per-pupil amount}] - [\text{statewide foundation budget per-pupil amount}^{**} + \text{out-of-district special education cost rate}]^{***}$$

⁵ 15% x 25% = 3.75%

⁶ Melissa King & Roger Hatch, DESE. "Massachusetts Foundation Budget: Focus on Special Education and Health Insurance." March 2015. Powerpoint presentation.

⁷ Melissa King & Roger Hatch, DESE. "Massachusetts Foundation Budget: Focus on Special Education and Health Insurance." March 2015. Powerpoint presentation.

** Not including assumed SPED costs.

*** This would be a one-time adjustment, with the resulting rate increased by inflation each year thereafter.

III. Impact Summary

The below charts illustrate the estimated impact of the Commission’s recommended adjustments to the foundation budget. **The estimates are based on FY14 foundation budget figures and assume full implementation of the combined changes in a single year.** Should the recommendations be implemented, the actual numbers used would be based on the foundation budget figures from the most recent fiscal year and would likely be implemented over a multiple-year period. The below charts are provided for illustrative purposes only.

Proposal	Increase to FY14 Foundation Budget
Health Care Benefits	\$684M*
Out-of-District SPED Tuition	\$57M
In-District SPED Costs	\$58M

← *Figure calculated using the existing foundation budget inflation index in FY14 (i.e. does not include a separate inflation adjustor for Health Care Benefits)

	FY14 GAA	FY14 GAA w/ Proposed Changes	Difference
Foundation Budget	9,711,217,585	10,511,553,184	800,335,600
Required Local Contribution	5,748,475,145	5,794,650,748	46,175,603
C70 Aid	4,300,854,366	4,796,206,342	495,351,975

- PART B -

The Commission has sought a legislative extension to continue working through November 1, 2015. If granted, the Commission intends to review the following topics:

- In-District SPED cost rate
- Low-income increment
- ELL increment
- Mental Health/Wraparound services
- PD/Common Planning Time/Instructional coaches
- Extended learning time
- Technology
- Full Day Preschool
- K-3 pupil:teacher ratios
- Operations & maintenance
- Inflation adjustment

In addition to conducting an analysis of the above topics, the Commission plans to use the extended time to determine and recommend measures to promote the adoption of ways in which resources can be most effectively utilized and consider various models of efficient and effective resource allocation, as directed by the authorizing language. To date, the Commission has engaged in preliminary discussions about potential recommendations for accountability measures that would be tied to increases in Chapter 70 funding resulting from the Commission's proposed adjustments to the foundation budget formula. Proposals that the Commission has considered to date include the following:

- Limit the use of new funding to investments in the following initiatives to be described in a publicly accountable benchmarked school improvement plan. The parameters of those individually crafted plans would invest from the following priorities: (1) Provide greater support for low-income and ELL students; (2) Expanded teacher professional development; (3) Hiring staff at levels that support improved student performance; (4) Purchase and implementation of technology and instructional materials; (5) Expanded learning time (day / year / venue); (6) Add instructional coaches; (7) Provide wrap-around services that engage the entire community and families in strengthening the social emotional support system for students; (8) Provide common planning time for instructional teams;
- Designate an investment component of the Foundation Budget and require that funds allocated to the investment accounts be spent on those investment items. Underscore the importance of these investments by requiring each district to report annually on how it intends to spend its investment funds, how it intends to measure its success, and (after the first year) whether it succeeded in reaching its goal;
- Establish a better data collection system that allows for greater access to school-level expenditures and data;
- Ensure that additional funds attributable to low-income and ELL students are spent on programs and services that support the needs of those particular students; and
- Establish an innovation fund distributed competitively to meet specific goals.

Appendix A

The Commission held six public hearings across the state to solicit testimony from members of the public. A summary of the recurring themes and issues that were raised during the public hearings are listed below. This list reflects the testimony heard at the public hearings only and is not meant to convey the Commission's formal findings or recommendations.

Public Hearings Summary

- Actual spending on Special Education and Health Insurance far exceeds the foundation budget assumptions. As a result, foundation spending is consumed by these under-funded fixed charges, leaving less funding available to support other educational programs.
- Need to increase funding for at-risk students – especially low income and ELL students.
- The foundation budget does not provide sufficient resources to address the mental health needs of today's students.
- The foundation budget should provide greater support for wraparound services.
- The Commission should examine district allocation practices and efforts to remove barriers to efficient and adaptive uses of funds.
- Technology should be included in the foundation budget as such costs were not envisioned in the original foundation budget.
- The Commission should propose changes to simplify and clarify the foundation budget to make it easier for citizens to understand how funds are spent and whether these are bringing about results.
- Money should follow the student.
- Reconsider the use of October 1st enrollment data to calculate foundation budgets, which is especially problematic for districts that experience significant fluctuations in student enrollment throughout the year.
- The current method of funding charter schools is creating significant and growing financial difficulty for municipalities and school districts.
- The Commission should consider whether there is sufficient funding in the foundation budget for building maintenance.
- The foundation budget formula does not account for the cost of unfunded mandates.
- Need a better enforcement mechanism and/or greater clarity regarding a municipality's obligation to appropriate sufficient funds to meet the required local contribution.
- Transportation should be included and funded in the foundation budget.
- Need to address "equity" issues – the Commission should review and adjust the local contribution and school aid calculation factors in the Chapter 70 formula.
- The Commission should address concerns surrounding vocational education – i.e. how vocational education students are recruited and accepted, how tuition is calculated, and the high cost of student transportation.
- The foundation budget should include funding for school libraries.
- The foundation budget should account for the differences in costs among smaller, rural districts.

Appendix B

Summary of Commission Meetings & Materials

Meeting # 1: October 9, 2014

Commission members reviewed the charges set forth in the authorizing legislation (*Sections 124 & 278 of Chapter 165 of the Acts of 2014*), viewed a presentation on the foundation budget formula entitled “Measuring Adequacy – the Massachusetts Foundation Budget” prepared by Melissa King and Roger Hatch from the Department of Elementary & Secondary Education (DESE), and discussed the public hearing schedule. Commission members received the following materials: A copy of the authorizing legislation (*Section 124 & 278 of Chapter 165 of the Acts of 2014*), a summary of the authorizing legislation, and a copy of the power point presentation entitled “Measuring Adequacy – the Massachusetts Foundation Budget”.

Meeting #2: March 10, 2015

Commission members viewed a presentation on special education and health insurance entitled “Massachusetts Foundation Budget: Focus on Special Education and Health Insurance” prepared by Melissa King and Roger Hatch from DESE, viewed a presentation on municipal health insurance trends prepared by Carolyn Ryan from the Massachusetts Taxpayers Foundation, and reviewed the Commission’s meeting schedule and timeline. Commission members received the following materials: a copy of the power point presentation entitled “the Massachusetts Foundation Budget: Focus on Special Education and Health Insurance”, a copy of the power point presentation entitled “Municipal Health Insurance Trends”, and a copy of the Commission’s meeting schedule.

Meeting #3: March 27, 2015

Commission members viewed a presentation on the other foundation budget categories and differences in spending among districts entitled “Further Analysis of the Foundation Budget” prepared by Melissa King from DESE, viewed a presentation on the wage adjustment factor prepared by Melissa King from DESE, and considered information provided by DESE Commissioner Mitchell Chester on the relationship between spending and student outcomes. Commission members received the following materials: a copy of the power point presentation entitled “Further Analysis of the Foundation Budget”, a copy of the power point presentation entitled “Wage Adjustment Factor”, and a list of school districts by wealth and low-income quintile.

Meeting #4: April 14, 2015

Commission members viewed a presentation on evidence-based strategies for improving student outcomes entitled “Building a Foundation for Success” prepared by Chad d'Entremont and Luc Schuster from the Rennie Center and MassBudget and Policy Center, considered information provided by Dr. Paul Dakin (Superintendent of Revere Public Schools) regarding the various investments and programs that have yielded positive outcomes in Revere, and discussed the process for reviewing and voting on recommendations that would be included in the Commission’s final report. Commission members received the following materials: a copy of the power point presentation entitled “Building a Foundation for Success”, and a handout on Revere Public Schools provided by Dr. Paul Dakin.

Meeting #5: May 5, 2015

Commission members viewed a presentation on effective resource allocation entitled “Effective & Efficient Resource Allocation: A Framework to Consider” prepared by Dr. Karla Baehr, discussed and approved changes to the Commission’s timeline and work plan, and reviewed a draft proposal containing recommendations for

health care and SPED adjustments. Commission members received the following materials: a copy of the power point entitled “Effective & Efficient Resource Allocation: A Framework to Consider”, a copy of the work plan proposed by Senator Chang-Díaz, and a copy of the draft recommendations for health care and SPED adjustments.

Meeting #6: June 9, 2015

Commission members reviewed and approved final recommendations for Health Care and SPED adjustments, considered proposals relative to full-day preschool and accountability, and discussed the other topics to be considered by the Commission during its extended deliberations. Commission members received the following materials: a copy of the final recommendations for health care and SPED adjustments, a document containing draft proposals relative to full-day preschool and accountability, and a copy of the Commission’s updated work plan.

Meeting #7: June 23, 2015

Commission members reviewed and approved edits to the preliminary report, discussed the process and methodology for analyzing the other topics to be considered during the Commission’s extended deliberations, and reviewed information presented by Roger Hatch from DESE on school-based data collection. Commission members received the following materials: a draft of the preliminary report, a document explaining the foundation budget comparison tool developed by Commission member Ed Moscovitch, and a document on school-level finance data.

ITEM: motion
gb #5-109.1

STANDING COMMITTEE: **FINANCE AND OPERATIONS**

DATE OF MEETING: Tuesday, August 18, 2015

ITEM: Ms. Novick (June 4, 2015)

Request that the Administration provide a report at the Standing Committee on Finance and Operations regarding the School Plant staffing levels.

PRIOR ACTION:

4-9-15 - Set the dates of Thursday, June 4, 2015 and Thursday, June 18, 2015 at 4:00 p.m.
(Continued on page 2.)

BACKUP:

Annex A (1 page) contains a copy of the information regarding the item.

PRIOR ACTION (continued)

6-4-15 - 500-91119 Custodian Salaries

Ms. Novick made the following motion:

Request that the Administration provide a report at the Standing Committee on Finance and Operations regarding the School Plant staffing levels.

On a voice vote, the motion was approved.

It was moved and voice voted to approve Account 500-91119 in the amount of \$6,664,307.

500-97203 Custodian Overtime

It was moved and voice voted to approve Account 500-97203 in the amount of \$1,046,865.

500-91120 Maintenance Service

It was moved and voice voted to approve Account 500-91120 in the amount of \$2,060,151.

500-97204 Maintenance Services Overtime

It was moved and voice voted to approve Account 500-97204 in the amount of \$150,797.

500152-92000 Facilities Department OM

It was moved and voice voted to approve Account 500152-92000 in the amount of \$2,670,125.

500146-92000 Building Utilities

E. Telephone and Data Service

Mr. O'Connell made the following motions:

Request that the Administration interact with Spyglass in Cleveland, Ohio or any other appropriate entities to discuss a share of savings for telephone utilization by doing a line by line analysis of telephone usage.

Request that C. #2 Fuel Oil be reduced by \$5,000 and E. Telephone and Data Service be reduced by \$10,000 and place the funds in Account 500-91111 Teacher Salaries.

Mr. Monfredo asked if the Administration could talk to the City about locking in the rate for fuel now since prices are so low.

It was moved and voice voted to hold Mr. O'Connell's motions and Account 500146-92000 for the next meeting.

500141-92000 Vehicle Maintenance

It was moved and voice voted to approve Account 500141-92000 in the amount of \$548,952.

540-91117 Transportation Salaries

It was moved and voice voted to approve Account 540-91117 in the amount of \$2,675,672.

PRIOR ACTION (continued)

6-4-15 - 540-97201 Transportation Overtime
(continued) It was moved and voice voted to approve Account 540-97201 in the amount of \$473,736.

540103-92000 Transportation

Miss Biancheria made the following motion:

Request that the Administration apprise the School Committee on any Agreement between the Worcester Public Schools and the WRTA relative to bus tickets.

On a voice vote, the motion was approved.

Mr. Monfredo made the following motion:

Request that the Standing Committee on Finance and Operations and the City's Standing Committee on Education discuss the reimbursements for the McKinney Vento Act and request that the revenue be shared between the City of Worcester and the school department.

On a voice vote, the motion was approved.

It was moved and voice voted to approve Account 540103-92000 in the amount of \$13,807,942.

500-91112 School Committee

It was moved and voice voted to approve Account 500-91112 in the amount of \$87,000.

540-91124 Crossing Guard Salaries

Ms. Novick questioned the number of crossing guards at Worcester Technical High School.

It was moved and voice voted to approve Account 540-91124 in the amount of \$543,346.

500-91122 School Clerical Salaries

It was moved and voice voted to approve Account 500-91122 in the amount of \$2,090,585.

500125-92000 Other Insurance Programs

It was moved and voice voted to approve Account 500125-92000 in the amount of \$53,538.

500101-96000 Retirement

It was moved and voice voted to approve Account 500101-96000 in the amount of \$15,848,677.

500129-91000 Workers Compensation Salaries

500129-92000 Workers Compensation OM

500129-96000 Workers Compensation Fringe

(These accounts were considered together).

PRIOR ACTION (continued)

6-4-15 - Mr. O'Connell made the following motion:
(continued) Request that the Administration provide a report relative to projected Workers Compensation expenditures in the first or second quarterly budget update at the Standing Committee on Finance and Operations.
On a voice vote, the motion was approved.
It was moved and voice voted to approve Account 500129-91000 in the amount of \$886,300.
It was moved and voice voted to approve Account 500129-92000 in the amount of \$72,305.
It was moved and voice voted to approve Account 500129-96000 in the amount of \$393,700.
500123-96000 Health Insurance
It was moved and voice voted to approve Account 500123-96000 in the amount of \$42,517,179.
500137-96000 Unemployment Compensation
Mr. O'Connell made the following motion:
Request that the Administration provide a report regarding the number of years that the system had no layoffs.
On a voice vote, the motion was approved.
Mr. Monfredo asked that the Administration provide their report to Mr. O'Connell's motion at the next meeting.
It was moved and voice voted to approve Account 500137-96000 in the amount of \$186,058.
500-91134 Educational Support Salaries
It was moved and voice voted to approve Account 500-91134 in the amount of \$2,562,428.
500133-92000 Printing & Postage
It was moved and voice voted to approve Account 500133-92000 in the amount of \$207,531.
500138-92000 In-State Travel
It was moved and voice voted to approve Account 500138-92000 in the amount of \$62,500.
500105-92000 Out-of-State Travel
Miss Biancheria made the following motion:
Request that Account 500105-92000 Out-of-State Travel be reduced by \$2,000.
On a roll call of 3-4 (yeas-Miss Biancheria, Mr. Monfredo, Mr. O'Connell), the motion was defeated.
It was moved and voice voted to approve Account 500105-92000 in the amount of \$5,000.

PRIOR ACTION (continued)

6-4-15 - 500-91114 Day by Day Substitutes Salaries

(continued) Mr. O'Connell requested that the Administration provide a report indicating:

- the percentage of substitute coverage provided daily
- the number of teachers who are absent systemwide and
- the success rate of covering these classes with substitutes

The Administration responded that it would provide the information for the next meeting.

It was moved and voice voted to approve Account 500-91114 in the amount of \$871,200.

500-91118 Supplemental Program Salaries

Ms. Novick made the following motion:

Request that the Administration provide a copy of the Memorandum of the Understanding with the Worcester Police Department in a Friday Letter.

On a voice vote, the motion was approved.

Ms. Novick requested that the Administration provide notification to parents that the Student After-School Drop-Off Center has been changed to the Fanning Building.

Mr. O'Connell made the following motion:

Request that the Administration refer the following topics to the FY17 Budget:

- Worcester Future Teachers Academy and
- community school programming

On a voice vote, the motion was approved.

It was moved and voice voted to approve Account 500-91118 in the amount of \$1,379,683.

500-91116 Athletic Coach Salaries

Mr. O'Connell made the following motion:

Request that the Administration ask Burncoat High School to do a student survey as to interest in a cheerleading squad and if there is, the Administration could consider funding it.

On a voice vote, the motion was approved.

It was moved and voice voted to approve Account 500-91116 in the amount of \$524,362.

500122-92000 Athletics OM

It was moved and voice voted to approve Account 500122-92000 in the amount of \$92,434.

The Association of Higher Education Facilities Officers (APPA) defines facilities maintenance into 5 levels.

These levels are:

- Level 1 – Showpiece Facility (Highest)
- Level 2 – Comprehensive Stewardship (Recommended)
- Level 3 – Managed Care (WPS)**
- Level 4 – Reactive Management
- Level 5 – Crisis Response

Managed Care Definition: Maintenance activities are somewhat organized, but they remain people dependent. Equipment and building components are mostly functional, but they suffer occasional breakdowns. Service and maintenance call response times are variable and sporadic without apparent cause. Buildings and equipment are periodically upgraded to current standards and usage, but not enough to control the effects of normal usage and deterioration.

Assumptions: Based on total square footage of 4,048,826 and assuming a square footage breakdown of 80% classrooms (3,239,061 sq.ft.) and 20% non-classroom space (809,765 sq.ft.)

APPA Formula:

24,342 maintenance hours for every million sq. ft. of classroom space X 3.2 = 77,894 hours
 38,053 maintenance hours for every million sq. ft. of non-classroom space X .81 = 30,823 hours
 1760 hours of labor yearly equals 1 FTE (44 weeks of work) divided by 108,717 combined hours
 = **62 FTE's**

APPA Recommended Trades Breakdown:

Electrical/Alarms = 39%
 Mechanical/Plumbing = 35%
 General Maintenance = 26%

	Present WPS	APPA Recommended
Electrical/Alarms	5	24
Mechanical	12	22
General Maintenance	13	16
	30	62
Supervisor	1	