BOCES Business Model Workshop

December 3, 2013
Agenda

- Background
- BOCES Budget
- Co-Sers
- BOCES Aid
- Purchasing
- Planning
- Auditing and Financial Reporting
The Board of Cooperative Educational Services (BOCES) was created by the New York State legislature in 1948 to provide shared educational programs and services to school districts.
Eastern Suffolk BOCES, an educational cooperative of 51 Long Island school districts, provides educational leadership, direct instruction, management and support through quality, cost-effective instructional programs and shared services. These programs and services maximize educational and career opportunities for Long Island’s diverse community of lifelong learners, both children and adults, and enhance the operational effectiveness of its schools.

Amended by the Board 10/04
Why BOCES?

- BOCES offer services and programs that individual school districts can't operate as efficiently or cost-effectively.

- BOCES provides avenues for students with the most severe disabilities to complete school and transition to work.

- BOCES career and technical education programs assist students in preparing for college and career.
Why BOCES?

- BOCES provides an array of cost saving administrative services such as cooperative bidding, health and safety, non-public school textbook program, and data management services to enhance the operational effectiveness of schools.

- BOCES provides adult students comprehensive programs tailored to meet the occupational and educational needs of adult students 18 years or older.
An Overview of the BOCES Budget
BOCES Budget Categories

- **Administrative**
  - Funded by Administrative Charge
  - Subject to District Approval

- **Capital**
  - Funded by Administrative Charge
  - Subject to District Approval

- **Programs/Services**
  - Funded by Fees and Tuitions
  - Districts Elect to Participate
Budget Calendar

- September – Budget Parameters Established
- October to December – Budget Preparation & Internal Review
- January/February – Budget Planning Teams Review
- February/March – Chief School Administrators and BOCES Board Review
- April – Annual Meeting, Budget Presentation
- April – Administrative Budget Vote
- May – Budget Adopted
How do BOCES Budgets Work?

- **BOCES Programs and Services are Market Driven**
  - As services increase, budgets increase
  - As services decrease, budgets decrease

- **BOCES Does Not Levy a Tax**
  - Program budgets are revenue driven budgets
  - Revenues cannot be shared or transferred to other budgets
  - Administrative and Capital budgets are the overhead budgets and are funded by the administrative charge
How do BOCES Budgets Work?

- BOCES Does Not receive State Aid
  - BOCES Aid is an incentive paid to districts by the State to encourage shared services

- BOCES Must “Break Even”
  - BOCES cannot make a profit

- BOCES Cannot Retain a Fund Balance
  - End-of-year surplus funds are returned to districts
How do BOCES Budgets Work?

- BOCES is Like a Public Sector Agency
- Organized like a Private Sector Company
  - Market Driven
  - Affordable Services
  - Prices Competitive
  - Quality of Programs
Administrative and Capital Budgets

These are the budgets that are approved by a vote of the component school boards. The Administrative and Capital Budgets support the cost of all central administrative offices, such as the District Superintendent, and a significant share of the Business Office and Department of Human Resources. As required by law, all retiree insurance benefits are paid through the Administrative Budget. Expenses in the Capital Budget include the cost of facility rentals and capital projects. Approximately 45% of the rents are paid directly to component school districts.
How the Administrative/Capital Charge is Calculated

The Administrative and Capital Budgets are allocated to districts based upon a blended formula, which takes into consideration enrollment (RWADA) and full value. This formula was approved by the legislature at the request of the component school districts at the time of the merger in 1994.
2013-14 Administrative & Capital Budgets

**Administrative Budget**
- Admin. Salaries: 3.23%
- Support Salaries: 12.72%
- Supplies & Equipment: 13.48%
- Contractual: 4.08%
- Interest: 0.67%
- Employee Benefits: 10.45%
- Retiree Benefits: 55.76%
- Transfer Charges: 12.68%

Total Administrative Budget: $29,979,108

**Capital Budget**
- Construction Reimbursement: 13.48%
- Capital Fund Transfer: 14.34%
- Rental Charges: 72.18%

Total Capital Budget: $6,975,525

Total Administrative & Capital: $36,945,633
Support of the ESBOCES infrastructure through the Administrative Charge enables ESBOCES to support local school districts and provide regional leadership. Examples of such services are:

- Regional Advocacy
- Regional Certification Office
- Liaison with SED with monthly representation at various SED meetings
- Grants Administration
- Superintendent Searches
- Training on a variety of topics, including instructional, human resources, and business office best practices
- Regular meetings for Superintendents and Assistant Superintendents for Curriculum, Human Resources, and Business
- Technical assistance with State Aid and other regulatory issues
BOCES programs/services are offered to Districts on a fee for service basis. The major program areas are:

- Career Education
- Special Education
- Itinerant Programs
- General Education
- Instructional Support
- Administrative Support
Distribution of the 2013-14 ESBOCES Budget By Program Area

- Special Education: 45.5%
- Regional Information Center: 7.0%
- Regional Transportation: 6.2%
- Services from Other BOCES: 1.8%
- Other Services: 4.1%
- Administrative-Retiree: 5.7%
- Administrative-Operating: 4.5%
- Capital: 2.4%
- Education Information Support Services: 11.5%
- Career and Special Career Education: 11.0%
- Capital: 2.4%
- Administrative-Retiree: 5.7%
- Administrative-Operating: 4.5%
- Education Information Support Services: 11.5%
- Career and Special Career Education: 11.0%
- Special Education: 45.5%

Total Budget: $295,429,490
Distribution of the 2013-14 ESBOCES Budget By Expense Area

Total Budget: $295,429,490
Who Approves the BOCES Budget?

- The Administrative and Capital Budgets are approved by a vote of component district school boards. Each district has one vote.
- The Program/Service Budgets are approved by the BOCES Board after review by the Budget Planning Teams.
What is a Co-Ser?

- A Co-Ser is a state approved cooperative service agreement to establish a shared service between a BOCES and two or more districts.
- Services are provided at the request of component districts to respond to an established need, and must be shared.
- All services must be offered in accordance with a NYSED approved Co-Ser.
How Many Services Are There?

- About 65 different services are offered by ESBOCES; about 365 different Co-Sers are approved by the State.
- BOCES decides which services to offer based on district interest.
- Some services are offered by all BOCES, e.g., career education.
How Does an Idea Become a Co-Ser?

- A proposal may be submitted to the New York State Education Department (NYSED) by BOCES for consideration at any time.
- New programs and services cannot begin until NYSED approves.
- NYSED approves the Co-Ser.
<table>
<thead>
<tr>
<th>CoSer #</th>
<th>Activity #</th>
<th>Program Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>1310</td>
<td>Administration</td>
</tr>
<tr>
<td>101</td>
<td>3000</td>
<td>Career Education</td>
</tr>
<tr>
<td>102</td>
<td>3006</td>
<td>Cooperative Services Model</td>
</tr>
<tr>
<td>103</td>
<td>3001</td>
<td>Special Career Education</td>
</tr>
<tr>
<td>202</td>
<td>4220</td>
<td>Special Education 12-1-1</td>
</tr>
<tr>
<td>203</td>
<td>4230</td>
<td>Special Education 6-1-1</td>
</tr>
<tr>
<td>204</td>
<td>4240</td>
<td>Special Education 12-1-4</td>
</tr>
<tr>
<td>205</td>
<td>4235</td>
<td>Special Education 8-1-1</td>
</tr>
<tr>
<td>302</td>
<td>7016</td>
<td>Business Manager</td>
</tr>
<tr>
<td>304</td>
<td>4650</td>
<td>Speech Language Impaired</td>
</tr>
<tr>
<td>305</td>
<td>5130</td>
<td>Speech Improvement (Non-Classified)</td>
</tr>
<tr>
<td>311</td>
<td>5200</td>
<td>English as a Second Language</td>
</tr>
<tr>
<td>312</td>
<td>6810</td>
<td>Psychological Services</td>
</tr>
<tr>
<td>313</td>
<td>4620</td>
<td>Visually Impaired</td>
</tr>
<tr>
<td>314</td>
<td>7117</td>
<td>Human Resources Manager</td>
</tr>
<tr>
<td>317</td>
<td>4630</td>
<td>Hearing Impaired</td>
</tr>
<tr>
<td>320</td>
<td>4660</td>
<td>Special Ed. Consulting Teacher Service</td>
</tr>
<tr>
<td>321</td>
<td>6717</td>
<td>Occupational Therapy</td>
</tr>
</tbody>
</table>
BOCES services may be eligible for State Aid, which is partial reimbursement to school districts of their costs for participation in BOCES services.

Not all programs purchased from BOCES are eligible for BOCES Aid. For example, special education and transportation services are directly aided to school districts through excess cost and transportation aid.
HOW BOCES AID WORKS...

- Not all costs necessary to operate a program are eligible for aid. Non aid-eligible program expenditure deductions must be removed prior to the calculation of BOCES Aid.

- Annually, BOCES Aid is calculated by BOCES for each component school district.
HOW BOCES AID WORKS...

BOCES Aid is calculated for each component district.

ESBOCES receives funds from SED.

ESBOCES forwards funds to component districts.
HOW BOCES AID WORKS…

- Districts receive a net of between 6% and 50% of contract expenses in BOCES Aid for participating in programs.
<table>
<thead>
<tr>
<th>Co-Ser</th>
<th>Program</th>
<th>Program Aidable Expense</th>
<th>Avg. Net BOCES Aid Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Administration</td>
<td>71.40%</td>
<td>37.00%</td>
</tr>
<tr>
<td>101</td>
<td>Career Education</td>
<td>67.40%</td>
<td>34.00%</td>
</tr>
<tr>
<td>302</td>
<td>Shared Business Services</td>
<td>51.32%</td>
<td>25.00%</td>
</tr>
<tr>
<td>305</td>
<td>Speech Improvement (Non-Handicapped)</td>
<td>48.40%</td>
<td>17.00%</td>
</tr>
<tr>
<td>405</td>
<td>Exploratory Enrichment</td>
<td>92.11%</td>
<td>48.00%</td>
</tr>
<tr>
<td>419</td>
<td>Alternative High School</td>
<td>40.41%</td>
<td>22.00%</td>
</tr>
<tr>
<td>422</td>
<td>Naval Junior ROTC</td>
<td>40.96%</td>
<td>24.00%</td>
</tr>
<tr>
<td>432</td>
<td>Summer High School</td>
<td>62.69%</td>
<td>35.00%</td>
</tr>
<tr>
<td>435</td>
<td>Gifted &amp; Talented (School Year &amp; Summer)</td>
<td>95.32%</td>
<td>43.00%</td>
</tr>
<tr>
<td>438</td>
<td>General Education - Special Classes</td>
<td>75.73%</td>
<td>41.00%</td>
</tr>
<tr>
<td>440</td>
<td>Arts In Education/Visiting Experts</td>
<td>93.76%</td>
<td>49.00%</td>
</tr>
<tr>
<td>444</td>
<td>Distance Learning</td>
<td>92.04%</td>
<td>43.00%</td>
</tr>
<tr>
<td>449</td>
<td>Academic Programs</td>
<td>72.04%</td>
<td>39.00%</td>
</tr>
<tr>
<td>504</td>
<td>Test Kits</td>
<td>83.10%</td>
<td>43.00%</td>
</tr>
<tr>
<td>505</td>
<td>Printing</td>
<td>27.81%</td>
<td>12.00%</td>
</tr>
<tr>
<td>508</td>
<td>Library Automation</td>
<td>83.98%</td>
<td>44.00%</td>
</tr>
<tr>
<td>Co-Ser</td>
<td>Program</td>
<td>Program Aidable Expense</td>
<td>Avg. Net BOCES Aid Ratio</td>
</tr>
<tr>
<td>--------</td>
<td>------------------------------------------------</td>
<td>--------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>514</td>
<td>Instructional Technology</td>
<td>82.78%</td>
<td>45.00%</td>
</tr>
<tr>
<td>516</td>
<td>Library Services/Media</td>
<td>96.48%</td>
<td>50.00%</td>
</tr>
<tr>
<td>525</td>
<td>Student Assistance Service</td>
<td>27.68%</td>
<td>14.00%</td>
</tr>
<tr>
<td>531</td>
<td>Standards Assessment Planning</td>
<td>70.68%</td>
<td>38.00%</td>
</tr>
<tr>
<td>532</td>
<td>Model Schools</td>
<td>62.09%</td>
<td>32.00%</td>
</tr>
<tr>
<td>601</td>
<td>Regional Data Processing</td>
<td>84.82%</td>
<td>46.00%</td>
</tr>
<tr>
<td>602</td>
<td>Negotiations Information Services</td>
<td>59.17%</td>
<td>29.00%</td>
</tr>
<tr>
<td>609</td>
<td>Public Relations</td>
<td>27.03%</td>
<td>14.00%</td>
</tr>
<tr>
<td>610</td>
<td>School Food Service Program</td>
<td>24.50%</td>
<td>14.00%</td>
</tr>
<tr>
<td>611</td>
<td>Shared Business Services</td>
<td>50.12%</td>
<td>18.00%</td>
</tr>
<tr>
<td>612</td>
<td>Cooperative Purchasing Program</td>
<td>66.79%</td>
<td>34.00%</td>
</tr>
<tr>
<td>617</td>
<td>Employee Assistance Program</td>
<td>37.30%</td>
<td>19.00%</td>
</tr>
<tr>
<td>618</td>
<td>Health &amp; Safety Service</td>
<td>52.15%</td>
<td>27.00%</td>
</tr>
<tr>
<td>623</td>
<td>Non-Public School Textbook Distribution</td>
<td>11.26%</td>
<td>6.00%</td>
</tr>
<tr>
<td>628</td>
<td>Substitute Service</td>
<td>71.72%</td>
<td>40.00%</td>
</tr>
<tr>
<td>633</td>
<td>Coordination Self-Insurance Health</td>
<td>24.69%</td>
<td>10.00%</td>
</tr>
</tbody>
</table>
Example of the BOCES Aid Calculation....

A district pays $12,340 to participate in the CTE Program. The program is aided at 67.4%(1). The district has a BOCES Aid Ratio of 52.1%(2).

BOCES Aid Calculation:

\[ \text{BOCES Aid: } 12,340 \times 67.4\% \times 52.1\% = 4,333 \]

Net Cost to District: $12,340 - $4,333 (BOCES Aid) = $8,007

Net BOCES Aid Ratio = 35.1% \( (\frac{4,333}{12,340}) \)

Notes:

1. Program Aidable Expenditures/Total Program Expenditures
2. Aid ratio is the greater of the millage ratio or RWADA aid ratio
Purchasing

- BOCES, like school districts, make purchases in accordance with General Municipal Law and Board Policy.
Purchasing

Board Policy Purchasing Thresholds

- Under $2,000 – no Bids or Quotes required
- $2,000 to $7,000 – 3 written Quotes
- $7,000 to $20,000 – Formal Quotes
- Over $20,000 – Formal Bids

Available Sources

- BOCES Bids
- State and County Contracts
- Cooperative Bids
- Piggybacking
The Cooperative Bidding Program assists school districts by bidding their required needs on a cooperative basis. Utilizing this combined purchasing power, participating districts realize significant savings. All of the administrative functions in creating, advertising, analyzing, and awarding the bids are provided as part of this service.
BOCES Cooperative Bidding Program

- Currently, 65 school districts, 3 towns, and 1 village participate in the program.
- 46 bids are available to participants, from arts and crafts supplies to hazardous waste removal.
Planning

- Strategic Planning
- Budget Planning Teams
- Facility Plan
- 5 Year Financial Plan
- Annual Report of Select Assets
Auditing and Financial Reporting

- Like school districts, BOCES have an Audit Committee and are audited annually
  - Financial Statement Audit – the independent auditor reviews our financial statements, tests transactions, and issues an opinion
  - Internal Audit – the Risk Assessment is updated annually. In addition, the Internal Auditors review selected areas each year and issue a report
Auditing and Financial Reporting

- Like school districts, BOCES also have a variety of financial reports to file with the State
  - SA 111 – BOCES Annual Financial Report
  - BOCES State and Local Cost Report
  - BOCES Chapter 602 Annual Report
  - Co-Ser Reports
  - Grant Reports
  - State Aid Reports
Questions