

MINUTES – FINANCE SUBCOMMITTEE OF Wayland School Committee

March 27, 2015

A meeting of the Finance Subcommittee of the Wayland School Committee was held on Friday, March 27, 2015, at 10:00 A.M. in the Small Conference Room on the Second Floor of the Wayland Town Building.

Present:

Donna Bouchard
Barb Fletcher

Also:

Susan Bottan
Business Administrator
Brian Keveny
Town Finance Director
Ben Keefe
Public Buildings Director
Pat Morris
Facilities Manager
Carol Martin
Finance Committee's Liaison for the Schools

Anette Lewis
Molly Upton
Kent George
Kathy Steinberg

The meeting was convened at 10:03 a.m. and announced that the meeting was being recorded on WayCam.

1. Comments & Written Statements from the Public:

Anette Lewis asked a question about the Melanson & Heath audit finding related to the categorization of the TEC tuition expense. She also inquired about the status of an IRS reporting issue raised last year and requested certain documents related to the last round of negotiations be made available to the public. Last, she noted that she didn't hear the School Committee voice its support for the METCO program at its last meeting when many Boston parents attended.

2. Revolving Accounts and Grants:

(a) Review Revolving Account Balances as of the Date of Town Meeting

Susan provided the Committee with a spreadsheet that listed the current balance of the accounts impacted by the upcoming Town Meeting vote and the amount that will be voted on at Town Meeting related to Fringe Benefits, including OPEB. In the case of The Children's Way, the only account where the amount of the Town Meeting vote exceeds the current balance, Susan noted that there is approximately \$90,000 of receipts that have been received but not posted yet and approximately \$30,000 in payroll expenses to be paid, resulting in a delta of about \$19,400. Therefore, it was noted that all accounts have sufficient funds to cover the Town Meeting votes. Susan offered to break out separately the fringe benefits between healthcare and OPEB.

Susan also commented on her discussion with the Food Service Director about the lower amount of revenue collected to date than anticipated. Susan noted that the snow days and one fewer day in January negatively impacted the revenue for the first few months of 2015. Susan indicated that she is still comfortable that the FY14 and FY15 Fringe Benefits transfers can be made by the end of the fiscal year but it will be tight.

(b) Discuss Process for Transferring Funds from Unclassified to School Operating Budget

Susan spoke with Mark Lanza who described the two ways that funds can be transferred from the Reserve for Salary Adjustments line to the School Budget. One of the intended reasons for the Reserve for Salary Adjustment line is to budget funds for contracts that haven't been settled by the time of Town

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Meeting. Historically, the Town has chosen to transfer the funds from the Reserve for Salary Adjustments line to the School Budget rather than having the expense transferred to the Reserve. Anette Lewis asked that the Subcommittee look at finding a better way to report these funds and to have the Town explicitly vote these funds.

(c) *Receive Update related to the Proper Statutes Underlying the School Revolving Accounts and Discuss Next Steps*

Susan noted that she has left several messages with Kathleen Cleary at the DOR with regard to their opinion about this matter but has not heard back. Susan will ask Mark Lanza to reach out to her, as well. She also agreed to provide to the School Committee all of the information that she has submitted to the DOR for its records.

(d) *Review Revolving Account Balances and Continue to Discuss Possible Uses of Surplus Funds for Certain Fee-Based Funds, including BASE, Pegasus, Enrichment, Global Language, Tutoring, Curriculum and Instrumental Music*

Susan will provide updated balances for the revolving accounts at the end of the third quarter (March 31, 2015) when this information is available.

(e) *Review Information Provided in Town Meeting Warrant as Compared to School Committee Budget Book*
Susan provided reconciliation between the total budget amounts reported in 3 different reports, the Town Warrant, the School Committee Budget Booklet and the Schedule of Appropriations. The primary difference relates to whether the encumbrances are included in the total amount. Reconciling these various reports will be addressed in a summer project to improve the school's reporting of its budget.

(f) *Review Draft Fee-Based Fund Policy for Possible Further Revisions*

Brian Keveny noted that the Town does not have a written policy for similar accounts (e.g. recreation, transfer station and water). However, Carol Martin did mention that these programs have limits on the amount of the expenditures.

The Subcommittee discussed making certain revisions, which included 1) adding Building Use to the list of fee-based funds where the fees cover only a portion of the cost of the program or service, 2) adding a date by which the School Committee would evaluate the balances of the accounts in order to confirm the charges that will be made against the account and 3) modifying the language in the policy to ensure that the definition of the balance reflects the revenue collected to support the program during any given year.

A revised draft will be brought back to the Subcommittee at its next meeting.

3. Financial Matters

(a) *Review Fast Facts Document in Preparation for Town Meeting*

The Subcommittee agreed to include this document in the summer project to review the reporting of the school budget.

(b) *Discuss with Facilities Director and Facilities Manager Criteria for Conducting an Assessment of the Custodial Services by Edvocate*

Susan reviewed for the Subcommittee the assessment that is in the process of being conducted for the Food Service Program, which includes a qualitative and quantitative review, input from various stakeholders including the priority set by the School Committee and a final report. She tried to reach out to Edvocate to determine whether a similar process could be followed for the custodial services. She plans to speak with Edvocate later today and will report back to the Subcommittee.

Ben Keefe provided his perspective on the assessment. In his opinion, he is not sure that outsourcing is right for the Wayland School District. He noted the intangible of having the control of and the relationships with the custodians, particularly at the elementary level, and the requirement to pay prevailing wage (labor prevailing wage rate = \$38/hour), which would reduce the amount of any savings. He does not believe

such an assessment is advisable if the District values the intangibles.

Both Barb and Donna provided background on how the decision to pursue an assessment was arrived at by the School Committee, which included determining whether Wayland could provide these services more cost effectively in house. The Subcommittee hopes that this information would be useful to the Facilities Department and would be a more efficient way to gather such information than having it done internally. It would also provide an independent third party perspective on providing these services.

4. Revolving Accounts and Grants (continued):

(a) Continue to Review DOR Worksheet related to Direct and Indirect Costs for Certain Fee-Based Funds, including Pegasus and Building Use

The Subcommittee received the updated cost allocation worksheet for Building Use and the Pegasus Program.

For Building Use, the Subcommittee inquired into the allocation for utility and maintenance expenses. Susan will re-evaluate these allocations to make sure they accurately reflect the use of the space. The Subcommittee will review this worksheet again at its next meeting and will also consider the level of revenue generated each year in comparison to these direct and indirect costs.

The Subcommittee agreed to revise the cost methodology agreement in order to standardize the allocation of expenses between the various School revolving accounts and to include in the budget process the evaluation of these direct and indirect costs.

For Pegasus, Susan noted that she is working with the Director of WSCP to determine whether any of the surplus funds associated with the Pegasus program can be used to fund the FY16 capital request to replace the Middle School cafeteria tables. She will report back to the Subcommittee at its next meeting.

Susan left the meeting in order to speak with Jonathan Ledwig at Edvocate.

5. Consent Agenda

The Subcommittee passed over the Consent Agenda.

6. Future Agenda Topics

The topics discussed at today's meeting will be added to a future meeting's agenda, if needed. The other topics to consider for a future agenda included cost methodology for Town and School expenses, final review of the DESE EOYR and Student Activity Account audits, Financial Procedure Manual, Revised Student Activity Account procedures, Staff Exchange Report, and Multi-Year Model. The Subcommittee also agreed to pursue creating a "Dashboard" of various metrics for the District (e.g. graduation rates, AP, SAT and MCAS scores, college acceptances etc.).

7. Comments from the Public:

Anette Lewis noted certain errors in the Fast Facts information. She also requested that information related to the FY17 settled contract be provided and to clarify the language regarding the longevity stipend.

Molly Upton expressed her interest in understanding the savings attributed to the recent round of contract negotiations. Barb pointed her to the documents that are available to the public for this meeting, which included information related to these negotiations.

8. Financial Matters (continued)

(a) Discuss with Facilities Director and Facilities Manager Criteria for Conducting an Assessment of the Custodial Services by Edvocate

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Susan returned to the meeting and reported on her conversation with Jonathan Ledwig with Edvocate. Based on the Subcommittee's earlier conversation, he agreed to provide a proposal with a cost estimate for an assessment of the custodial services similar to the one to be conducted for the Food Service program.

9. Revolving Accounts and Grants (continued):

(a) Review Expenses Underlying the METCO Program and the Various Funding Sources and Discuss Possible Reporting Formats

Barb commented on her support for the METCO program and indicated that the letter to Wayland's State Representatives she offered to draft on behalf of the School Committee was to express their support for the program and for its adequate funding.

Donna indicated her preference for having the direct costs (e.g. salaries, benefits, transportation) be covered by the grant rather than be covered by the Town budget or by the revolving account. She used the FY14 actual expenses as an example. The Subcommittee agreed to first look at the total cost of the program, including certain marginal costs such as supplies.

(b) Discuss Recommended Tuition Change for the Full Day Kindergarten Program for FY15 and FY16, including the Financial Assistance Policy

Susan provided the Subcommittee with information that compared the FY15 actual expenses to the anticipated expenses for FDK. She noted the additional allocation of indirect costs to FDK, which included a reading specialist, math coach and transportation. She also explained that the number of scholarship students were not included in the per pupil calculation. Based on this information, she is recommending subject to Paul's approval and a final review of these costs a refund or reduction in tuition of about \$620 for FY15. The Subcommittee agreed to bring this recommendation to the School Committee at its April 27th meeting. In the interim, Susan will contact families who haven't made their final payment to explain the current situation regarding a possible reduction in the tuition for FY15.

Susan will also re-evaluate the allocation of these additional indirect costs for FY16 and consider the allocation methodology used for certain of the Town budgets by consulting with Brian Keveny.

With regard to the financial assistance policy, Susan recommended making 2 changes 1) raising the FDK maximum amount from \$12,000 to \$15,000 and 2) modifying the language to make it clear that families who receive a waiver for FDK are required to pay the difference between the total tuition fee less the financial waiver for either 100% or 50%. A typo was pointed out in one of the lines of the table. She also noted that the decision as to whether a family is eligible to receive a waiver includes a review of their IRS Form 1040 among other documents, which is standard for all financial assistance programs in Wayland. Last, Carol Martin suggested that the Subcommittee speak with the Brian Keveny as to whether the waiver needs to be considered income by the families who are receiving financial assistance. Susan will follow up with Brian Keveny. The Subcommittee agreed to bring these recommended changes to the School Committee at its April 27th meeting.

10. Next Finance Subcommittee Meeting

The Subcommittee agreed to next meet on April 10th at 11AM.

11. Comments from the Public:

Carol Martin suggested identifying a date to review the balances of the revolving accounts prior to April in order to include this information in the School Committee's budget deliberations. She also suggested considering overtime and shift differentials, in addition to the intangibles, when comparing the various ways to provide custodial services.

Anette Lewis suggested that the expenses associated with the METCO program be disaggregated in order to fully understand the components of the costs of the program and to include the number of students. She also noted the significant increase in supplies and materials between the original budget for

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FY15 and the budget proposed after the 9C cuts. Last, she noted that she does not support the use of funds to pay for certain expenses, such as pens with flashlights that were distributed at the School Committee meeting earlier in the week.

12. Adjournment:

Upon a motion duly made by Barb Fletcher, seconded by Donna Bouchard, the School Committee voted unanimously (2-0) to adjourn the Regular Session at 12:30 p.m.

Respectfully submitted,



Barb Fletcher
Wayland School Committee

Corresponding Documentation:

1. Agenda
2. DOR Indirect Cost Allocation Updated Building Use
3. DOR Indirect Cost Allocation Updated Pegasus
4. Fast Facts Booklet for Town Meeting FY16
5. Fast Facts – Article XXII Salary Structure
6. Fast Facts – Class Size by Town FY15
7. Fast Facts – CO Admin Salaries
8. Fast Facts – Principal Salaries
9. Fast Facts – Staff Deployment and Class Size
10. Fast Facts – Supt Salary
11. Fast Facts – Table of Contents
12. Fast Facts – WTA Contract Budget Deltas
13. Fast Facts – FY15 and FY16 Utility Projections
14. Fast Facts – FY15 Capital Account Status
15. Fast Facts – NESDEC WPS 2015
16. Fast Facts – School Committee Recommended Budget Mitigation
17. FDK Cost Allocation Details for FY15 and FY16
18. FDK Cost Allocation Summary for FY14 to FY16
19. Financial Assistance Overview 2015-2016
20. Policy for Fee-Based Funds 2-27-15 Draft
21. Reconciliation
22. Town Meeting Revolving Account Balances