



METCO & Ride After (After School) Transportation Cost Analysis

January 3, 2017

Overview

- METCO Program Cost Analysis
- Elementary Ride After Transportation Program Cost Analysis

METCO Cost Analysis

- Lexington has been a 50-year participant of the METCO program
- Benefits both Lexington and METCO students
- School Committee received opinion paper's regarding METCO Program and Racial Imbalance Act – November 1, 2016
- Legal Counsel opinion discussed – December 20, 2016
- Cost Analysis of Program – January 3, 2017

METCO Cost Analysis

- Findings described in Financial Opinion Paper dated November 1, 2016:
 - Total Cost: \$5.6 million
 - Operating Cost: \$4.2 million
 - Capital Cost: \$1.4 million

METCO Cost Analysis

- Concerns regarding Financial Opinion Paper dated November 1, 2016:
 - Utilized per-pupil rates that overstate cost of program to Lexington taxpayers (general fund and special revenue funds)
 - Uses average cost model, does not represent amount saved to Lexington taxpayers if program removed – need to use marginal cost model
 - Capital cost method does not accurately represent cost of METCO programs impact on building projects

METCO Cost Analysis - Operating

Effect of Change in Enrollment (METCO elimination)

	Projected FTE Savings	Projected \$ Savings
1 Projected Salary Savings	(17.69)	\$ (1,486,620)
2 Grant Funded Positions (savings offsets):		
3 Social Worker	3.00	\$ 277,488
4 Resource Room Teacher	1.00	\$ 65,712
5 Projected Net Salary Savings (Line 1 + Line 3 + Line 4) - general fund impact	(13.69)	\$ (1,143,420)
6		
7 Projected Benefit Savings (general fund positions)	(13.69)	\$ (217,139)
8 Projected Benefit Savings (grant funded positions)	(11.86)	\$ (188,171)
9 Projected Benefits Savings (Line 7 + Line 8)	(25.55)	\$ (405,310)
10		
11 Projected Expense Savings		\$ (141,603)
12		
13 Projected Salaries, Benefits, and Expenses Savings subtotal (Line 5 + Line 9 + Line 11)		\$ (1,690,333)
14		
15 Projected reduction in Ch 70 Funding		\$ 417,189
16		
17 LPS Estimated Annual Operating Impact (Line 13 + Line 15)		\$ (1,273,144)
18		
19 METCO Financial Opinion Paper (dated Nov 1, 2016)		\$ (4,200,000)
20		
21 Variance		\$ (2,926,856)

Assumptions:

- Utilizes FY18 FTE added per 100 students rate of: 7.28
- Utilizes FY18 total cost of benefits/Medicare/Worker's Comp per 1.0 FTE rate of \$15,866
- Utilizes FY17 foundation budget rate of \$9,905, increased 3% to \$10,202.10 applied against METCO enrollment (243) and FY17 reimbursement rate of 16.8282%

METCO Cost Analysis - Capital

- Unable to apply per-pupil cost to estimate capital cost impact
 - Would need to define which specific projects would be impacted by a reduction in enrollment to provide accurate projection
 - Bowman, Bridge, Fiske modulars
 - Hastings Elementary school
 - Clarke and Diamond Middle Schools

Elementary Ride After Program

- Current Program:
 - Implemented in FY13
 - Ridership (est): 402
 - Fee: Additional \$60/year above base fee (FY14)
- Current Challenges:
 - Program participation levels – overlapping schedules
 - Variability in scheduling throughout year
 - Ensuring safety with dismissal
 - Operates at high levels of subsidy

Elementary Ride After Program

FY2016-17 Estimated After-School Program Cost Analysis		
1	After-School Bus Fee (6 buses)	\$ 120,120
2	Estimated Cost of "double seat"	\$ 252,134
3	FY17 Estimated Operating Costs Subtotal	\$ 372,254
4		
5	FY17 Revenue collected (est) - add'l \$60 above base fee for full year	\$ 24,120
6		
7	Operating Subsidy	\$ (348,134)
8		
9	Percent funded by fees	6.5%
10		
11	Projected Fee (above base fee) required for 38% fee recovery - cap participation	\$ 589.40
12		
13	Projected Fee (above base fee) required to cover full cost of program	\$ 1,551.06

Notes:

- “Double seat” refers to students participating in the Ride After program riding to school on one bus in AM and riding on another bus in PM (after-school bus), creating the need to schedule “double seats” (2 seats held on separate buses for one student being transported).