

**Lincoln Public Schools
Lincoln, Massachusetts**

**THE LINCOLN SCHOOL COMMITTEE
INITIAL COLLINS CENTER WORKING GROUP
CHARGES AND DRAFT RESPONSES
September 11, 2024**

School Committee Charge 1	Working Group Response 1
<p>Review the Town of Lincoln's indirect cost methodology, and provide recommendations for an updated methodology as well as corresponding cost impacts to the next Hanscom contract.</p>	<p>The working group confirmed that the existing \$71,000 annual amount was established in the 1990s, with no documentation supporting how it was calculated.</p> <p>The working group recommends the updated “% of budget” indirect cost methodology as prepared by Colleen Wilkins on XX/XX/XXXX, which aligns to Massachusetts Division of Local Services guidance. The estimated cost impacts were supplied for FY21-FY25 for illustrative purposes.</p>

School Committee Charge 2.1	Working Group Response 2.1
<p>Confirm the method the Town of Lincoln has used to allocate for the current contract for: OPEB and Pension Liabilities</p>	<p><u>OPEB Current</u>: The working group confirmed the current allocation method used for OPEB as following Fincom OPEB policy as follows: Town Finance provides the OPEB actuary (Odyssey Advisors) census information based on employees enrolled in health insurance, including retirees, based on their plan (family/individual/etc.). Hanscom employees have been broken out since the process began in 2007. The OPEB actuary then provides the recommended actuarial determined contributions (ADC) for each agency (Hanscom, Lincoln School, Lincoln Town, and other town agencies). The report is provided</p>

	<p>every 2 years, and each report provides 2 years' worth of ADCs.</p> <p><u>Pension Current:</u> The working group confirmed that Town Finance historically provided monthly salary/wage detail to MCRS at the individual employee level, however this detail was not identified by employee location/agency (i.e., whether they were Hanscom/Lincoln School/town). The actuary for MCRS (Segal) used this information to prepare an actuarial determined contribution (ADC) for the entire town of Lincoln, with no breakdown between Hanscom, Lincoln School, or other town employees. The report is provided every 2 years, and each report provides 2 years' worth of ADCs.</p>
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School Committee Charge 2.2	Working Group Response 2.2
<p>Propose an appropriate method to allocate these liabilities going forward. For example: We need to understand what data is being used: are they using gross salary, on a calendar year, if there are shared percentages, then explain why (central office, etc.).</p>	<p><u>OPEB Future:</u> The working group confirmed the future allocation method used for OPEB should remain the same. There may be additional discussion around what the funding strategy should be, as well as harmonization with the Town, which is outside the scope of the charge.</p> <p><u>Pension Future:</u> The working group confirmed that Town Finance has requested Segal to break out the town of Lincoln liability into 3 agencies: Hanscom, Lincoln School, and Other Town employees. The employee census (work location) data was provided to match the individual salary/wage detail that was provided for Jan 1, 2022, which corresponds to the most recent ADCs for FY24 and FY25.</p>

	<p>Segal has provided a report that now allocates the liability and corresponding ADC for Hanscom, Lincoln School, and Other town employees. The working group also confirmed that any allocations based on employees who split time were verified by Town Finance and the School Administrator for Business and Finance, and these allocations were also supplied to Segal.</p>
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School Committee Charge 3	Working Group Response 3
<p>Propose a plan to have disaggregated valuation statements for both OPEB and MCRS pension liabilities into 3 groups: Town of Lincoln, Lincoln Public Schools, and Hanscom bi-annually, and following the agreed allocation methods determined above. We understand that drafts may be in place currently (for MCRS/Segal). We would like to formalize what the expectation should be going forward.</p>	<p>The working group confirmed that both OPEB (via Odyssey) and MCRS (via Segal) will have disaggregated liability valuation statements broken out by at least: Hanscom, Lincoln Public Schools, and Other Town of Lincoln employees going forward. These statements will be provided bi-annually [when is next report?].</p>

Open questions?

- What is the method the information is provided to the actuaries? MUNIS reports, etc.?