

COVID-19 Related Financial Matters

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Topics

- School transportation contract amendment recommendation
- Pay continuity recommendation
- Year-end forecasting for FY20
- FY21 budget status update

School Transportation Contract Amendment

- Based upon guidance issued by the MA DESE Commissioner of Education on March 27, 2020 school districts with a common transportation were advised to work together to reach a contract amendment during school closure to assure the viability of the company and readiness to return to service upon re-opening.
- There are few transportation providers in Massachusetts and nationwide as the industry has high barriers to entry.
- 11 districts including Shrewsbury worked with AA Transportation to reach a contract amendment with the same terms and conditions

School Transportation Contract Amendment

- Amendment terms call for a payment of 75% of the daily rate cost for each bus for each day closure.
- Even with this amendment, AA Transportation is experiencing significant lost revenue due to loss of related work and billing for athletic trips, field trips, bus monitors.
- This amendment does create some savings in the current FY20 budget

School Transportation Contract Amendment

- This amendment does create some savings in the current FY20 budget
- On a \$3.77M busing budget for these services, this represents a 13% overall savings

Category	Amount/Estimate
Home-to-School	\$311,268
Bus Monitors	\$126,500
Athletics	\$ 45,000
School sponsored events [i.e. Music, Speech and Debate]	\$ 4,000
Total	\$486,768

School Transportation Contract Amendment In Context..It helps BUT

- We are expecting to experience a **\$1.76M decrease in revenue** collections for tuitions, fees, food services, and facility rentals
- We are experience new and unbudgeted Covid-19 expenses
- We are looking at having to make significantly **greater reductions in the FY21 Budget beyond the \$1.7M in program and staff cuts already made**

Pay Continuity Decision

- These groups of staff are engaged in remote learning or school management/support and all payroll is fully budgeted and available in the FY20 budget.
 - Administrators
 - Teachers, counselors, nurses
 - Clerical and IT support
 - Paraprofessionals

Pay Continuity Decision

- The following part-time [non-benefited] positions are funded via the General Fund Operating Budget and have no opportunity for work:
 - Door Monitors
 - Crossing Guards
- Additional cost to pay until end of school year: \$13,365
- Impacted staff: 16 staff, 9 of whom have a second job with S.P.S.

Pay Continuity Decision

- The **Food Service staff** are funded via the Food Service Revolving Fund and some staff are working a reduced schedule in the ongoing Meal Support Program while others have no work. Some work is still yet to be done to clean up, move food, and close kitchens until August.
- Additional cost to pay until end of school year: \$113,487
- Impacted staff: 48 staff, 14 of whom have health/life insurance benefits. Excluded from this group are the director and administrative assistant who are both needed during closure to continue all program administration and coordination with staff if furloughed

Food Service Fund: Year End Forecasting

Begin Year Fund Balance	\$ 606,509	
FY20 Estimates:		
<i>Assuming school closure 3/17 to end of school year</i>		
Revenue	\$ 1,465,772	
Expenditures	\$ 1,830,584	Assumes pay continuity
Net Loss	\$ (364,812)	
End of Year balance	\$ 241,697	
FY19 Annual Revenue	\$ 2,202,919	
FY20 Balance as Percent of Ann. Revenue	11%	

Although pay continuity draws the fund balance down significantly, there is adequate funding to provide pay continuity until the end of the school year.

Pay Continuity Decision

- The [Extended School Care staff](#) are funded via the Extended School Care Revolving Fund. During closure staff have been doing some online training.
- Additional cost to pay until end of school year: \$178,200.
- Impacted staff: 90 staff, 9 of whom have health/life insurance benefits. Of the 90 staff, 56 have a second job with S.P.S. as a paraprofessional during the day.

Extended School Care Fund: Year End Forecasting

FY20 Begin Year Fund Balance	\$ 204,466	
FY20 Estimates:		
Assuming school closure 3/17 to end of school year		
Revenue	\$ 1,014,356	
Expenditures	\$ 1,652,000	Assumes pay continuity
Net Loss	\$ (637,644)	
End of Year balance	\$ (433,178)	Would have to be funded via General Fund
FY19 Annual Revenue	\$ 1,710,483	
FY20 Balance as Percent of Ann. Revenue	-25%	

Unemployment Cost Forecasting

- Furloughing employees costs real money- to reimburse the MA State Unemployment system
- There exists a possibility that furloughing employees now may cause eligibility of employees to collect over the summer months, something that typically is prohibited
- Calling back furloughed employees for a few days work in June may protect against the summer costs

Unemployment Cost Forecasting

- Due to the federal stimulus legislation, the Town costs may be reduced from 50% to 25% of an employee's average weekly wages.
- Additionally, employees may be eligible for an \$600 per week on top of their 50% average weekly wages. The additional \$600 is not a cost that has to be reimbursed by the Town. This could be the proverbial "win-win" for our furloughed employees who will have to navigate the unemployment system

Unemployment Cost Forecasting

							Regular Full Pay		Estimated Unemployment Cost Scenarios					
Notes	Funding Source	Category	Comp Days in May	Comp Days in June	Total Days	Equivalency in Weeks	Daily Cost	Total Remaining Liability	Estimated Unemployment Cost at 50% Town Liability	Estimated Unemployment Cost at 25% Town Liability	Extended Thru Summer at 50% for 10 more weeks 6/17-8/21	Extended Thru Summer at 25% for 10 more weeks 6/17-8/21	HeadCount Impact	Headcount on Health or Life Insurance
									Town UI Costs for 6.4 weeks/remainder of school year		Town UI Costs for 16.4 weeks/remainder of school year and through late August			
1	Gen. Fund	Crossing Guards	20	12	32	6.4	\$ 189	\$ 6,237	\$ 3,119	\$ 1,559	\$ 7,991	\$ 3,996	8	
2	Gen. Fund	Door Monitors	20	12	32	6.4	\$ 216	\$ 7,128	\$ 3,564	\$ 1,782	\$ 9,133	\$ 4,566	8	
3	ESC Revolving Fund	Extended School Care	20	12	32	6.4	\$ 5,400	\$ 178,200	\$ 89,100	\$ 44,550	\$ 228,319	\$ 114,159	90	9
				Estimated Total Liability				\$ 191,565	\$ 95,783	\$ 47,891	\$ 245,443	\$ 122,721	106	9
1	Cossing Guards include 8 part-time staff, 2 of whom have full-time jobs as a paraprofessionals during school day and 1 who also works as a door monitor.													
2	Door Monitors include 8 part-time staff, 6 of whom have another job in SPS.													
3	Extended School Care wages includes 34 full and part-time staff whose sole job is with ESC and 56 staff who have a 2nd job with SPS. Excludes Director and Admin. Assistant.													

Potential cost options under varied scenarios.

Furlough v. Layoff: Basic Differences

Furlough

- Temporary leave due to lack of work
- Furloughed employees can retain employer sponsored benefits with employer share still paid
- Can access unemployment benefits if meet other eligibility requirements

Layoff

- Permanent termination from employment
- Must access benefit continuance via “COBRA” and loss of employer share payment
- Can access unemployment benefits if meet other eligibility requirements

Recommendation

- Given the significant liability and lack of resources in the Extended School Care account, and the severe negative financial situation we find ourselves now with our General Fund Operating Budget and into FY21, it is recommended that we furlough the Crossing Guards, Door Monitors, and Extended School Care group of staff (with the exception of the Director and Administrative Assistant who we need to help manage us through this process) effective close of business May 1, 2020 until start of business on the morning of June 15, 2020.
- From June 15 to June 16 all staff would be recalled from furlough to conduct end of year clean up, preparations for start up in fall, and learn about any Covid-19 related protocols for re-opening. This same group would then be provided the customary “reasonable assurance” of re-employment letter for Fall 2020.

Recommendation

- The payroll savings from furloughing Extended School Care staff, Door Monitors, and Crossing Guards to the FY20 General Fund Operating School Dept. Budget would be approximately \$192,000.
- The new cost to Town Unemployment Budget would be approximately \$48,000, or 25% of the above figure.

FY20 Budget Forecasting

- Certainty of school closure for remainder of year brings greater certainty to FY20 year-end forecasting
- Key decisions need to be finalized regarding:
 - School transportation contract amendment
 - Pay continuity
 - Out of district special education tuitions
 - Some outstanding collective bargaining items impacting budget
 - Any additional educational or operational resources needed to manage through until June 30th

FY20 Budget Forecasting

- Remaining revenue to forecast
- Outstanding accounts receivable from fees and outstanding school lunch accounts that families owe the School Dept.
- Requests for refunds-disposition

FY21 Budget

- Our Town Manager, Mr. Mizikar, has made another FY21 revenue forecast using a range of scenarios, all of which conclude a significant decrease in revenue from his original budget plan
- A revised timeline for the Annual Town Meeting and setting of FY21 budgets has been put forth but not finalized. Generally, postponing provides more clarity especially with respect to state aid
- We need to revise/update our own revenue projections for the state Special Education Circuit Breaker Reimbursement Program and all fee-based services such as busing, athletics, activities

FY21 Budget

- We need to update our expense budgets to incorporate the latest information regarding;
 - Out of district and vocational/technical enrollments and associated tuitions
 - All personnel changes and related budget impact
 - Forecast needs for Covid-19 related expenses into the 2020-2021 year