

Covid-19 Fiscal Update:

Disposition of Charges for Tuition and Fee-based Programs

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6 May 2020

Context

- This is a complex and multi-layered issue given:
 - The restrictions of working in the public sector and its associated laws
 - The “common sense” notion that one should get what they pay for and to be refunded/credited when they don’t

Context

- This is a complex and multi-layered issue given:
 - The severity of our current financial situation and reliance on fee revenue to pay our costs
 - The fact that the District continues to pay most staff (*with exception of Extended School Care, crossing guards, & door monitors*), and the bus contractor during school closure

Context

- This is a complex and multi-layered issue given:
 - The size and scale of our fee-paying customers, nearly 3,700
 - The minimal amount of administrative support staff that we have and reduced productivity as a result of remote working

Considerations Regarding Fees for Services

- Continued District Cost Liabilities Despite Closure
- Current District Policies Regarding Refunds
- Municipal Finance Laws and Regulations
- Administrative Level of Effort, Tasks, Cost
- Parent Expectations

Tuitions and Fees to Review

- Full-day Kindergarten
- Preschool
- Extended School Care
- After School Activities Program [ASAP]
- Busing
- Food Service

Continued District Cost Liabilities Despite Closure

- Full-day Kindergarten and Preschool
 - Staff continue to work remotely and be paid their full amount
- The District is paying 75% of the cost to AA Transportation Co. for school closure days per our contract amendment, and state law and guidance

Current District Policies Regarding Refunds

- We have never faced a situation like the Covid-19 pandemic and experienced school closure for a third of the year.
- Our current policies don't anticipate this scenario.
- Our current policy for busing states "no refunds" with exceptions for moving out of town.

Municipal Finance Laws and Regulations

- Municipal finance law prohibits the School Dept. or Town from making credits back to a customer's credit card, which is the payment method for 90%+ of the payments we received for all programs.
- Municipal finance law requires placement of each disbursement to be made to be placed on a warrant, approved for payment by the Town Accountant, approved by the School Committee and Board of Selectmen, and then disbursed by the Town Treasurer.
- These approvals are all part of the intended separation of duties and internal controls intended to prevent fraud, waste, or abuse and ensure funds are in place to make surety of payment.

Municipal Finance Laws and Regulations

- Municipal finance law prohibits the comingling or transferring of funds from different sources.
- We can't "net" a refund against an amount owed for Food Service, for example because that transaction creates a financial impact that positively impacts one fund over another and creates a de facto transaction between funds.

Administrative Level of Effort, Tasks, Cost

- We retain our student payment data in our Student Information Management system, PowerSchool.
- We make payments from our financial system, MUNIS.
- In order to make a refund payment, we must create a new “vendor or customer file” for each payment to be made to a family.

Administrative Level of Effort, Tasks, Cost

- We can hold back a refund from one program if a customer owes us for another program.
- With the exception of the bus fee, all other program fees have varying amounts based upon the services purchased and if the customer was paying “full price” or a “reduced rate”
- Making refunds or issuing credits, if possible, is a very large administrative task for nearly 3,700 customers and will take significant administrative support time to process

Parent Expectations

- With schools closed for a third of the year and inability to provide services or the same level of services, some have asked about refunds.

Data: Potential Refund/Credit Transactions

Category	Paid Through March or prepaid through end of year	Status of Payments
Full-day Kindergarten	228	Billed through March
Preschool	146	Billed through March
Extended School Care	552	Billed through March
ASAP Program	204	Customers paid 100%
Bus fee customers	2,550	Customers paid 100%
Total Impact	3,680	

Data: Potential Dollar Impact

Category	Est. Amount	<u>Assumption</u> on Refund/Credit Methodology
Preschool	\$34,500 [Amt. varies widely based on use: \$50-\$259]	Refund part of March by taking annual pro-rated amount and refund/credit for 11 days of Governor enacted school closure
Full-Day Kindergarten	\$27,500 [Amt. range \$35-\$149 per refund]	Refund part of March by taking annual pro-rated amount and refund/credit for 11 days of Governor enacted school closure
ASAP Program	\$10,000 [Amt. range \$30-\$40 per refund]	Refund 100% of middle school and partial for elementary programs because some of those started before closure
Extended School Care	\$85,000 [Amt. varies widely based on use]	Refund part of March by taking annual pro-rated amount and refund/credit for 11 days of Governor enacted school closure
Busing	A) \$277,000 or B) \$ 69,250	A) 35% closed days x \$310= \$108.50 per refund/credit B) 35% closed days x \$310 x 25% =\$27.13 per refund/credit [only 25% since we have to pay our bus co. 75% of normal cost during closure]

Food Services

- We typically refund graduating seniors balances greater than \$10
- We can transfer a graduating senior food service balance to a sibling in a lower grade
- We typically carry any positive balance into the next school year

Options

- Refund all
- Refund only those where no services could be provided [busing, ASAP, Extended School Care] but not Full-day Kindergarten nor Preschool since remote learning continues
- Set up a process whereby parents must request a refund by a certain deadline and if they fail to do so, do not refund.
- Decide the formulas for refunds; there are a variety of ways
 - Pro-rate cost paid over 180 days and refund for closure days
 - For busing weigh in the fact we continue to pay 75% of the busing cost for closure days

Decision-making and the Future

- How will our customers react in response to the decision and will it impact future decision and will it support or dissuade them from wanting to re-purchase the service?
- If refunds or credits are provided for this closure period, will it create an expectation for future closures and how can we effectively forecast our revenue under this scenario? What if closure were for just a week—are we issuing another 3,600+ credits or refunds?

Decision-making Process

- You can solicit feedback from the community this week based upon this presentation.
- It would be helpful to receive initial guidance from the committee tonight on how to approach this issue.
- A recommendation can be made for your May 13th meeting so a decision can be made that night or at a subsequent meeting.