

Lincoln School Committee

Hanscom Contract Review

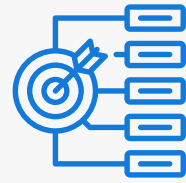


May 30, 2024

Agenda



Introduction



Project Overview &
Timeline



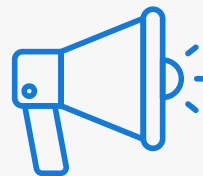
Contract Overview



Current Practices



Financial Trends &
Projections



Risk Considerations



Findings &
Recommendations



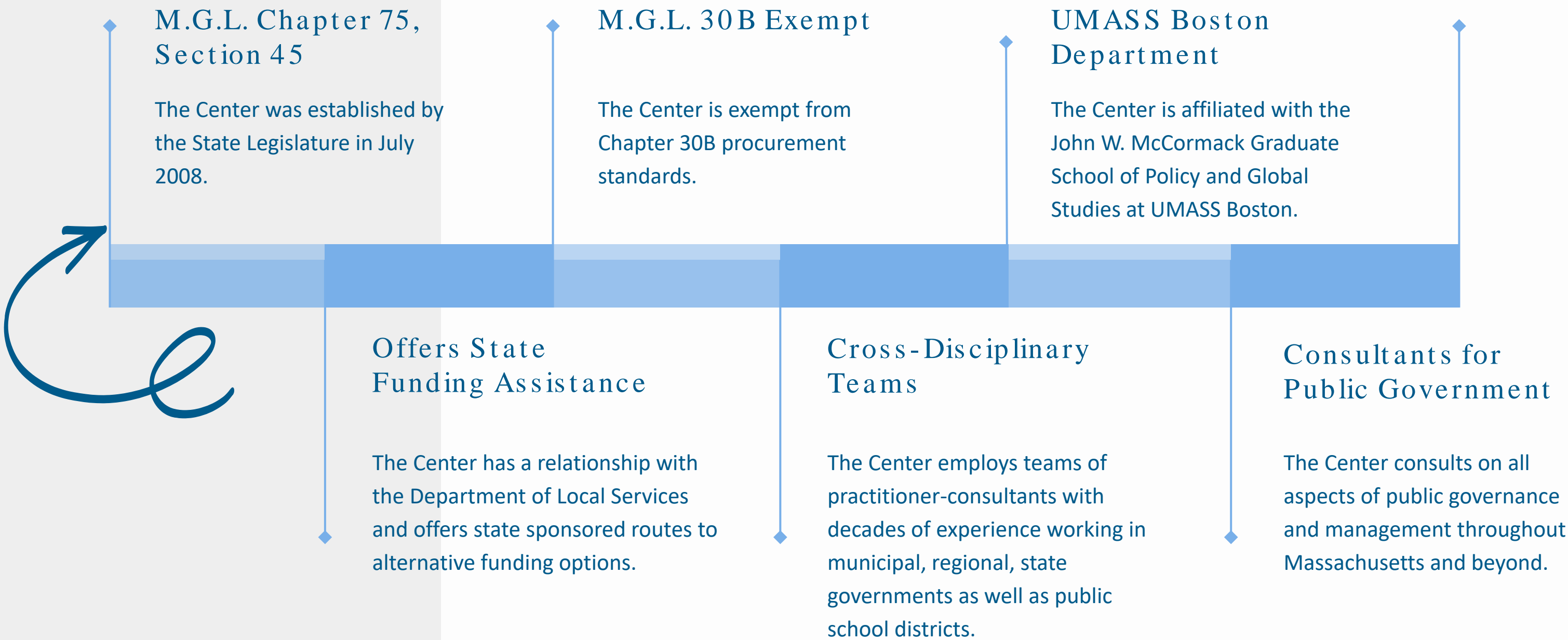
Closing

Mission Statement



The Collins Center is dedicated to improving the efficiency, effectiveness, governance, responsiveness, and accountability of public sector organizations, with a particular focus on local and state governments.

Why is the Center Unique?

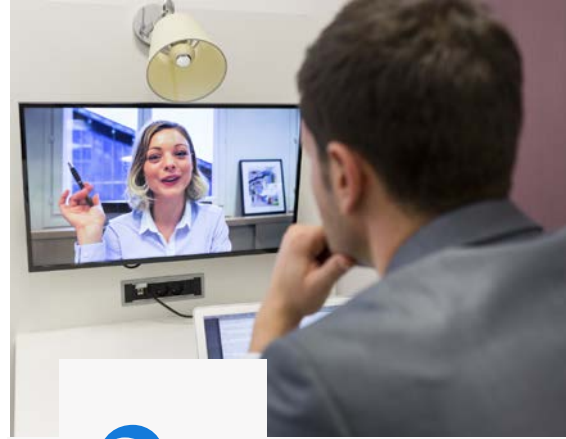


Our Process



1

Initial Meetings



2

Interviews



3

Data Collection



4

Data Analysis



5

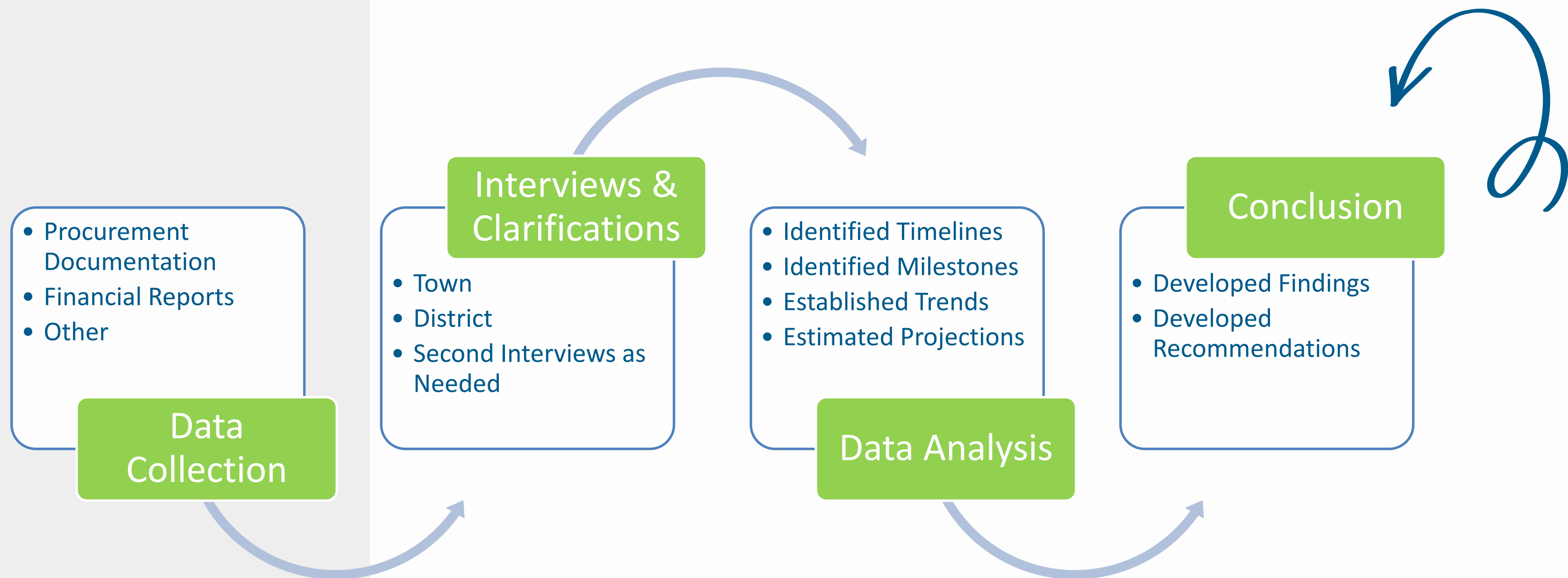
Develop Findings &
Recommendations



6

Final Report

Methodology



Hanscom Contract Overview



- First agreement – 1956
- Multiple adjustments to procurement and awarding practices over 60+ years
- Current procurements guided by Federal Acquisition Regulations (FAR)
- Lincoln Public Schools is a vendor

Hanscom Contract Basics

Education of Students Pre-K to Grade 8

- Regular & Special Education Programming
- Personnel & Supplies
- Outplacement Special Education Services

Building Administration & Clerical Support

- Building Safety

Building Maintenance

- Furniture & Fixtures
- Capital up to \$50,000

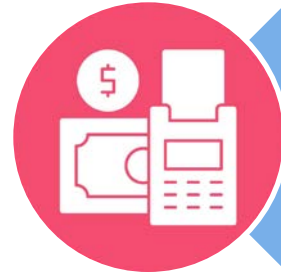
Noteworthy Milestones & Concepts

- 2009 “Federal Grant” designation removed
 - *Result: 9% Pension overhead no longer applicable for MTRS & MCRS*
- Mid 2000s housing leased to private developer for 50 years
- 2010-2020 solicitations & pricing based on “Bands”
- 2020 contract solicitations & pricing based on fixed cost structure
 - *Current Contract Executed – June 23, 2020*
 - *Duration – 5 Years*

Hanscom Contract Current Practices



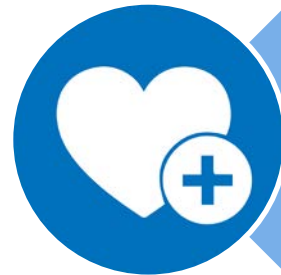
Invoicing



Accounts Payable



Payroll



Benefits

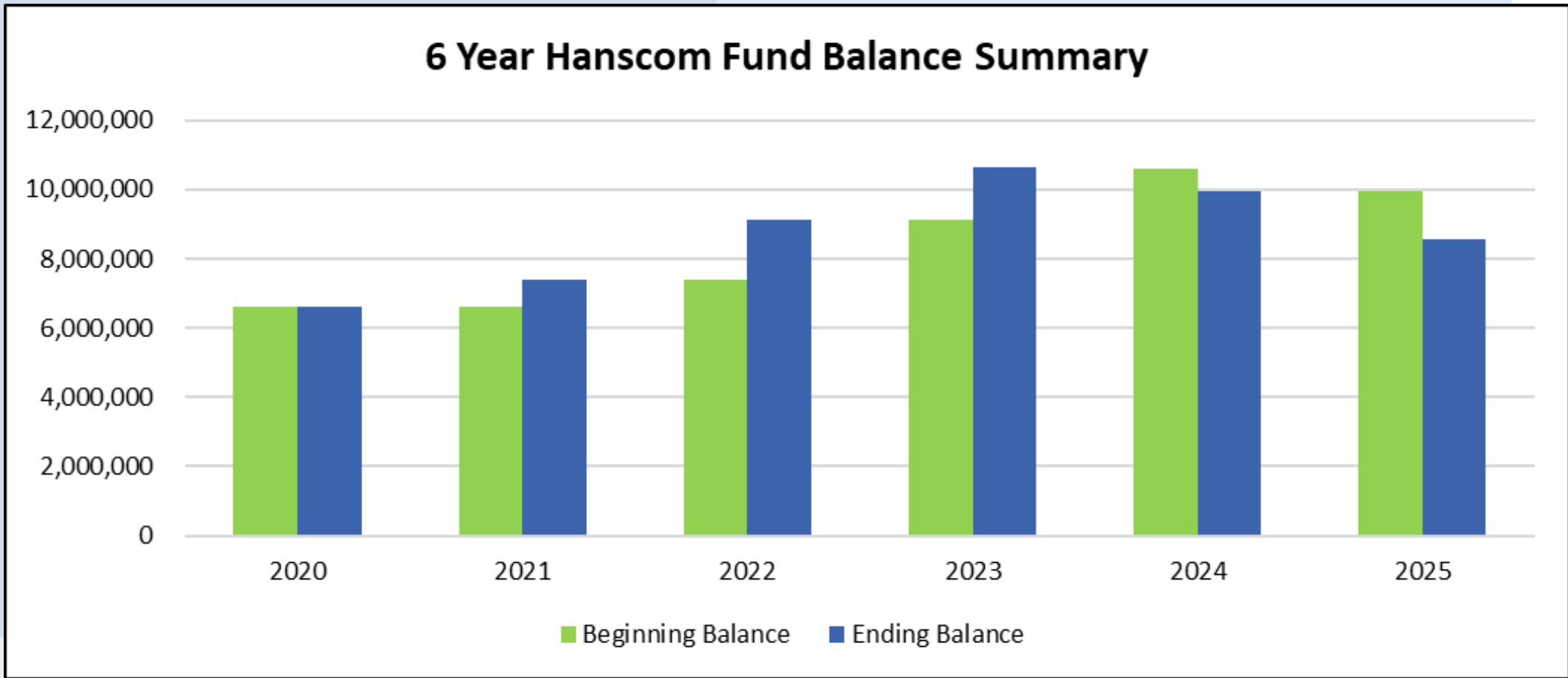


Journal Entries / Transfers



Financial Trends: *Historic Fund Balance*

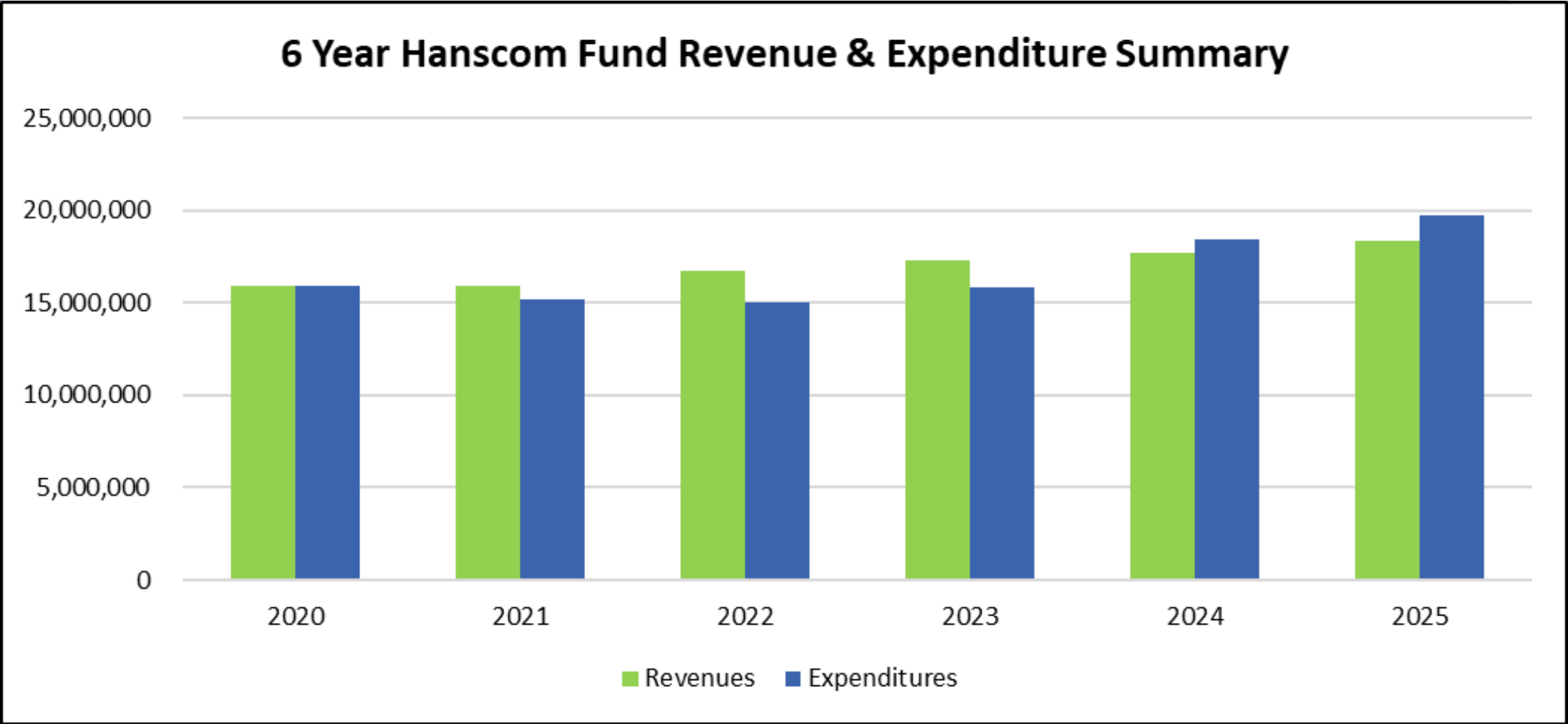
- FY2020-FY2023 Audited Financial Statements
- FY2024 & FY2025 Assume:
 - *Revenues = Contract Value*
 - *Expenses = Adopted Budgets*



Fiscal Year	Ending Balance	Annual Percentage Change
2020	6,617,092.00	-0.07%
2021	7,375,827.00	11.47%
2022	9,131,855.00	23.81%
2023	10,644,112.00	16.56%
2024	9,933,735.32	-6.38%
2025	8,584,694.32	-13.58%

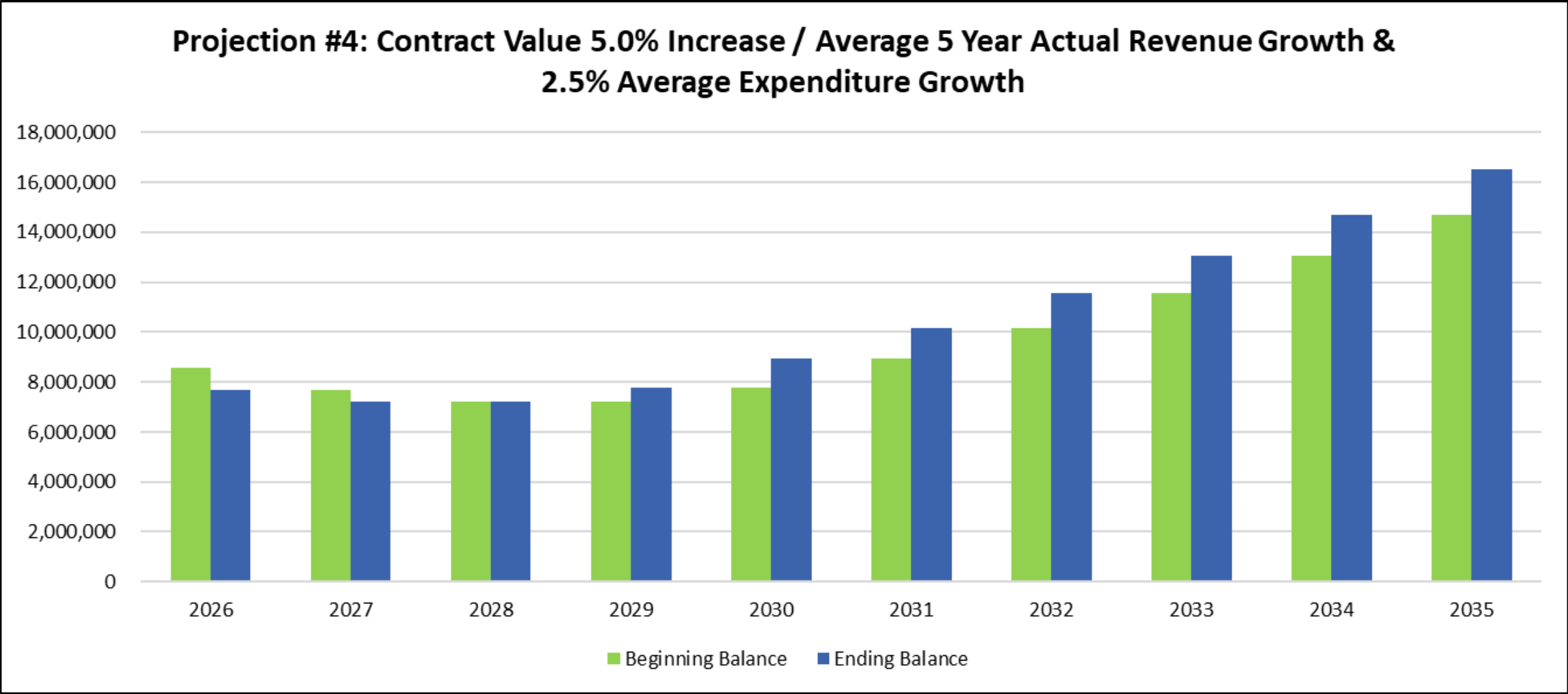
Financial Trends: *Historic Revenues & Expenditures*

- Revenue Average = 2.89%
- Expenditure Average = 4.59%



Fiscal Year	Revenue % Change	Expenditure % Change
2021	0.00%	-4.79%
2022	5.08%	-1.24%
2023	3.32%	5.33%
2024	2.43%	16.53%
2025	3.62%	7.14%
Average Change	2.89%	4.59%

Financial Projections: *Contract Value Adjustment*



- **Projection #4**
 - *FY2026-FY2030 5.0% Contract Value Adjustment*
 - *FY2031-FY2035 2.89% Revenue Growth*
 - *FY2026-FY2035 2.5% Expenditure Growth*

Liability Considerations

Unemployment

- Basic Estimate @ FY2022 = \$2.02M

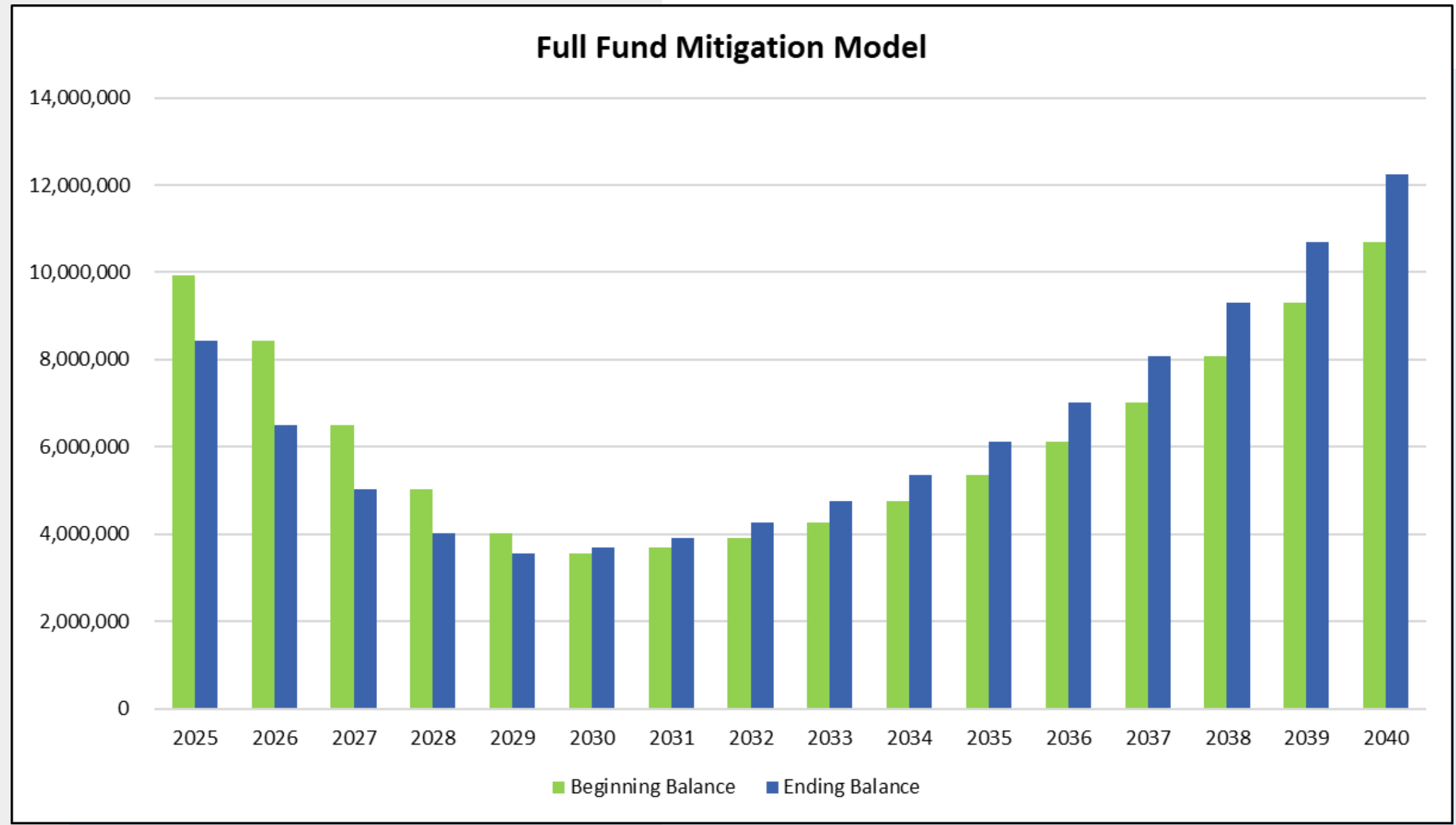
Other Post Employment Benefits (OPEB)

- June 30, 2022 Valuation Statement = \$7.73M

Pension

- Draft MCRS November 2023 Valuation Statement = \$4.26M

Fund Balance Mitigation Model



- Projection #4
- Unemployment Reserve Annual Contribution
- OPEB Liability 15-Year Contribution Schedule
- MCRS Pension Liability 15-Year Contribution Schedule

Note: Drawdown on Fund Balance FY2025-FY2030, build back estimated to begin FY2031.

Risk Considerations



Loss of Contract

- Unemployment
- OPEB
- Pension
- Storage of owned property
- Organizational re-structuring
- Additional operating expenses transferred to general fund



Base Closure

- Most unknown & variable risk consideration
- Potential all current students will remain with the District
- Additional operating expenses transferred to general fund

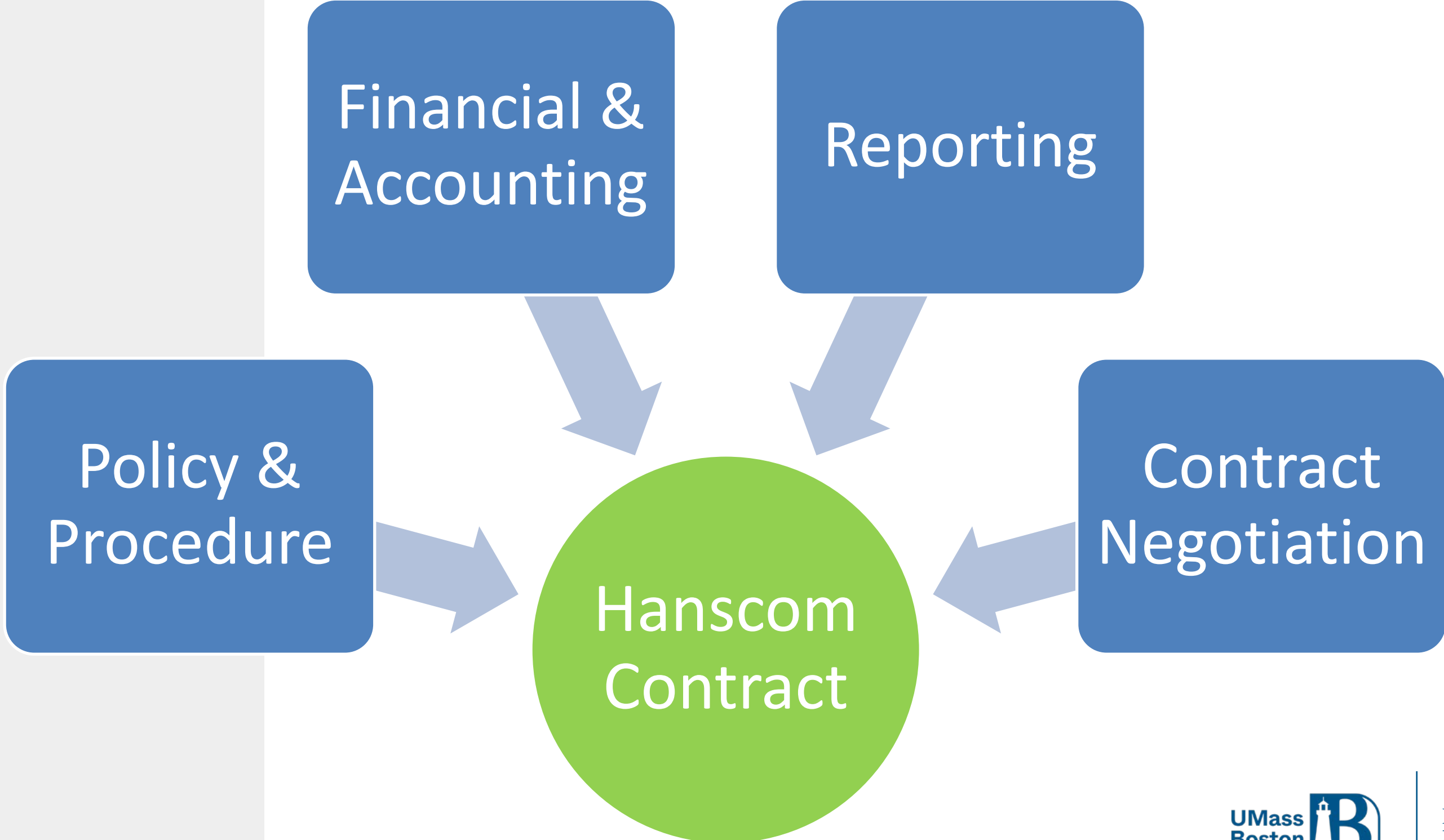


Contract Elimination

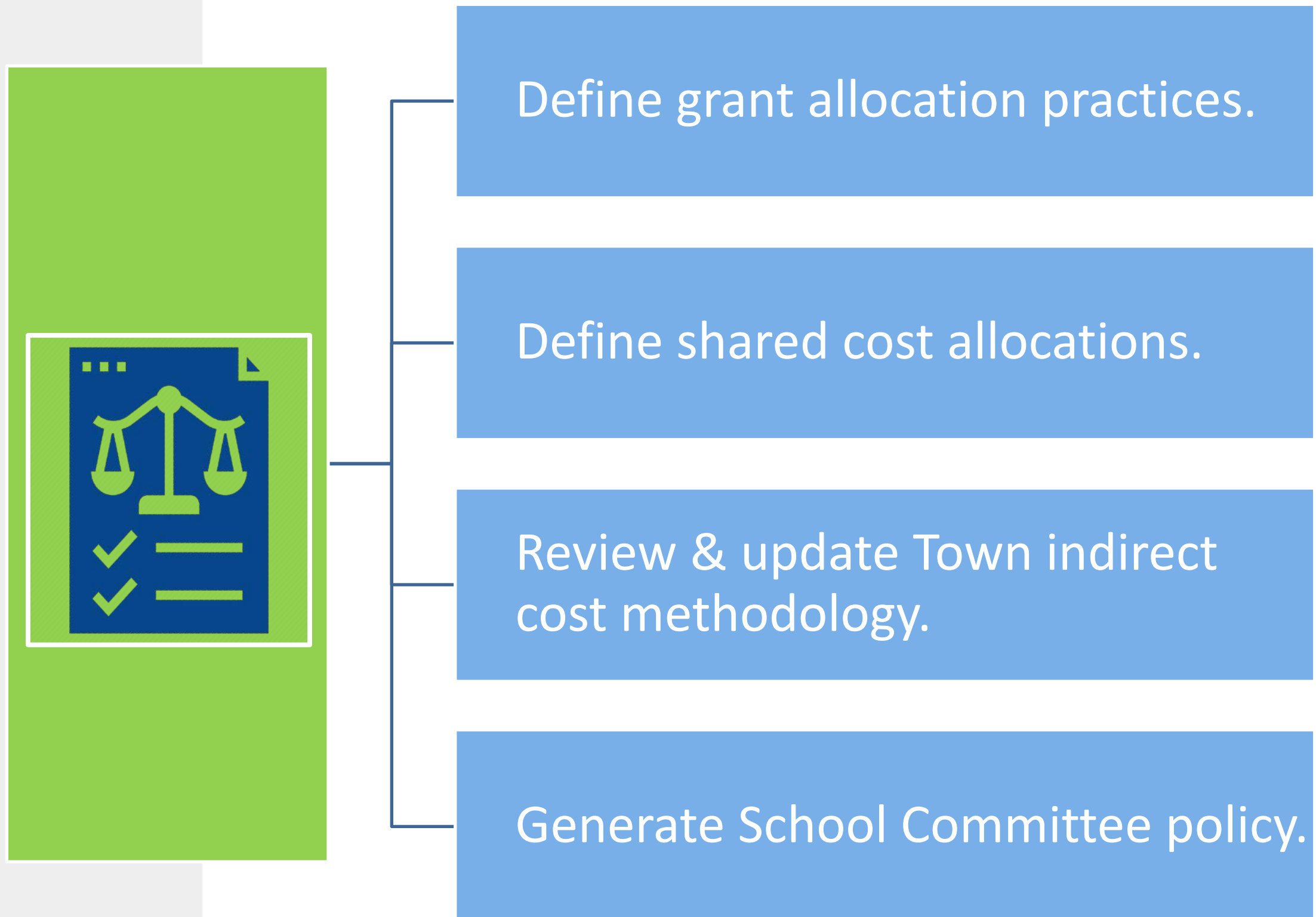
- Possible migration to “impact aid” & other revenue
- Unknown if Hanscom School could be operated by the District
- DoDEA could operate Hanscom School internally

Note: The above are high-level risk considerations and do not address every possible scenario.

Findings & Recommendations



Findings & Recommendations: *Policy & Procedure*



Findings & Recommendations: *Financial & Accounting*

Legislation



Seek special legislation to establish an enterprise account.

Findings & Recommendations: *Financial & Accounting*

Daily Administration



Update MUNIS to allocate payroll & benefits against Hanscom expense lines.

Reconcile health insurance elections monthly with the Town.

Document & standardize reconciliation procedures.

Findings & Recommendations: *Financial & Accounting*

Liabilities & Future Planning



Pay annual actuarial determined pension contributions in a single payment.

Evaluate OPEB & pension liability allocation methodologies.

Generate bi-annual disaggregated valuation statements for OPEB and pension liabilities.

Create reserve funds and fund modeling.

Findings & Recommendations: *Reporting*



Standardize transparency through
MUNIS run monthly reports.

Engage in MUNIS training for
District staff.

Findings & Recommendations: *Negotiation Considerations*



Implement a standardized negotiation process including representation from both the Town and District.

Closing Thoughts

- *Extraordinary opportunity to educate children of active-duty military personnel*
- *Fosters a true partnership between DoDEA, Town, and District*
- *Strengthens the working environments between the Town and District*
- *Financially beneficial for the Town and District with proper planning*





Thank You



Contact Us

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