

II. Introduction

In August of 2005, the City of Warwick engaged RIPEC to direct the preparation of a five-year financial forecast of school spending and a benchmarking analysis that includes four peer Rhode Island school districts. The forecast will be used as a tool for the City and its school district to begin addressing any issues raised by the analysis. The benchmarking analysis will permit local policymakers and taxpayers to review how Warwick schools compare in terms of spending, revenue sources, student populations and performance, and can be used to raise questions regarding Warwick's relative position on certain issues. In addition, the City has requested that RIPEC review several key administrative issues facing the School Department. This includes an assessment of the Department's information technology status and needs as well as analysis of the central administrative office of the Department.

Work Plan

Baseline Analysis: In cooperation with the Advisory Group (listed below), the City Administration and the School Department, RIPEC developed a baseline of expenditure for the School Department's FY 2006 operating budget, including estimating spending needs, reviewing revenue collections and projecting year-end closing. This was used as the baseline for developing the five-year forecast.

Member	Association
Mayor Scott Avedisian	Mayor, City of Warwick
Robert Cushman	Chairman, Warwick School Committee
Robert Shapiro	Superintendent, Warwick Public Schools
Susan Stenhouse	Warwick City Council
Ernest Zmyslinski	Finance Director, City of Warwick

In cooperation with the Advisory Group, the School Department and City personnel, RIPEC collected information and evaluated the various aspects of each major expenditure and revenue activity in the School Department. This included interviews with key officials as well as a wide range of documentation. Examples of key documents reviewed included, but were not limited to:

- Operating Budgets;
- Detailed InSite documentation;
- Annual Financial Reports and Auditor's Reports and Management Letters;
- Proposed employee labor agreements; and
- City tax base information (I.e. valuation data, overall revenue sources and yields).

Five-year Financial Forecast: The forecast includes an analysis and projections of school expenditures in order to identify the factors driving school spending. Revenue projections included all revenue items currently included in the School Committee's annual operating budget. The forecast was designed in a manner that will permit some degree of sensitivity analysis based on the assumptions used. In order to ensure the forecast reflected local needs, RIPEC asked the Advisory Group to:

- Review findings regarding the FY 2006 financial position;
- Review and assess assumptions used in the five-year forecast;
- Discuss and evaluate preliminary forecasts; and
- Review and comment on final RIPEC five-year forecast.

Per the request of the Advisory Group, two additional forecasts were developed to determine the relative impact of the two teacher contracts as currently proposed. In addition, RIPEC developed a preliminary financial impact of a new contract with WISE and non-union administrative personnel.

Benchmarking Analysis: The benchmarking analysis compares Warwick schools to four peer school districts in Rhode Island. Based on criteria suggested by RIPEC, the districts included in the benchmarking study were selected by the Advisory Group. The Advisory Group considered factors such as district size, socio-economic characteristics, and the community's economic base. The analysis benchmarked spending for student groups, major expenditure categories, revenues as well as the City's relative tax base and burden. RIPEC requested that the Advisory Group:

- Select four peer school districts to include in the benchmarking study;
- Identify key comparisons to be made as part of the benchmarking study (revenue trends, program costs, selected student performance measures, etc);
- Select the key characteristics to include in the socio-economic profiles of Warwick and the peer school districts (students, tax base, etc);
- Discuss and evaluate preliminary findings of the benchmarking study; and
- Review the RIPEC findings and analysis developed from the benchmarking study.

Management Practices: In its work, RIPEC also reviewed and analyzed the School Department's core administrative functions to determine if there are least cost options available to meet the administrative needs of the Department through alternative organizational changes or management practices. The two areas of concentration were the School Department's information technology operations and its central business office organizational structure and costs. RIPEC attempted to identify issues facing these functions, potential cost containment options, as well as appropriate action steps to implement proposed recommendations.

The following report summarizes the findings of the work presented to the Warwick Advisory Group. The report includes, but is not limited to:

- A status report of Warwick's FY 2006 School District operating budget;
- A forecast of School District revenue and spending patterns over a five-year period that includes a sensitivity analysis given certain assumptions, including a range of potential outcomes of the contract;
- A benchmarking analysis that includes Warwick and four Rhode Island school districts that reviews socio-economic, expenditure, revenue and performance; and
- An analysis of the School Department's information technology operations and needs as well as an analysis of the Department's central business office.

RIPEC would like to take this opportunity to thank a number of people for their support in developing this work. First, RIPEC appreciates the information and responsiveness of Mr. Robert Dooley, Warwick School Department's Director of Business Affairs. The information he provided was helpful in developing the RIPEC report. Second, to Ms. Suzanne McLaughlin of Unicom, Inc., who volunteered her expertise in developing the analysis of the district's information technology systems. Ms. McLaughlin's diligence in evaluating the district's IT readiness proved essential to this work. The business managers of the selected peer school districts were very responsive and helpful in collecting the data used in the benchmarking process. And finally, to the Advisory Group, whose patience and direction was critical to ensuring RIPEC provided an analysis that would add value to the issues discussed by Warwick's taxpayers.