

ANTICIPATED/CALCULATED NON-MEMBER STUDENT TUITION REVENUE FROM SENDING TOWNS (GRADES 9 THRU 12 AND PG'S AND AM'S)

ENROLLMENT DEMOGRAPHICS FROM MINUTEMAN PUBLIC BUDGET BOOKS	2009	2010	2011	2012	2013	ESTIMATES (LEVEL) 2014	FY2015 projections
FY2014 BUDGET BOOK (HS, PG, AND AM) P.11	680	754	785	739	732	798	798
FY2014 BUDGET BOOK TOTAL MEMBER TOWN ENROLLMENT	430	445	430	401	397	439	439
FY2014 BUDGET BOOK NON-MEMBER ENROLLMENT	250	309	355	338	335	359	359
NON-MEMBER PG & AM ENROLLMENT	26	27	28	59	39	47	47
NON-MEMBER PG & AM ENROLLMENT - REVENUE BASED ON AVERAGE TUITION PAYMENTS INCLUDING FEES OF \$6,000	\$156,000	\$162,000	\$168,000	\$354,000	\$234,000	\$282,000	\$282,000
NON-MEMBER 9-12 ENROLLMENT	224	282	327	279	296	312	312
DESE Annual Tuition Rate	\$17,915	\$18,722	\$18,054	\$18,375	\$19,045	\$18,306	\$18,306
NON-MEMBER 9-12 ENROLLMENT REVENUE BASED ON THE PER NON-MEMBER STUDENT Department of Elementary and Secondary Education TUITION RATE	\$4,012,960	\$5,279,604	\$5,903,658	\$5,126,625	\$5,637,320	\$5,711,472	\$5,711,472
Summer school Charges Estimated for Non-Members	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
ALL ANTICIPATED NON-MEMBER REVENUE	\$4,268,960	\$5,541,604	\$6,171,658	\$5,580,625	\$5,971,320	\$6,093,472	\$6,093,472

THE OVER ENROLLMENT OUT-OF-DISTRICT (OOD) NON-MEMBER TUITION STUDENT CREATES TUITION REVENUE SHORTFALLS

	2009	2010	2011	2012*	2013 PROJECTIONS	PROJECTIONS (LEVEL) 2014	FY2015 projections
AUDITORS STATEMENTS ANNUAL TOTAL REVENUE (Governmental Wide Activities)	\$22,467,347	\$22,449,808	\$22,105,745	\$24,505,704	\$24,883,944	\$26,179,329	\$26,179,329
AUDITORS STATEMENTS ANNUAL TOTAL Expenditures (Governmental Wide Activities)	\$25,011,194	\$25,415,804	\$24,676,879	\$23,600,000	\$25,300,000	\$25,300,000	\$25,300,000
LESS EST. NET TRANSPORTATION, SPECIAL MIDDLE SCHOOL PROGRAMS NOT ASSOCIATED WITH TUITION STUDENTS. Included is Federal Grant Dollars that benefit all students	\$1,630,000	\$1,630,000	\$1,630,000	\$1,630,000	\$1,830,000	\$1,830,000	\$1,830,000
NET AVERAGE EXPENDITURES FOR EVERY MINUTEMAN STUDENT (for any member or non-member student)	\$34,384	\$31,546	\$29,359	\$29,729	\$32,063	\$29,411	\$29,411
ANNUAL Department of Elementary and Secondary Education TUITION RATES	\$17,915	\$18,722	\$18,054	\$18,375	\$19,045	\$18,306	\$18,306
AVERAGE SPED FEE REVENUE (45% OF \$5,000)	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250
AVERAGE OOD STUDENT REVENUE (ROWS 18 AND 19)	\$20,165	\$20,972	\$20,304	\$20,625	\$21,295	\$20,556	\$20,556
AVERAGE PER TUITION STUDENT TUITION REVENUE LOSS (DIFFERENCE BETWEEN THE COST TO EDUCATE EVERY MINUTEMAN AND REVENUE RECEIVED FOR EACH TUITION STUDENT, ROW 20 MINUS ROW 17)	(\$14,219)	(\$10,574)	(\$9,055)	(\$9,104)	(\$10,768)	(\$8,855)	
TOTAL ANNUAL OOD TUITION REVENUE LOSS (\$0,000,000)	(\$3,554,777)	(\$3,267,415)	(\$3,214,554)	(\$3,077,275)	(\$3,607,227)	(\$3,178,955)	

INCREASED ASSESSMENTS DUE TO RECURRING "CURRENT TUITION" UNDERESTIMATIONS PLUS DEFICIT SPENDING

	2009	2010	2011	2012	2013	PROJECTIONS (LEVEL) 2014	ESTIMATES (LEVEL) 2015
prior year	\$3,473,927	\$3,537,132	\$2,904,136	\$3,035,000	\$3,700,000	\$5,100,000	\$5,900,000
current year tuition ALWAYS UNDERSTATED	\$382,101	\$382,181	\$1,565,864	\$1,300,000	\$900,000	\$600,000	\$386,995
TOTAL (UNDERREPORTED) ANNUAL TUITION BUDGET PRIOR + CURRENT	\$3,858,037	\$3,919,313	\$4,470,000	\$4,335,000	\$4,600,000	\$5,700,000	\$6,286,995
CALCULATED TUTION REVENUE BASED ON ENROLLMENTS	\$4,268,960	\$5,541,604	\$6,171,658	\$5,580,625	\$5,971,320	\$6,093,472	\$6,093,472
ACTUAL REVNUES - AUDITORS STATEMENTS Charges for Services	\$5,619,995	\$5,429,658	\$5,845,879	\$6,717,145	1 month away	1 year away	2 years away
FISCAL YEAR "PRIOR TUITON" + PREVIOUS YEAR "CURRENT TUITION" REVENUES	\$3,856,108	\$3,919,233	\$3,286,317	\$4,600,864	\$5,000,000	\$6,000,000	\$6,500,000
BY SUBTRACTING "EXPECTED TUITION REVENUE" FROM ALL SOURCES (ROW 11) FROM BUDGET TUITION REVENUE (ROW 27), THE RESULT IS THE OVER-ASSESSMENTS ON ROW 28 THAT INCREASE ASSESSMENTS.	Not Referenced	\$1,622,291	\$1,701,658	\$1,245,625	\$1,371,320	\$393,472	
Amount of Understated Chapter 70 Aid	Not Referenced	\$210,127	\$10,715	\$99,887	\$89,828	\$144,098	
Amount of Understated Chapter 74 Transportation Aid	Not Referenced	(\$194,347)	\$169,737	\$400,235	\$200,000	\$250,000	
Amount of Understated Interest Revenue	Not Referenced	(\$68,182)	(\$10,411)	(\$15,256)	\$0	\$0	
Amount of Understated Medicaid Revenue	Not Referenced	\$37,638	(\$10,515)	(\$30,500)	(\$4,500)	\$0	
Amount of Understated Post Grad Tuition	Not Referenced	\$0	\$0	\$0	\$0	\$0	
	Not Referenced						
TOTAL FUNDS made AVAILABLE annually through OFF BUDGET revenue	Not Referenced	\$1,607,527	\$1,861,184	\$1,699,991	\$1,656,648	\$787,570	
ANNUAL BUDGET E & D deficit spending to artificially reduce assessments.	Not Referenced	\$352,894	\$395,000	\$200,000	\$200,000	\$100,000	
REVOLVING ACCOUNT ANNUAL DEFICITS (AVERAGED)	Not Referenced	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000	
SPECIAL ASSESSMENT AND STABILIZATION FUND CONTRIBUTIONS BECAUSE E&D WAS REPEATEDLY DEPLETED LEAVING NO FUNDS TO PAY FOR 2 EMERGENCY CAPITAL EXPENDITURES*	Not Referenced	\$0	\$0	\$438,000	\$200,000	\$200,000	
TOTAL FUNDS made AVAILABLE annually through UNDER REPORTED revenue recognition, plus Deficit spending, and E&D Appropriations	Not Referenced	\$2,180,421	\$2,476,184	\$2,557,991	\$2,276,648	\$1,307,570	
UNDERSTATED REVENUES ARE IN FACT COLLECTED (a second time) AND SPENT FROM REVOLVING ACCOUNTS as off-budget and unassigned to any General Fund account code	Not Referenced	\$1,607,527	\$1,861,184	\$1,699,991	\$1,656,648	\$787,570	
INCLUDES UNDER REPORTED REVENUES TWICE COLLECTED, E&D APPROPRIATIONS PLUS GROWING DEFICITS	Not Referenced	\$3,787,948	\$4,337,368	\$4,257,982	\$3,933,296	\$2,095,140	



MINUTEMAN
A REVOLUTION IN LEARNING

September 18, 2013

Mitchell D. Chester
Commissioner of Elementary and Secondary Education
Massachusetts Department of Elementary and Secondary Education
75 Pleasant Street
Malden, MA 02148

Dear Commissioner Chester:

On behalf of the members of the Minuteman Regional Vocational and Technical School School Committee, we are writing to express our concerns about, and disagreement with, the recent decision by the Department of Elementary and Secondary Education (DESE) to lower the FY 2014 non-resident tuition rates for non-member towns.

We understand that non-resident tuition rates for FY 2014 will be capped at \$18,309, or 142% of the foundation budget rate, down from \$19,046, or 150% of the foundation budget rate in FY 2013. We further understand that the reduction in the FY 2014 non-resident tuition rate is part of a three-year plan to ultimately reduce non-resident tuition rates to 125% of the foundation budget rate. For the reasons outlined below, we strongly disagree with the DESE's decision on this matter and urge you to reconsider and reverse the decision for FY 2015.

Minuteman has a long and rich tradition of including students from non-member communities in our school. In fact, for FY 2013, 292 (or 45%) of the 653 students enrolled in our high school came from non-member towns. Given the high percentage of non-member students at Minuteman, the non-resident tuition rate is a critical issue for the District. Moreover, Minuteman is currently in the pipeline with the Massachusetts School Building Authority (MSBA). The impact of non-member enrollment on the strategic decision regarding school size is a critical question for both the Minuteman School Committee and our 16 member towns.

Minuteman has extensively studied the issue of non-resident tuition rates. Earlier in FY 2013 the Minuteman School Committee formed a task force to study the financial impact of accepting out-of-district students at Minuteman. The task force concluded that, although the FY 2013 non-resident tuition levels were set about \$3,000 higher than the variable (or marginal) costs, those tuition rates were about \$4,000 below the average total per-student operating cost. The task force further concluded that at the then-current non-resident tuition rates, Minuteman does have an

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economic incentive to accept non-member students because doing so contributes somewhat to the fixed costs that the member towns would otherwise be solely responsible for. That said, because the current non-resident tuition rates are set below the average total cost per student, member towns are, in effect, subsidizing the costs of educating non-member students.

Because out-of-district tuition rates are set below the average total per-student operating costs, non-member communities enjoy an economic benefit by not being members of the regional district, a benefit that non-member communities are keenly aware of. When Minuteman has tried to encourage non-member communities to join the district, we have often been met with the response: "Why should our town join the Minuteman district when doing so would increase the costs of sending our town's students to the school?"

More importantly, as non-resident tuition rates are lowered to the levels being contemplated by DESE, the tuition rates are creeping closer to the point at which non-resident tuition rates no longer even cover the marginal costs of accepting non-member students and Minuteman will be economically better off by not accepting any non-resident students at all.

The disincentive that the current non-resident tuition rates create for non-member communities to join the Minuteman district is exacerbated by the current inability of Minuteman to assess non-member towns for the capital portion of the costs associated with educating Minuteman students. This issue is particularly relevant as Minuteman grapples with the strategic decision of how to size a new or renovated school. If Minuteman is precluded from assessing non-member towns for the capital costs associated with that portion of the building designed to serve non-member students, there will be no economic incentive to build a school sized to serve all the students seeking a high quality vocational technical education.

Having DESE lower the non-resident tuition rates increases the likelihood that Minuteman will be only able to build a smaller facility. The resulting small school will reduce the number of Chapter 74 programs, and close the door to admitting non-member communities seeking to provide vocational and technical educational opportunities to their students.

In sum, the Minuteman School Committee strongly disagrees with the DESE's decision to lower non-resident tuition rates. That decision increases the windfall that non-member towns enjoy by electing not to become part of the regional district, creating a disincentive to regionalization. It also increases the risk that Minuteman could eventually decide not to accept any non-member students. In fact, rather than decreasing the non-resident tuition rates to a smaller percentage of the State's foundation rate, Minuteman firmly believes that a strong case can be made for DESE

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basing tuition rates on the actual operating costs (including capital costs) incurred by regional vocational schools in educating all enrolled students, member and non-member alike. Only at that point will non-member towns be paying their fair share of the educational benefits their students enjoy.

We welcome the chance to discuss any of the foregoing with you and strongly urge you to reconsider your recent decision.

Sincerely,



Alice DeLuca, Chair
Minuteman School Committee



Edward A. Bouquillon, PhD
Superintendent-Director

CC:

Jeff Wulfson, Deputy Commissioner, DESE
Pati Gregson, Associate Commissioner, DESE
Tom Scott, Executive Director, MASS
Dave Ferreira, Executive Director, MAVA
Member State Legislators
Member Boards of Selectmen

- NO CPA IN GOOD STANDING IN ON THE MINUTEMAN ADMINISTRATION STAFF
- PREVIOUS CPA'S RESIGNATION LED TO FORENSIC AUDIT
- SUPERINTENDENT PROCUREMENT VIOLATIONS
- CPA CHECKS AND BALANCES HAVE BEEN REMOVED
- A NON-LICENSED ACCOUNTANT (FORMER SCHOOL TREASURER) HIRED AT SIGNIFICANT SALARY INCREASE TO OVERSEE THE BUDGET PROCESS AND BUSINESS OFFICE
- THERE ARE INSUFFICIENT OR NON-EXISTENT FINANCIAL SCHOOL COMMITTEE WRITTEN POLICIES THAT ACKNOWLEDGE MGL AND CMR'S

- ALL MINUTEMAN STUDENTS RECEIVE EDUCATIONAL SERVICES EQUALLY AND TRANSPARENTLY INCLUDING NO COST/NO CUT SPORTS
- MINUTEMAN HAS HAD A NON-MEMBER TUITION ENROLLMENT FOR OVER 25 YEARS
- TEACHERS HAVE BEEN HIRED AND RETIRED, AND CAPITAL INVESTMENTS TOTALLY DEPRECIATED THAT HAVE BENEFITED NON-MEMBER STUDENTS
- NON-MEMBER ENROLLMENT (WHICH IS NOT REQUIRED BY LAW OR EDUCATIONAL IMPERATIVE) IS 47% OF TOTAL ENROLLMENT
- THERE ARE NO FINANCIAL BENEFITS TO BE DERIVED FROM AN OVERLY LARGE NON-MEMBER TUITION ENROLLMENT
- ASSESSMENT = EXPENDITURES – REVENUES. IF REVENUES ARE REDUCED, ASSESSMENTS MUST INCREASE

- THERE IS A \$9,500 UNDER FUNDING OF EACH NON-MEMBER TUITION STUDENT
- 350 NON-MEMBER TUITION STUDENTS ARE UNDERFUNDED BY A NET \$2.3 MILLION ANNUALLY
- TUITION REVENUE IS UNDER UTILIZED
- REVOLVING ACCOUNT DEFICITS TOTAL \$1.1 MILLION AND GROWING
- THE SCHOOL E & D FUND IS ALMOST NON-EXISTENT AT \$100,000
- THE ADMINISTRATION SPENDS IN EXCESS OF \$2.6 MILLION ON INSTRUCTION AND OTHER EDUCATIONAL SERVICES IN ADDITION TO BUDGETED FUNDS ANNUALLY
- MEMBER TOWNS INCLUDING SUDBURY ARE BEING OVER ASSESSED \$1.5 MILLION WHICH BECOME OFF-BUDGET UNASSIGNED DOLLARS
- THE ADMINISTRATION SIMPLY UNDERSTATES TUITION AND STATE AID REVENUES EACH YEAR. THERE IS NO RECONCILIATION OF THE BUDGET TO RETURN THOSE DOLLARS THAT IN FACT UNDERSTATED BUT COLLECTED BY THE BUSINESS OFFICE EACH YEAR.

- REVOLVING ACCOUNT DEFICITS AND E&D APPROPRIATION PROVIDE THE OTHER \$500,000 TO MAKE UP FOR TUITION REVENUE SHORTFALLS
- THE SCHOOL COMMITTEE HAS NO WRITTEN POLICIES REGARDING THE ADMINISTRATION'S DISPOSITION OF WINDFALL BUDGET REVENUE, DISPOSITION OF DEFICITS, OR E&D APPROPRIATIONS
- THE SCHOOL COMMITTEE POLICY ON "REVOLVING ACCOUNTS" IS A BLANK PAGE IN THE ONLINE POLICY MANUAL.
- THE OVER ASSESSMENTS AND GROWING DEFICIT SPENDING ARE OPERATIONALLY SUBSIDIZE AN UNNECESSARILY LARGE NON-MEMBER TUITION ENROLLMENT AS WILL ANY NEW CAPITAL EXPENDITURES
- THE ADMINISTRATION AND A SCHOOL COMMITTEE TASK FORCE HAVE PRODUCED FALLACIOUS REPORTS TO JUSTIFY THE LARGE TUITION STUDENT ENROLLMENT. BOTH HAVE BEEN BASED ON THE OPERATING \$16 MILLION SCHOOL COMMITTEE BUDGET WHEN THE ADMINISTRATION IS ACTUALLY SPENDING \$24 MILLION EACH YEAR WITHOUT SCHOOL COMMITTEE REVIEW OR APPROVAL. THE LETTER TO COMMISSIONER CHESTER INVALIDATES BOTH REPORTS BY STATING THE SCHOOL LOSES \$4,000 ON EACH TUITON STUDENT.