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**INDEPENDENT INVESTIGATION REPORT OF
BROCKTON PUBLIC SCHOOLS' FISCAL YEAR 2023 BUDGET DEFICIT**

August 15, 2024

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INTRODUCTION AND EXECUTIVE SUMMARY

The City of Brockton has a proud heritage as the “City of Champions.” But all great champions suffer adversity and defeat. In August 2023, Mayor Robert Sullivan announced that the Brockton Public Schools (“BPS” or “School Department”) suffered a massive budget shortfall. The Fiscal Year 2023 (“FY23”) budget that was approved by the School Committee a year prior was dramatically overspent and, for reasons outlined in this Independent Investigation Report (“Report”), the budget deficit came as a complete surprise to the public. This is not the first financial setback for Brockton. In 1990, the City was placed under the control of a Financial Control Board and measures were implemented to avoid financial mismanagement. Thirty years later, in 2020, the Massachusetts Department of Elementary and Secondary Education (“DESE”) identified major budgeting deficiencies in BPS’s financial management and recommended corrective action. Unfortunately, these measures were not carefully followed and, as a result, another fiscal challenge now burdens the City.

As we describe below, we were engaged to investigate the School Department deficit. Specifically, we were asked to identify: (i) what happened; (ii) how it happened; and (iii) what measures Brockton should take to ensure that such a financial crisis does not happen again. What follows is our analysis, observations, and summary of millions of pages of material, firsthand witness accounts, and Massachusetts law.

The Brockton School Department deficit - - which we confirmed to be approximately \$18 million - - was caused primarily by overspending in three major areas of the FY23 Budget: (1) personnel; (2) transportation; and (3) out-of-district tuition. At their core, these areas of overspending were caused by structural failures, lack of sound budgeting and financial analysis, a failure to track spending relative to the budget, and leadership miscues throughout the School

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Department and the City. Incompetence, territorial boundaries, and woefully inadequate checks and balances were pervasive. The School Department culture regarding budgeting and spending was one of: “we’ll figure it out later.” Artificially constructed barriers between the City and the School Department caused key decision-makers to stay on the sidelines while poor decisions were made, implemented, and not challenged by those with the authority to do so.

The Brockton School Committee, the entity elected to oversee budgeting, spending, and the welfare of the School Department, was unquestioning and disengaged on financial matters. Members of the School Committee, who had a fiduciary duty to protect the public interest, had no real understanding of the School Department’s finances, despite being elected to oversee policy, processes, and fiscal responsibility. The lack of oversight over budgeting and spending extended beyond the School Committee to the City’s Chief Financial Officer (“CFO”) and the Mayor as Chair of the School Committee. At every level of leadership, Massachusetts law imposes duties and responsibilities on these individuals to develop a balanced budget and monitor spending. These critical checks and balances, however, were ignored.

Our Report details the major areas of overspending that led to the FY23 deficit, analyzes the structural and root causes of the deficit, and offers recommendations to prevent this from occurring in the future. The following are some of our key findings:

1. We did NOT find evidence of misappropriation of funds by any City or School Department employee. We found no evidence of financial fraud, theft, or related criminal conduct.
2. No one in the City of Brockton or the School Department recognized - - until it was too late - - that the School Department was spending beyond its means in FY23 and that it was heading for a major budget crisis.

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3. The School Finance Department, led by CFO Aldo Petronio (“Petronio”) and Deputy CFO Chris Correia (“Correia”), failed to track spending on an ongoing basis and compare that spending to the budget approved by the School Committee. It is a fundamental accounting principle that, to build a budget, you must consider what was spent in the prior year. And it is also basic that an organization must track spending during the year relative to the approved budget. The Finance Department also failed to report on school spending. As such, the School Committee, the Superintendent, the Mayor, and the City CFO could not assess how expenses were tracking to the amounts budgeted. Without proper expense tracking, City and School Department finance professionals also failed to understand what was spent in each budget category the prior year as they were preparing and seeking approval for the next year’s budget. And the budget submitted to the School Committee was overly broad, and lacked detail and transparency.

4. The School Department was led by Superintendent Michael Thomas (“Thomas”) who had no financial background or rudimentary understanding of budgeting and no experience managing a two hundred-million-dollar budget. Although the Superintendent was the School Department’s CEO, by his own admission, he was “not a numbers guy,” and was wholly reliant on the School Finance Department. Nevertheless, Thomas made critical decisions unilaterally and without any consideration of the budgetary impacts of those decisions.

5. Thomas claimed that his focus was all about the students, which is laudatory, but his leadership was guided by gut instinct, force of personality, and a commitment to people who viewed the world his way and did not question his decision making. With no tolerance for dissent, Thomas led with an “iron fist” and made spending decisions regardless of cost, existing policies, or good business judgment. Thomas kept people happy, and as a result, people generally “did

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what Mike wanted,” including members of the School Committee, who were supposed to be asking the tough questions.

6. As Superintendent, Thomas was steadfast that there would be no personnel layoffs in FY23. Prior to Thomas’s tenure, BPS experienced years of back-to-back layoffs. Job instability crushed teacher morale and good teachers left Brockton for other school districts. Thomas vowed that layoffs would end under his leadership, and he would bring a sense of stability back to BPS. This unyielding commitment to maintaining staffing levels - - even without the funds to do so - - was a significant factor that led to the FY23 deficit.

7. The COVID-19 pandemic seriously impacted BPS and its students. FY23 followed two very tumultuous years for students and faculty. After the pandemic started, federal and state funds poured into school districts to combat the challenges the pandemic posed. With increased government funding, the School Department was temporarily flush with cash, which led to hundreds of additional employees being hired and retained without the necessary funds to pay for them in future years.

8. Because Thomas was “not a numbers guy,” he relied upon Petronio and Correia in all financial matters. As a twenty-five-year employee of the City, Petronio was a reservoir of historical information and did things the same way for decades. He was well liked and admired. But, in reality, Petronio’s financial practices, business skills, and methods were substandard, antiquated, and lacked transparency.

9. Our investigation revealed that Petronio was largely a “one man show” responsible for nearly a quarter of a billion dollars. He was a consummate team player and loyal to Thomas. Petronio developed a personal friendship with Thomas and often yielded to Thomas’s spending demands with an attitude that he would figure out how to pay for things later. To accomplish this,

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Petronio used “fancy accounting” in developing the FY23 Budget. And, with Thomas’s lack of business skills, Petronio had complete autonomy to manage school funds. The Mayor, the City CFO, and the School Committee likewise deferred to Petronio on school finance issues. As one School Committee member put it: “he has the best interests of Brockton at heart,” and she “just assumed [Petronio] monitored the budget.”

10. The FY23 Budget that Petronio and Correia prepared and presented to the School Committee was misleading and failed to include all BPS expenses. Although the budget appeared balanced “on paper,” millions of dollars in anticipated expenses were left out of the budget, including over two hundred staff positions, with no concrete plan to reduce those expenses in the coming year. In short, Petronio omitted BPS expenses from the budget submitted to the School Committee, which then approved the budget because its members trusted Petronio.

11. We also found that the School Committee - - whose mandate was to oversee the School Department - - was inept, inexperienced, and collectively lacked rudimentary finance skills. Our review of the School Committee meetings revealed that it was not an engaged overseer of the School Department’s finances. We found little evidence of the School Committee asking questions about what was actually spent in any given year for any budget category. Nor did the School Committee ask probative questions throughout the budget process. When approving a budget, the Committee did not have the data to determine whether a line item should be increased or decreased based upon actual spending in the prior year. Nor did they ask for the data. And, during the fiscal year, the School Committee was never provided with current information to show how actual spending compared to the budgeted amounts the Committee had approved for FY23.

12. The FY23 deficit did not become a serious concern until March/April 2023, when it was too late to avert a financial crisis. In March 2023, Deputy CFO Correia started projecting

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the costs of paying teachers throughout the summer and realized - - for the first time - - that BPS was heading for a massive deficit. At Correia's urging, Thomas issued a district-wide freeze on hiring and overtime and ordered a stop on all discretionary spending. By then, it was too late. As of early April 2023, Correia determined BPS was facing an \$8 million to \$19 million deficit. And because the School Finance Department did not accurately track actual spending relative to the budget, Correia could only provide rough estimates of the projected deficit.

13. Given its hands off approach, the School Committee was in the dark about the looming deficit. The City CFO and Mayor, however, were not. Thomas, Petronio, and Correia relayed concerns about the school budget to the Mayor and the City CFO in March/April of FY23 that should have prompted tough questions and an action plan to address the deficit. Yet no meaningful steps were taken during FY23 to confront and mitigate the looming financial crisis.

14. Between March and August 2023, Thomas, Petronio, Correia, City CFO Clarkson, and the Mayor ignored clear warning signs that showed BPS was going to end FY23 with a significant deficit. Thomas, Petronio, and Correia expected the City to do something, and the Mayor and City CFO expected the School Department to manage their own problems.

15. Our investigation revealed that there was an over adherence to a dividing line between the City and the School Department. Under M.G.L. c. 71, § 34, the School Committee has exclusive authority to make policy decisions about the School Department's spending. After Brockton's 1990 financial crisis, however, the City CFO is legally responsible for overseeing the School Department's finances. In addition, the Mayor, who served as both CEO of the City and Chair of the School Committee, had a hands-off approach to the School Department. The failure of City leadership to supervise and foster collaboration between the City and School Department was a major structural flaw that exacerbated the School Department's financial problems.

INDEPENDENCE, SCOPE, AND INVESTIGATION METHODOLOGY

On August 31, 2023, Mayor Sullivan announced that BPS ended FY23 with a budget deficit of approximately \$14 million. This sent shockwaves through the Brockton community and raised innumerable questions regarding what happened. Thereafter, the City engaged Nystrom Beckman & Paris LLP (“NBP”), a Boston-based litigation boutique law firm, to conduct an independent investigation into the causes of the shortfall. NBP was specifically charged with investigating three questions concerning the FY23 deficit: (1) what happened; (2) why did it happen; and (3) how can Brockton ensure that it does not happen again.

NBP reviewed and analyzed millions of pages of information, including emails, text messages, calendars, budgets, notes, spreadsheets, reports, and a variety of other documents provided by witnesses. We also reviewed extensive financial data maintained in BPS’s accounting system, Munis. To assist its effort, NBP engaged the national forensic accounting firm, Baker Tilly, to extract, review, and analyze the financial data maintained in Munis. We further reviewed publicly available information, including recordings of Brockton School Committee and City Council meetings, as well as materials and financial reports published on BPS’s website, DESE’s website, and relevant news reports. With this information, NBP conducted more than thirty (30) witness interviews, including with City and BPS employees, ranging from finance professionals to the Mayor, BPS Superintendent, and School Committee members. Some witnesses were interviewed over multiple days.

This Report sets forth our factual findings and the conclusions of our investigation. The Report is confidential and protected by the attorney-client privilege unless and until the Mayor and/or the City Council elects to waive the attorney-client privilege and release the Report to the public.

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Our Report is comprised of seven principal sections. **Section I** provides an historical overview and relevant background on the City of Brockton, its demographics, and fiscal management. Section I also explains how BPS fits within the City’s government structure, and how the School Department’s budget is prepared, funded, and approved. **Section II** provides an overview of some of the key players in the FY23 Budget process and their roles and responsibilities with respect to the budget. **Section III** addresses the scope of the FY23 deficit. We include in this Section the findings of Baker Tilly, who confirmed the amount of the deficit (approximately \$18 million) and made other key finding that supported the conclusions we reached based on generally accepted accounting principles and sound budgeting practices. **Section IV** addresses the deficiencies in the School Department’s financial management. These deficiencies include the failure of the School Department’s finance officials to properly budget and track expenses, which were substantial factors leading to the deficit. **Section V** addresses the specific components of overspending, as well as the facts, decisions, and conditions that led to the overspending. **Section VI** addresses the root causes of the FY23 deficit. We address in this section systemic failures in oversight by a number of responsible parties, including the BPS Finance Department, the Superintendent, the Brockton School Committee, the City CFO, and the Mayor. Finally, **Section VII** sets forth our recommendations for BPS and the City to avoid similar problems in the future.

A. Independence

From the outset, the City, through Mayor Sullivan, agreed to provide NBP with full autonomy and discretion to follow the facts and evidence wherever they led. He and the City fully delivered on this commitment. We were provided unrestricted access to documents, information, and current and former employees. No party has influenced or attempted to

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influence our investigation or the findings in this Report. We have not shared our findings with anyone (other than Baker Tilly) prior to the release of this Report. The findings discussed below are based on NBP’s independent investigation, analysis, and conclusions.

B. Scope

Given the breadth of our mandate, NBP was charged with not only investigating the FY23 deficit and the facts leading to the deficit, but also its root causes, including any systemic deficiencies and conditions that enabled BPS to incur a deficit of this magnitude. NBP was afforded broad latitude to question employees, practices, processes, and systems across both BPS and the City to inform our understanding of the facts and contributing causes. Based on the findings and conclusions of our investigation, the City asked NBP to issue recommendations for the City and BPS geared toward ensuring that a deficit or similar financial crisis does not recur.

While the investigation was broad, it was not boundless. We were not asked to investigate or render conclusions about the City’s financial management practices, aside from its relationship to the School Department. We therefore reviewed certain City financial information only to aid our understanding of pertinent facts but did not review or analyze separately the City’s finances or accounting systems.¹

We also were not tasked with investigating any BPS practices that did not relate to the causes of the deficit. Where we identified a potentially problematic practice in the course of investigating the deficit, we pursued it to the extent necessary to understand its impact on the

¹ We likewise did not independently analyze the Brockton Educational Foundation, Inc. (“BEF”), a non-profit organization created to manage funds for BPS students. The BEF “serves as the point of contact for many businesses and private citizens who wish to donate to our schools.” When money is donated by private citizens, businesses, or fundraising efforts, those funds are deposited in the BEF bank account located at a local credit union. Those funds are kept separate from BPS’s budget in Munis and were not part of BPS’s FY23 Budget deficit. See Brockton Educational Foundation, Inc., Articles of Organization and Bylaws, 2001; Brockton Education Foundation, (<https://www.bpsma.org/community/brockton-education-foundation>).

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deficit. That a potentially problematic or unlawful practice is discussed in this Report should not be interpreted as an indication that we have investigated the issue fully or are offering any opinion regarding the propriety or impropriety of that practice. Our investigation, and the findings summarized in this Report, focused on the specific causes of the deficit and structural failures within the budgeting and spending process that enabled the deficit to occur.

C. Methodology

Our investigation involved a comprehensive review of documents and electronically stored information (“ESI”) as well as witness interviews of key BPS and City employees with relevant information about the budget and causes of the deficit. We collected over one million electronic records from BPS and City employee email accounts, cell phones, and desktop computers. Several witnesses also provided NBP with documents and reports upon request. To support our factual findings with financial data, we were granted access to Munis and reviewed extensive data maintained in that system. In the course of our investigation, we also conducted over thirty (30) witness interviews of individuals who had varying roles at BPS and the City. Witnesses were generally cooperative, candid, and expressed no hesitation about providing fulsome answers to our questions.

To provide expert accounting guidance, we engaged Baker Tilly to conduct a forensic analysis of Munis. Baker Tilly evaluated all BPS revenue and expenses to verify the total amount of the deficit. Soon after our investigation began, we noticed clear discrepancies between BPS’s budgeting documents and reports generated from Munis. Believing this to be a problem, we asked Baker Tilly to review Munis data as compared to the budget, and to investigate and verify our observations. We discuss Baker Tilly’s findings in Section III.

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Our investigation was thorough, but not every issue was pursued. This Report does not address every fact, witness statement, or document gathered during the investigation, but focuses on key information. We have endeavored to discover the facts, verify prior public accounts, and ascertain root causes of the deficit. Our recommendations are based upon our discussions with witnesses and experts, and consideration of best practices.

THE INVESTIGATION

I. THE HISTORY, BACKGROUND, AND BUDGET PROCESS OF THE CITY OF BROCKTON AND ITS SCHOOL DEPARTMENT

The City of Brockton (“City” or “Brockton”)² is home to over 100,000 residents and is among the ten largest cities in Massachusetts.³ Brockton prides itself on its diverse population.⁴ The City’s residents hail from a wide variety of ethnic backgrounds and cultures. According to U.S. Census data from 2020, Brockton is the only New England city with a majority Black population.⁵ A significant portion of Brockton’s residents are foreign-born and emigrated from Cape Verde and Haiti.⁶ Brockton has one of the largest Cape Verdean populations in the United States.⁷

Brockton has long welcomed immigrants and, in recent years, Brockton’s foreign-born

² City of Brockton, *About Brockton, MA* (<https://brockton.ma.us/residents/about-brockton/>).

³ Kristen Carney, *Massachusetts Cities By Population* (2024) (https://www.massachusetts-demographics.com/cities_by_population).

⁴ City of Brockton, *About Brockton, MA* (<https://brockton.ma.us/residents/about-brockton/>).

⁵ Ben Berke, *Brockton is now majority Black, for first time in city’s history*, *The Enterprise* (Oct. 23, 2020) (<https://www.enterpriseneews.com/story/news/local/2020/10/23/brockton-is-now-majority-black-for-first-time-in-citys-139-year-history/114467122/>).

⁶ Ben Berke, *Report spotlights racial transformation in Brockton since 1990*, *The Enterprise* (May 13, 2019) (<https://www.enterpriseneews.com/story/news/2019/05/13/report-spotlights-racial-transformation-in/5173818007/>);

Rita Kiki Edozie, et. al., *Changing Faces of Greater Boston, A Report From Boston Indicators*, the Boston Foundation, UMass Boston, and the UMass Donahue Institute (May 2019) (<https://www.umb.edu/media/umassboston/editor-uploads/trotter-institute/documents/Changing-Faces-of-Greater-Boston.pdf>);

Adria Watson, *Cape Verde president visits Brockton High School*, *The Enterprise* (Apr. 3, 2023) (<https://www.bostonglobe.com/2023/04/03/metro/cape-verde-president-visits-brockton-high-school/>).

⁷ Adria Watson, *Cape Verde president visits Brockton High School*, *The Enterprise* (Apr. 3, 2023) (<https://www.bostonglobe.com/2023/04/03/metro/cape-verde-president-visits-brockton-high-school/>).

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population has continued to grow.⁸ As of 2022, 32.3% of Brockton residents were born outside of the United States.⁹ Migration to Brockton is largely due to its “relative affordability within Greater Boston, where economic growth has raised housing costs far faster than wages, pushing poor and working people further from downtown Boston.”¹⁰ Brockton’s poverty rate is 15.3%, approximately 1.5 times the poverty rate across Massachusetts.¹¹

While Brockton historically has been a hub of culture, diversity, and commerce, the City has struggled with financial management. As Brockton’s population grew, its “operating budget, which is funded with a combination of property taxes, state aid, local receipts and other reserves, increased to accommodate the needs of its residents.”¹² During the 1980’s, Brockton was forced to reduce its tax levy by over \$15 million over four years to comply with Proposition 2½.¹³ “By the end of the decade, the city and state were in a recession, which resulted in smaller increases in state aid.”¹⁴ Brockton adopted a budget that underfunded appropriations for FY1990, and by the end of that fiscal year “had a significant operating deficit and did not have sufficient resources to cover the deficit and balance its FY1991 budget.”¹⁵ The City was heading for insolvency.

⁸ Data USA: Brockton, MA (<https://datausa.io/profile/geo/brockton-ma/>); Rita Kiki Edozie, et. al., *Changing Faces of Greater Boston, A Report From Boston Indicators*, the Boston Foundation, UMass Boston, and the UMass Donahue Institute (May 2019) (<https://www.umb.edu/media/umassboston/editor-uploads/trotter-institute/documents/Changing-Faces-of-Greater-Boston.pdf>).

⁹ Data USA: Brockton, MA (<https://datausa.io/profile/geo/brockton-ma/>).

¹⁰ Ben Berke, *Brockton is now majority Black, for first time in city’s history*, The Enterprise (Oct. 23, 2020) (<https://www.enterpriseneews.com/story/news/local/2020/10/23/brockton-is-now-majority-black-for-first-time-in-citys-139-year-history/114467122/>).

¹¹ U.S. Census Bureau, *Brockton, MA* (2022) (https://data.census.gov/profile/Brockton_city,_Massachusetts?g=160XX00US2509000#income-and-poverty).

¹² Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

¹³ Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

¹⁴ Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

¹⁵ Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

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As a result, the Massachusetts General Court approved special legislation, Chapter 324 of the Acts of 1990 (“Chapter 324”), which authorized the City to issue bonds to fund its operating deficit but, in turn, instituted a Financial Control Board to oversee the City’s finances.¹⁶ Chapter 324 also created a City finance department “responsible for the overall budgetary and financial administration” of the City under the charge and control of the City’s Chief Financial Officer (“CFO”).¹⁷ Chapter 324 imposed specific budgetary and administrative responsibilities on the CFO for all City departments, including the School Department.¹⁸ Under the direction of the CFO at the time, Brockton achieved financial stability heading into FY1994, and the Financial Control Board voted itself out of existence in June 1993.¹⁹ Five years later, in 1998, the Brockton City Council and School Committee voted to consolidate the budgetary and financial functions of the School Department with the City’s, creating one finance department under the control of the City CFO.²⁰

Pursuant to Chapter 324, the City CFO is appointed by and reports to the Mayor.²¹ The Mayor is the Chief Executive Officer (“CEO”) of the City.²² An eleven-person City Council serves as the legislative body.²³ In Brockton, the Mayor is also the Chair of the seven-member

¹⁶ Chapter 324 of the Acts of 1990; Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

¹⁷ Chapter 324, Section 4.

¹⁸ Chapter 324, Section 4.

¹⁹ Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

²⁰ Brockton City Council Order (Jan. 12, 1998); Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

²¹ Chapter 324, Section 4.

²² Brockton, Mass., Rev. Ordinances, Part I, § 58 (Nov. 25, 2019).

²³ Brockton, Mass., Rev. Ordinances, Part I, § 59 (Nov. 25, 2019); Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

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School Committee.²⁴ The School Committee serves as the legislative body overseeing the School Department.²⁵ BPS is one of the largest school districts in Massachusetts and currently serves 14,954 students.²⁶ Brockton High School is the largest high school in the Commonwealth.²⁷ According to DESE:

1. 84% of Brockton’s student population is considered “high needs;”
2. 74% qualifies as “low-income;” and
3. 49% of students’ first language is not English.²⁸

Given the size and needs of the student population, the School Department makes up a significant portion of the City’s annual budget.²⁹ In FY23, nearly half of the City’s total annual budget funded the School Department.³⁰

As required by M.G.L. c. 70 (“Chapter 70”), the School Department is funded through a combination of local and state funding.³¹ Chapter 70 was enacted as part of the Massachusetts Education Reform Act of 1993.³² To rectify disparities in public education among municipalities due to substantial reliance on property taxes, Chapter 70 changed the funding landscape for school

²⁴ Brockton, Mass., Rev. Ordinances, Part I, § 31 (Nov. 25, 2019); Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

²⁵ BPS School Committee Policy, School Committee Operational Goals (<https://resources.finalsite.net/images/v1616708924/brockton/b1hjvx9yur8fico5zovd/SECTIONBAPOLICY.pdf>).

²⁶ Massachusetts Department of Elementary and Secondary Education (“DESE”), 2023-23 Enrollment by Grade Report (District) (Feb. 22, 2024) (<https://profiles.doe.mass.edu/statereport/enrollmentbygrade.aspx>).

²⁷ City of Brockton, *Schools* (<https://brockton.ma.us/city-departments/public-schools/#:~:text=Brockton%20is%20among%20the%20largest,4%2C300%2Dstudent%20Brockton%20High%20School>); Deanna Pan, *Brockton High School was once a model for the nation. So what went wrong?*, The Boston Globe (Mar. 18, 2024) (<https://www.bostonglobe.com/2024/03/18/metro/brockton-high-school/>).

²⁸ DESE, *School and District Profiles, Brockton* (2024) (<https://profiles.doe.mass.edu/general/general.aspx?topNavID=1&leftNavId=100&orgcode=00440000&orgtypecode=5>).

²⁹ Troy Clarkson Interviews (“Clarkson Interviews”).

³⁰ City of Brockton FY2023 Budget.

³¹ M.G.L. c. 70, § 2.

³² Commissioner Mitchell D. Chester, DESE, *Building on 20 Years of Massachusetts Education Reform* (Nov. 2014) (<https://www.doe.mass.edu/commissioner/buildingonreform.pdf>).

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districts.³³ It established an annual “net school spending” requirement for each Massachusetts school district, which is the minimum amount a district must spend on public education each year.³⁴ Under Chapter 70, the Commonwealth funds a portion of each district’s net school spending requirement and establishes the minimum amount that each municipality must contribute; this is referred to as local funding.³⁵

BPS has both a “Net Budget” and a “Non-Net Budget” that make up its overall annual budget.³⁶ The City funds each in different ways.³⁷ The “Net Budget” is governed by Chapter 70 and funds the School Department’s education expenses.³⁸ Each year, the City of Brockton contributes local funding at or above the minimum amount established by Chapter 70.³⁹ The “Non-Net Budget” funds non-education related expenses such as transportation and community programs.⁴⁰ With the exception of certain special education transportation costs that the Commonwealth funds, the Non-Net Budget is fully funded by the City.⁴¹

In May or June of each school year, the Superintendent presents a proposed School Department budget to the School Committee with recommended amounts for the Net Budget and the Non-Net Budget.⁴² The School Committee then votes to approve the proposed budget, and requests from the Mayor two appropriations - - one for the Net Budget and one for the Non-Net

³³ M.G.L. c. 70, § 1; Commissioner Mitchell D. Chester, DESE, *Building on 20 Years of Massachusetts Education Reform* (Nov. 2014) (<https://www.doe.mass.edu/commissioner/buildingonreform.pdf>).

³⁴ M.G.L. c. 70, § 2; Commissioner Mitchell D. Chester, DESE, *Building on 20 Years of Massachusetts Education Reform* (Nov. 2014) (<https://www.doe.mass.edu/commissioner/buildingonreform.pdf>).

³⁵ M.G.L. c. 70, § 2; DESE, *Chapter 70* (Last Updated: July 29, 2024). (<https://www.doe.mass.edu/finance/chapter70/default.html>).

³⁶ FY2023 Brockton Public Schools Budget, Net School Spending and Non-Net School Spending (collectively, “BPS FY23 Budget”).

³⁷ City of Brockton FY2023 Budget; Clarkson Interviews; Michael Thomas Interviews (“Thomas Interviews”); M.G.L. c. 70, § 2.

³⁸ BPS FY23 Net Budget; M.G.L. c. 70, § 2.

³⁹ M.G.L. c. 70, § 2; Clarkson Interviews.

⁴⁰ BPS FY23 Non-Net Budget; M.G.L. c. 70, § 2.

⁴¹ BPS FY23 Non-Net Budget; Clarkson Interviews; Thomas Interviews

⁴² BPS FY23 Budget; Thomas Interviews; Aldo Petronio Interviews (“Petronio Interviews”).

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Budget.⁴³ After receiving the School Committee’s request, the Mayor then makes a recommendation to the City Council.⁴⁴ Subject to the minimum requirements established by Chapter 70, the Mayor may recommend a different amount than requested by the School Committee.⁴⁵ The City Council then votes on the Mayor’s request.⁴⁶ The City Council has the option to approve, reduce, or reject the Mayor’s recommendation, but may not increase the amount of the appropriation requested for the School Department.⁴⁷ While the City Council’s vote establishes the total appropriation for BPS, the Council may not limit the authority of the School Committee to determine how that money is spent.⁴⁸ Once the City Council votes to approve the budget, the school budget becomes final unless the School Department requests a supplemental appropriation.⁴⁹ The budget goes into effect at the beginning of each fiscal year on July 1 and closes on the following June 30 (e.g., FY23 ran from July 1, 2022 through June 30, 2023).⁵⁰

⁴³ Special School Committee Meeting Minutes (May 24, 2022) (<https://www.bpsma.org/about/school-committee/post/~board/minutes/post/may-24-2022-public-hearing-school-budget-1677249227002>); Sullivan Interview; Emergency Special School Committee Meeting, (Sept. 14, 2023).

(https://www.youtube.com/watch?time_continue=3261&v=tw12y7I_1OE&embeds_referring_euri=https%3A%2F%2Fwww.civicsearch.org%2F&source_ve_path=MzY4NDIsMjM4NTE).

⁴⁴ Special School Committee Meeting Minutes (May 24, 2022) (<https://www.bpsma.org/about/school-committee/post/~board/minutes/post/may-24-2022-public-hearing-school-budget-1677249227002>); Mayor Robert Sullivan Interview (“Mayor Sullivan Interview”).

⁴⁵ Massachusetts Department of Revenue, Division of Local Services, *A Guide to Financial Management for Town Officials* (<https://www.mass.gov/doc/a-guide-to-financial-management-for-town-officials/download>).

⁴⁶ Massachusetts Department of Revenue, Division of Local Services, *City Budget Process Frequently Asked Questions* (Mar. 2019) (<https://www.mass.gov/doc/city-budget-process-faqs/download>).

⁴⁷ Massachusetts Department of Revenue, Division of Local Services, *City Budget Process Frequently Asked Questions* (Mar. 2019) (<https://www.mass.gov/doc/city-budget-process-faqs/download>); Brockton Finance Committee Meeting (Oct. 30, 2023) (<https://www.youtube.com/watch?v=ww0maFWkhPA&t=5281s>); M.G.L. c. 44, § 32; Chapter 329 of the Acts of 1987.

⁴⁸ M.G.L. c. 71, § 34.

⁴⁹ Petronio Interviews; Clarkson Interviews.

⁵⁰ City of Brockton FY2023 Budget.

II. THE KEY PLAYERS IN THE BUDGET PROCESS

Before we delve into the details of the deficit, it is important to introduce the people who played a major role in what transpired in FY23. This is in no way an exhaustive list, but rather a high-level overview of the key actors in the budget process and their roles and responsibilities over the School Department's budget.

A. The Superintendent of Schools is Responsible for Preparing and Administering the Budget

Michael Thomas was the Superintendent of the BPS in FY23. Born and raised in Brockton, Thomas began his career as a health and wellness teacher in the Brockton schools.⁵¹ For nearly thirty years, he rose through the ranks and held many leadership roles.⁵² In January 2020, Thomas was named Superintendent by the Brockton School Committee.⁵³ Prior to his appointment, Thomas did not have extensive experience leading an organization of BPS's size, had no experience managing a school budget, and did not have a financial or accounting background.⁵⁴ Admittedly, Thomas is not "a numbers guy."⁵⁵

As Superintendent, Thomas was the CEO of BPS with a wide range of responsibilities, including preparation and administration of the annual budget.⁵⁶ Under Brockton School Committee Policies, the Superintendent has overall responsibility for the planning, preparation, and presentation of the annual budget to the School Committee, and may delegate aspects of the

⁵¹ Thomas Interviews.

⁵² Thomas Interviews.

⁵³ Thomas Interviews.

⁵⁴ Thomas Interviews.

⁵⁵ Thomas Interviews.

⁵⁶ DESE, *Advisory of School Governance* (Nov. 1995).(<https://www.doe.mass.edu/lawsregs/advisory/cm1115gov.html>); Massachusetts Association of School Committees ("MASC"), *Roles & Responsibilities for School Committees and Superintendents* (<https://www.masc.org/resources/roles-and-responsibilities/>).

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budget planning, preparation, and presentation to the CFO of the School Department.⁵⁷ By law, the School Department is required to prepare an annual balanced budget.⁵⁸ Following the approval of the budget, the Superintendent is legally responsible for ensuring that school spending remains within the limits of BPS’s budget.⁵⁹ The Superintendent may not knowingly spend or cause to be expended sums in excess of the School Department’s annual budget appropriation. Violating this mandate subjects the Superintendent to removal for cause.⁶⁰

**B. The BPS CFO is Responsible for Budgeting
and for Monitoring School Expenditures**

Aldo Petronio was the CFO of BPS in FY23.⁶¹ By this time, Petronio had been head of school finances for sixteen years.⁶² Before that, Petronio worked for nearly a decade in the City Finance Department.⁶³ After twenty-five years of service to the City, Petronio was revered by the community.⁶⁴ He was well liked, and School Committee members and BPS employees considered him the backbone of the BPS Finance Department.⁶⁵ Both the School Committee and Superintendent relied on and trusted Petronio to budget and manage BPS’s finances.⁶⁶

⁵⁷ BPS School Committee Policies, Policy on Budget Planning, Preparation and Scheduling (<https://resources.finalsite.net/images/v1650472870/brockton/t3dkq8qaktvvgqw5p6bl/dbc.pdf>).

⁵⁸ Thomas Interviews; Comprehensive Financial Management Policies for the City of Brockton, City of Brockton FY2023 Budget; M.G.L. c.44, §31.

⁵⁹ Chapter 324, Section 9.

⁶⁰ Chapter 324, Section 9.

⁶¹ Petronio Interviews.

⁶² Petronio Interviews; Executive Summary by Aldo Petronio, Mar. 15, 2024.

⁶³ Petronio Interviews; Executive Summary by Aldo Petronio, Mar. 15, 2024.

⁶⁴ Executive Summary by Aldo Petronio, Mar. 15, 2024; Thomas Interviews; Kathleen Ehlers Interview (“Ehlers Interview”); Judy Sullivan Interview (“J. Sullivan Interview”); Joyce Asack Interview (“Asack Interview”).

⁶⁵ Executive Summary by Aldo Petronio, Mar. 15, 2024; Thomas Interviews; Ehlers Interview; Asack Interview.

⁶⁶ Executive Summary by Aldo Petronio, Mar. 15, 2024; Thomas Interviews; Ehlers Interview; J. Sullivan Interview; Asack Interview; Tony Rodrigues Interview (“Rodrigues Interview”); Timothy Sullivan Interview (“T. Sullivan Interview”).

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As the FY23 budget process began, Petronio became ill and went on extended medical leave.⁶⁷ In Petronio’s absence, Thomas appointed Petronio’s deputy, Chris Correia, as Interim CFO in early January 2022.⁶⁸ At the time, Correia had worked under Petronio for over twenty years.⁶⁹ Correia was a behind-the-scenes Finance Department employee, and his work focused on auditing and accounting.⁷⁰ Before his appointment as Interim CFO, Correia had no experience preparing the BPS budget.⁷¹ Both Correia and Thomas led the FY23 Budget presentations to the School Committee, while Petronio prepared the FY23 Budget from home during his medical leave.⁷² Correia oversaw the Finance Department for approximately six months (from January to June 2022) during Petronio’s absence.⁷³ When Petronio returned, Thomas appointed Correia to the position of Deputy CFO, and Correia held that title throughout FY23.⁷⁴

As CFO, Petronio (or Correia, in Petronio’s absence) was responsible for the planning, preparation, and presentation of the budget to the School Committee as delegated by the Superintendent.⁷⁵ According to the Massachusetts Department of Revenue Division (“DOR”) of Local Services’ (“DLS”) Guide to Financial Management for Town Officials, school CFOs are generally responsible for working “with the superintendent in the day-to-day administration of

⁶⁷ Petronio Interviews; Executive Summary by Aldo Petronio, Mar. 15, 2024; Christopher Correia Interviews (“Correia Interviews”).

⁶⁸ Correia Interviews; Thomas Email to BPS Staff, Jan. 11, 2022; Addendum to Employment Agreement of Christopher Correia, Jan. 3, 2022.

⁶⁹ Correia Interviews; Petronio Interviews; Correia Email to Petronio, Apr. 1, 2023.

⁷⁰ Correia Interviews; J. Sullivan Interview; Rodrigues Interview; Clarkson Interviews; Mayor Sullivan Interview.

⁷¹ Correia Interviews; Petronio Interviews.

⁷² BPS School Committee Finance Subcommittee Meetings Mar. 22

(<https://www.youtube.com/watch?v=dof3C7pr0nc&t=365s>), Mar. 29

(<https://www.youtube.com/watch?v=GcyDwsrOmZg&t=1247s>), Apr. 26

(<https://www.youtube.com/watch?v=DSJcnHc81ZU&t=577s>), May 3

(<https://www.youtube.com/watch?v=LjHZYzyIseU&t=1s>) May 17,

2022.(<https://www.youtube.com/watch?v=ccM2J5mFWrl>); Petronio and Bandis Email String, Feb. 7, 2022.

⁷³ Correia Interviews; Petronio Interviews; Executive Summary by Aldo Petronio, Mar. 15, 2024.

⁷⁴ Christopher Correia, Employment Contract, July 1, 2022 to June 30, 2024.

⁷⁵ BPS School Committee Policies, Policy on Budget Planning, Preparation and Scheduling (<https://resources.finalsite.net/images/v1650472870/brockton/t3dkq8qaktvvgqw5p6bl/dbc.pdf>).

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schools.”^{76, 77} These responsibilities include “participation in the preparation of the annual school budget, monitoring expenditures from the school budget, making financial reports and having responsibility for preparation of the school payroll and purchasing orders.”⁷⁸ According to DLS, “one of the primary functions of [the school CFO] is to monitor expenditures and advise the superintendent and the school committee when expenditures are exceeding appropriations and other available funds.”⁷⁹

**C. The Brockton School Committee Has a Fiduciary
Responsibility to Oversee the Budget and Expenditure of School Funds**

By ordinance, the Brockton School Committee includes the Mayor, who serves as the Chair of the Committee, and seven members elected from each ward in the City.⁸⁰ In FY23, Mayor Sullivan served as the Chair, and the seven elected members were: Kathleen A. Ehlers (Ward One), Cynthia Rivas-Mendes (Ward Two), Jared A. Homer (Ward Three), Tony A. Rodrigues (Ward Four), Judy A. Sullivan (Ward Five), Joyce J. Asack (Ward Six), and Timothy J. Sullivan (Ward Seven).⁸¹ During FY23, Asack served as the Vice-Chair of the School Committee until January 2023, after which Ehlers served as Vice-Chair following a majority vote of the members.⁸²

The School Committee has a fiduciary responsibility to oversee school finances and to ensure that public funds are spent transparently and in the public’s best interest.⁸³ This fiduciary

⁷⁶ Massachusetts Department of Revenue, Division of Local Services, *A Guide to Financial Management for Town Officials* (<https://www.mass.gov/doc/a-guide-to-financial-management-for-town-officials/download>).

⁷⁷ DLS’s Guide refers to the position responsible for overseeing school finances as school business administrator.

⁷⁸ Massachusetts Department of Revenue, Division of Local Services, *A Guide to Financial Management for Town Officials* (<https://www.mass.gov/doc/a-guide-to-financial-management-for-town-officials/download>).

⁷⁹ Massachusetts Department of Revenue, Division of Local Services, *A Guide to Financial Management for Town Officials* (<https://www.mass.gov/doc/a-guide-to-financial-management-for-town-officials/download>).

⁸⁰ Brockton, Mass., Rev. Ordinances § 31 (Nov. 25, 2019).

⁸¹ BPS FY23 Budget.

⁸² BPS School Committee Meeting, Jan. 3, 2023 (<https://www.youtube.com/watch?v=iETVJ7LQ0Q8&t=1197s>).

⁸³ National School Boards Association and MASC, *Evolving Issues in School Governance* (Jan. 2017).

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obligation requires the School Committee to “review and approve the budgets for public education,” which includes (1) reviewing and passing the annual budget and (2) monitoring the expenditure of school funds during the fiscal year.⁸⁴

According to the Massachusetts Association of School Committees (“MASC”), “while the review and passage of an annual budget before submission to the appropriating authorities is among the most important functions of the School Committee, that financial oversight is not a responsibility completed once a year.”⁸⁵ The School Committee’s exercise of its obligation to “review and approve” the budget also must include “[t]he approval of warrants (MGL Ch. 41, § 56), acceptance of grants and gifts (MGL Ch. 71, § 37A), and the review of monthly or quarterly financial reports.”⁸⁶ This enables the expenditure of funds to be transparent with appropriate checks and balances.

MASC provides guidance to School Committee members on best practices to properly exercise their fiduciary responsibilities. Because the annual budget is “not simply an allocation of funds[, but also] a statement of district priorities and a plan of action,” MASC advises School Committee members to “be prepared to ask concrete questions on what the budget does for your district.”⁸⁷ As guidance, MASC provides sample questions for members to ask during the budgeting process, such as how the budget was put together, the projections being used for

⁸⁴ M.G.L. c. 71, § 37 (emphasis added); MASC, *Frequently Asked Questions about School Committees and budgeting* (<https://www.masc.org/resources/school-budget-and-finance/frequently-asked-questions-about-school-committees-and-budgeting/>); National School Boards Association and MASC, *Evolving Issues in School Governance* (Jan. 2017).

⁸⁵ MASC, *Frequently Asked Questions about School Committees and budgeting* (<https://www.masc.org/resources/school-budget-and-finance/frequently-asked-questions-about-school-committees-and-budgeting/>).

⁸⁶ MASC, *Frequently Asked Questions about School Committees and budgeting* (<https://www.masc.org/resources/school-budget-and-finance/frequently-asked-questions-about-school-committees-and-budgeting/>) (emphasis added).

⁸⁷ MASC, *Questions to ask during your budget deliberations* (<https://www.masc.org/resources/school-budget-and-finance/questions-to-ask-during-your-budget-deliberations/>).

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revenues and expenses, how those projections were determined, the grants the district is expecting to receive for the year, and whether staffing levels had changed or were expected to change.⁸⁸

According to MASC, School Committees should receive financial reports from school administration at least quarterly to satisfy their responsibilities under M.G.L. c. 71, § 37.⁸⁹

Specifically, MASC recommends that:

On at least a quarterly basis, the School Committees should receive an update from the district administration regarding the status of the budget. **This Report should be broken down at the level at which the budget was passed; that is, the Committee should receive an update on spending by cost center.**

Committee members should expect not only a record of the budget cost center as passed by the Committee and the dollars expended thus far, but also should expect an updated projection on the district administration's expectation of what costs remain to be incurred. This last [piece] is crucial: cost centers, particularly those of salary accounts, change over the course of the year. In order for the Committee to spend the dollars with which it is entrusted in a responsible manner, the Committee must be updated on changes and be able to transfer funds accordingly.⁹⁰

Therefore, the Brockton School Committee should have reviewed quarterly financial reports. And the Committee should have monitored expenses by the categories set forth in the BPS Budget.

**D. The City CFO is Responsible for Overseeing the
School Budget and Monitoring School Expenditures**

Troy Clarkson was the City CFO in FY23.⁹¹ Clarkson's background in local government and municipal finance is extensive.⁹² Clarkson served as an elected or appointed government

⁸⁸ MASC, *Questions to ask during your budget deliberations* (<https://www.masc.org/resources/school-budget-and-finance/questions-to-ask-during-your-budget-deliberations/>).

⁸⁹ MASC, *Quarterly reports* (<https://www.masc.org/resources/school-budget-and-finance/quarterly-reports/>).

⁹⁰ MASC, *Quarterly reports* (<https://www.masc.org/resources/school-budget-and-finance/quarterly-reports/>) (emphasis added).

⁹¹ Clarkson Interviews.

⁹² City of Brockton, *Troy Clarkson* (<https://brockton.ma.us/staff-member/troy-clarkson/>); Clarkson Interviews.

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official for nearly three decades. Before becoming CFO, Clarkson served as the Town Manager of Hanover, the Town Manager of Bridgewater, and County Administrator of Plymouth.⁹³ Clarkson was appointed CFO in February 2019 by Mayor William Carpenter.⁹⁴ After Carpenter’s sudden passing, Clarkson served under Acting Mayor Moises Rodrigues and was subsequently reappointed CFO by Mayor Sullivan after his election in November 2019.⁹⁵ Clarkson described himself as a “scholar” of municipal government.⁹⁶

As CFO, Clarkson was required to oversee all City finances, including the School Department. The City CFO position was established by Chapter 324, which was passed during the Brockton financial crisis in 1990.⁹⁷ Chapter 324 created a City Finance Department “under the charge and control of [the CFO]” responsible for overseeing all City finances.⁹⁸ It also provides that:

The powers and duties of the chief financial officer shall include the following:

(b) Development and maintenance of uniform systems for all financial planning and operations in all departments, including the School Department, or boards, commissions or agencies or other units of city government, the operation of which have a financial impact upon the general fund of the city, and;

(c) Implementation and maintenance of uniform budget guidelines and procedures including direction and assistance in development and preparation of all departmental and other budgets and spending plans, and;

(d) Monitoring of the expenditure of all funds, including periodic reporting by or to the appropriate body, agency or officer of the status of

⁹³ City of Brockton, *Troy Clarkson* (<https://brockton.ma.us/staff-member/troy-clarkson/>); Clarkson Interviews.

⁹⁴ Clarkson Interviews.

⁹⁵ Clarkson Interviews.

⁹⁶ Clarkson Interviews.

⁹⁷ Chapter 324, Sections 4 & 5.

⁹⁸ Chapter 324, Section 4.

accounts and including the continuing review of the spending plan for each department or activity of the city.⁹⁹

Thus, under Chapter 324, the City CFO is required to oversee certain aspects of the School Department's finances, including the development of uniform systems for financial planning and operations, direction and assistance in the development and preparation of budgets and spending plans, and monitoring the expenditure of all funds, including periodic reports.¹⁰⁰ After the adoption of Chapter 324, Brockton expanded the City Finance Department to include specifically the School Department's financial services, pursuant to M.G.L. c. 71, § 37M.¹⁰¹ CFO Clarkson, therefore, was responsible for overseeing both the City and BPS finances during FY23.

E. The Mayor is Responsible for Supervising and Overseeing the School Budget and the Expenditure of School Funds

Robert Sullivan is currently the Mayor and Chair of the School Committee and served in these roles in FY23.¹⁰² Mayor Sullivan was born and raised in Brockton and has been an elected official in the City for nearly twenty years.¹⁰³ In 2005, Sullivan was elected to one of four Councilor-at-Large seats on the City Council and was reelected to that position for seven terms.¹⁰⁴ He served fourteen years as a City Council member, five of which he served as Council President.¹⁰⁵ Sullivan was elected Mayor in November 2019 and has been twice reelected.¹⁰⁶

⁹⁹ Chapter 324, Section 5 (emphasis added).

¹⁰⁰ Chapter 324, Section 5.

¹⁰¹ Brockton City Council Order (Jan. 12, 1998); Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

¹⁰² Mayor Sullivan Interview.

¹⁰³ Mayor Sullivan Interview.

¹⁰⁴ Mayor Sullivan Interview.

¹⁰⁵ Mayor Sullivan Interview.

¹⁰⁶ Mayor Sullivan Interview.

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When Sullivan first took office, he became the Chair of the School Committee and continues in that role to this day.¹⁰⁷

As Mayor, Sullivan is responsible for reviewing the School Department’s budget requests and making an appropriation recommendation to the City Council.¹⁰⁸ Furthermore, under Chapter 324, the Mayor appoints, directs, and oversees the CFO of the City, who, as noted, has an independent obligation to oversee the School Department’s finances.¹⁰⁹

Under Brockton School Committee Policies, the Chair “has the same powers as any other member of the Committee to vote upon all measures coming before it, to offer resolutions and to discuss questions.”¹¹⁰ It is also the Chair’s duty to represent the Committee and meet with the Superintendent on important matters concerning the School Department.¹¹¹ Additional responsibilities of the Chair include to:

1. Sign instruments, acts, and orders necessary to carry out state requirements and the will of the Committee.
2. Consult with the Superintendent in the planning of the Committee’s agendas.
3. Confer with the Superintendent on crucial matters that may occur between Committee meetings.
4. Appoint subcommittees, subject to Committee approval.
5. Call special meetings of the Committee as found necessary.

¹⁰⁷ Mayor Sullivan Interview.

¹⁰⁸ Mayor Sullivan Interview; Massachusetts Department of Revenue, Division of Local Services, *A Guide to Financial Management for Town Officials* (<https://www.mass.gov/doc/a-guide-to-financial-management-for-town-officials/download>).

¹⁰⁹ Chapter 324, Section 4.

¹¹⁰ BPS School Committee Policies, Policy on School Committee Officers (<https://resources.finalsite.net/images/v1616708925/brockton/r1cmwyhnu8y5fbmexyaw/SECTIONBDBPOLICY.pdf>).

¹¹¹ Brockton School Committee Policies, Policy on School Committee Officers (<https://resources.finalsite.net/images/v1616708925/brockton/r1cmwyhnu8y5fbmexyaw/SECTIONBDBPOLICY.pdf>).

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6. Be public spokesperson for the Committee at all times except as this responsibility is specifically delegated to others.
7. Be responsible for the orderly conduct of all Committee meetings.¹¹²

Although the Chair may delegate duties to the Vice-Chair, the Chair bears ultimate responsibility for these functions.¹¹³

Each of these key actors - - from Petronio and Correia in the BPS Finance Department, to the Superintendent, School Committee, City CFO, and ultimately to the Mayor/Chair of the School Committee - - had responsibilities to oversee the BPS budget. As we will explain, each abdicated their responsibility in some fashion. Had the checks and balances worked as designed, multiple levels of oversight would have identified budgeting and overspending problems during FY23, and the School Department's budget deficit would have been prevented before it occurred, or at the very least significantly curtailed.

III. THE FY23 BUDGET DEFICIT

Since the Mayor's announcement of the BPS deficit in August 2023, there have been public reports about the deficit and whether further investigation would uncover additional overspending. In December 2023, CFO Clarkson reported to the Brockton City Council that BPS's FY23 deficit was approximately \$18 million.¹¹⁴ Independent consultants hired by DESE subsequently validated the \$18 million figure.¹¹⁵ As part of our investigation, Baker Tilly conducted a forensic analysis of the School Department's accounting software, Munis, and

¹¹² Brockton School Committee Policies, Policy on School Committee Officers (<https://resources.finalseite.net/images/v1616708925/brockton/r1cmwyhnu8y5fbmexyaw/SECTIONBDBPOLICY.pdf>).

¹¹³ Brockton School Committee Policies, Policy on School Committee Officers (<https://resources.finalseite.net/images/v1616708925/brockton/r1cmwyhnu8y5fbmexyaw/SECTIONBDBPOLICY.pdf>).

¹¹⁴ Brockton Special City Council Meeting, Dec. 20, 2023 (<https://www.youtube.com/watch?v=-zabycB3QqE&t=4576s>).

¹¹⁵ Open Architects Final Report: Financial Review of the Brockton Public Schools, Feb. 2024 ("Open Architects Report").

independently confirmed that the School Department’s budget deficit for FY23 was approximately \$18 million.¹¹⁶

A. Petronio and Correia Originally Reported \$28 Million in Overspending to the Mayor and City CFO in August 2023

Prior to any public disclosure of the deficit, Petronio and Correia met with Mayor Sullivan on August 8, 2023 and projected overspending of approximately \$28 million for FY23.¹¹⁷ In their report, Petronio and Correia laid out measures for BPS and the City to reduce the deficit via offsets to approximately \$13.4 million.¹¹⁸ By August 30, 2023, Petronio prepared another report to the Mayor detailing a projected deficit of \$14.4 million, after accounting for a number of offsets, including: using \$5 million in COVID-19 relief funding; closing \$2 million in open but unused purchase orders; using \$2 million in BPS reserves from school choice and tuition reimbursements; and requesting a \$500,000 reimbursement from the City for school traffic police details.¹¹⁹ In his report, Petronio identified the major areas of overspending to be payroll, transportation, and special education costs.¹²⁰

B. Thomas Admitted That He Overspent the FY23 Budget

On September 1, 2023, Thomas publicly accepted responsibility for overspending.¹²¹ After taking extended medical leave on August 31, Thomas told the media that he overspent the budget on staff, safety, and transportation expenses, but that there “was no wrongdoing,” “no

¹¹⁶ See Baker Tilly Report, Exhibit A (“Baker Tilly Report”).

¹¹⁷ Meeting Invite, Aug. 8, 2023; Mayor Sullivan and Clarkson Text String, Aug. 8, 2023; Correia Email to Clarkson and Attachments, Aug. 9, 2023.

¹¹⁸ Meeting Invite, Aug. 8, 2023; Mayor Sullivan and Clarkson Text String, Aug. 8, 2023; Correia Email to Clarkson and Attachments, Aug. 9, 2023.

¹¹⁹ Petronio Email to Mayor Sullivan and Attachments, Aug. 30, 2023.

¹²⁰ Petronio Email to Mayor Sullivan and Attachments, Aug. 30, 2023.

¹²¹ Shaun Ganley & John Atwater, ‘No wrongdoing, no money missing:’ Brockton superintendent on leave speaks out, WCVB5 (Sept. 1, 2023) (<https://www.wcvb.com/article/brockton-massachusetts-superintendent-medical-leave-speaks-out/44978827>).

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money missing,” and that “every dime was spent for kids.”¹²² Regardless of whether BPS funds were “spent for kids,” Superintendent Thomas was legally obligated - - as explained below - - to ensure that school spending remained within the budget limits.

C. In December 2023, Clarkson Reported an \$18 Million Deficit to the City Council

After the deficit was first revealed, Mayor Sullivan directed City CFO Clarkson to “expand[] the system of oversight and budget management to include the School Department,” including the monitoring of all School Department funds.¹²³ At that point, Clarkson began overseeing school finances. As detailed above, Clarkson should have been overseeing school finances throughout the course of FY23.

On December 20, 2023, CFO Clarkson appeared before the Brockton City Council with Mayor Sullivan and reported that he and his team quantified the School Department’s FY23 deficit to be \$18.3 million.¹²⁴ Clarkson explained that, in addition to the \$14.4 million general fund deficit, which he attributed to personnel spending, there was an additional \$3.9 million deficit resulting from the school’s special education out-of-district tuition expenses.¹²⁵ To set the City’s tax rate, Clarkson asked the City Council to resolve this \$18.3 million deficit by transferring \$7.9 million from the City’s stabilization fund and \$2 million from its certified free cash, as well as increasing the City’s local receipts estimate by approximately \$9 million.¹²⁶ The

¹²² Shaun Ganley & John Atwater, ‘No wrongdoing, no money missing:’ Brockton superintendent on leave speaks out, WCVB5 (Sept. 1, 2023) (<https://www.wcvb.com/article/brockton-massachusetts-superintendent-medical-leave-speaks-out/44978827>).

¹²³ BPS School Committee Meeting, Sept. 6, 2023 (<https://www.youtube.com/watch?v=aFAH9WQIMWM>).

¹²⁴ Brockton Special City Council Meeting, Dec. 20, 2023 (<https://www.youtube.com/watch?v=-zabycB3QqE&t=4576s>).

¹²⁵ Brockton Special City Council Meeting, Dec. 20, 2023 (<https://www.youtube.com/watch?v=-zabycB3QqE&t=4576s>); Clarkson Email to City Council Members and Attachments, Dec. 18, 2023.

¹²⁶ Brockton Special City Council Meeting, Dec. 20, 2023 (<https://www.youtube.com/watch?v=-zabycB3QqE&t=4576s>); Clarkson Email to City Council Members and Attachments, Dec. 18, 2023

City Council did so by unanimous vote in December 2023.¹²⁷

**D. DESE’s Consultants Validated the City’s
Calculation of an \$18 Million FY23 Deficit**

Open Architects, the independent consulting firm hired by DESE,¹²⁸ conducted “a financial review of the financial health and fiscal operations of the [BPS].”¹²⁹ Open Architects issued a report of its findings to DESE in February 2024.¹³⁰ While Open Architects’ review was primarily forward looking and focused on issues pertaining to the FY24 and FY25 BPS Budgets, Open Architects also assisted the City and BPS in quantifying the FY23 Budget deficit.¹³¹ In its report, Open Architects calculated the FY23 BPS budget deficit to be \$18.3 million.¹³²

E. Baker Tilly’s Independent Forensic Analysis Confirmed an \$18 Million Deficit

In connection with our investigation, we sought to independently confirm the deficit amount. Accordingly, NBP engaged Baker Tilly to analyze revenue and expense data in Munis. Baker Tilly also analyzed whether there were deficits in FY21 and FY22 to determine whether deficit spending was a recurring problem that was somehow concealed. Through forensic analysis, Baker Tilly determined that the School Department’s deficit for FY23 was approximately \$18 million and that BPS closed both FY21 and FY22 with budget surpluses. In

¹²⁷ Brockton Special City Council Meeting, Dec. 20, 2023 (<https://www.youtube.com/watch?v=-zabyCB3QqE&t=4576s>).

¹²⁸ As a reminder, DESE is an abbreviation for the Massachusetts Department of Elementary and Second Education.

¹²⁹ Open Architects Report.

¹³⁰ Open Architects Report; T.J. Plante Interviews (“Plante Interviews”).

¹³¹ Open Architects Report; Plante Interviews.

¹³² Open Architects Report.

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other words, Baker Tilly concluded that the School Department’s FY23 deficit was an isolated and nonrecurring event.^{133, 134}

Baker Tilly issued a report of its forensic findings regarding the School Department’s deficit and financial practices, which is attached to this Report as Exhibit A. We reference those findings throughout the Report where pertinent to our investigative findings and conclusions. In summary, Baker Tilly found that the following amounts were spent against the School Department’s Munis general fund budget for FY21, FY22, and FY23:

Description	FY 2021	FY2022	FY 2023
<i>District Approved Budget</i>	\$ 177,480,385	\$ 208,627,523	\$ 218,462,709
<i>City Approved Budget</i>	\$ 177,480,385	\$ 208,627,523	\$ 218,463,709
MUNIS Budget (with Adjustments)	\$ 191,760,441	\$ 218,127,482	\$ 219,618,150
Less: Actual Spending	\$ 180,931,240	\$ 216,224,719	\$ 233,936,423
Amount (Over) / Under Budget (before Encumbrance Carry Forward)	\$ 10,829,201	\$ 1,902,763	\$ (14,318,273)
Encumbrances Carried Over to Next Fiscal Year	\$ 10,760,728	\$ 1,756,514	\$ 65,926
Amount (Over) / Under Budget	\$ 68,473	\$ 146,249	\$ (14,384,199)

For FY23, in addition to the \$14.3 million general fund deficit, Baker Tilly confirmed that the School Department incurred \$3.9 million in out-of-district tuition expenditures without a revenue source for those expenses. Including the out-of-district tuition expenses, Baker Tilly independently determined that the total FY23 Budget deficit was approximately \$18 million.

Baker Tilly found no evidence of unresolved deficits in the two years preceding FY23. Nor did Baker Tilly find any suspicious or highly unusual expenditures during its review. Rather, Baker Tilly determined that BPS entered the full amount of the City Council’s FY23 appropriation

¹³³ Baker Tilly Report.

¹³⁴ In reaching this conclusion, Baker Tilly did not assess whether individual line items or specific budget categories ran up deficits in prior years, nor did it investigate whether COVID relief or other funding sources were used to close the books in those fiscal years. Baker Tilly only examined whether, at the end of the fiscal year, BPS overspent its total funds.

into Munis and overspent that appropriation from Munis in three major areas: (1) employee salaries; (2) transportation; and (3) out-of-district tuitions. None of the City Council's appropriation was missing or unaccounted for in Munis.

IV. THE ORIGINS OF OVERSPENDING IN THE BPS FINANCE DEPARTMENT

We next discuss the facts, decisions, conditions, and systemic failures that led to the three principal areas of overspending that contributed to the deficit. From the early stages of our investigation, one critical issue jumped out immediately: there were no documents that tracked the School Department's expenses on a fiscal year to date basis relative to the approved FY23 Budget. By way of a simple example, if a household projected an annual budget of \$12,000 for food (*i.e.*, \$1,000 per month), we could find no document that showed on a monthly or quarterly basis how much of that budget was actually spent during the course of the fiscal year. In other words, once a budget was passed, there was no means to assess whether the School Department was adhering to or overspending that budgeted amount.


A. The School Finance Department Did Not Budget Based Upon Actual Expenditures

Our investigation revealed that the FY23 deficit resulted from, among other things, the failure to properly budget based on actual expenses from the prior year. It is a fundamental accounting practice to build a budget based on the prior years' actual expenses and to then track expenses during the year after a budget is approved. Here, CFO Petronio had his own system for developing the BPS budget, which did not use or even refer to actual expenses.¹³⁵ In the FY23 Budget (and in prior budgets), there was no actual expenditure information or any detail

¹³⁵ BPS FY23 Budget; Proposed Budget Draft, Mar. 11, 2022 through May 3, 2022.

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explaining how major budget categories were calculated.¹³⁶ Rather, the FY23 Budget merely compared the amounts budgeted for FY23 with the amounts budgeted in FY22.¹³⁷ And there was no detail, backup, or actual spending figures from FY22 to explain the increase or decrease from the prior year’s budgeted amounts.¹³⁸ For example, the FY23 Budget included a single line item each for certified personnel, such as teachers and other school professionals, for the high school, middle schools, and elementary schools, and compared them to FY22:

	FY2022	FY2022	FY2023	+/- From Budget		FY23	FY23	FY23	FY23	FY23
	Non-Local	Local	Local			Local Funded	Grant Funded	ESSER Funded	Circuit Breaker	Cut/Reduction as of 5/3/22
	Financing Sources	Budget	Budget Requested	FY2022 +/-	FY2023 +/- %					
IA. PERSONAL SERVICES - CERTIFIED										
HIGH SCHOOL		34,498,427	37,271,676	2,773,249	8.0%	35,271,676				
MIDDLE SCHOOL		32,216,640	37,016,255	4,799,615	14.9%	36,616,255	400,000			2,000,000
ELEMENTARY		55,317,415	59,844,515	4,527,100	8.2%	53,844,515	6,000,000			

A glaring omission in the budget was the absence of actual expense figures for these personnel categories. The FY23 Budget provided no information on how much was spent on these categories in the prior year and did not include an employee count explaining the basis for the amounts budgeted.¹³⁹ Rather, the image above was the only detail in the FY23 Budget for these three major line items, which comprised approximately 60% of the total budget.¹⁴⁰

Notably, attached to the FY23 Budget was a listing of BPS employees, their positions, and salaries.¹⁴¹ For someone conducting a cursory review of the budget and its attachments, it appeared as though this list of employees was used to form the FY23 Budget personnel categories. However, this was not the case. The listing was merely a printout of employees as of November 23, 2021 - - six months before the budget was submitted to the School Committee. The list did

¹³⁶ BPS FY23 Budget.

¹³⁷ BPS FY23 Budget.

¹³⁸ BPS FY23 Budget.

¹³⁹ BPS FY23 Budget.

¹⁴⁰ BPS FY23 Budget.

¹⁴¹ BPS FY23 Budget Attachments.

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not categorize employees by school, department, or position, and did not tie to the FY23 budget numbers.¹⁴²

Actual salary information from FY22 was critical information to arrive at the FY23 Budget request for salaries.¹⁴³ A school district needs to examine spending from the prior year to assess what spending will look like the following year.¹⁴⁴ An “indication of what can be expected in the year to come lies in the financial results from the previous year. Those in charge of budgeting can analyze the prior year’s over/underspend, by account, location, etc. to determine the anticipated results of the upcoming year. Spending from prior years, combined with any long-range plans . . . will provide a good initial estimate of the upcoming year’s budget.”¹⁴⁵ CFO Petronio, however, did not refer to actual expenditure information in the FY23 Budget.¹⁴⁶

This fundamental and fatal accounting flaw was well known in Brockton. Just three years prior, DESE criticized BPS for not including actual expenditure information in its budget.¹⁴⁷ In March 2020, DESE conducted a comprehensive District Review of the BPS, as it routinely does with select school districts each year.¹⁴⁸ At the end of its review, DESE issued a District Review Report (“DESE Report”), which covered a wide spectrum of issues - - from BPS’s decline in academic outcomes to the district’s budgeting documents.¹⁴⁹ DESE specifically criticized BPS budget documents and noted that:

The public budget detail document shows only the planned budget for the upcoming year and the previous year’s budget data. **There is no actual**

¹⁴² BPS FY23 Budget Attachments.

¹⁴³ Baker Tilly Report.

¹⁴⁴ Baker Tilly Report.

¹⁴⁵ Baker Tilly Report.

¹⁴⁶ BPS FY23 Budget.

¹⁴⁷ Massachusetts Department of Elementary and Secondary Education District Review Report, Brockton Public Schools (Mar. 2-5, 2020) (“DESE Report”).

¹⁴⁸ DESE Report.

¹⁴⁹ DESE Report.

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expenditure history. The budget does not show the actual increase or decrease from the previous years.¹⁵⁰

The DESE Report also was critical of BPS’s lack of detail and dearth of employee data in BPS budgeting documents, which made it impossible to determine how budgets were formed. DESE noted that:

- Personnel budgets are only expressed in general summaries such as \$49,678,292 for elementary personnel. There is no breakdown by school, department, or type of personnel.
- The budget does not have [full-time employee] data in the personnel sections or [full-time employee] history for previous years. This means that stakeholders cannot see changes in staffing levels from year to year.¹⁵¹

DESE specifically recommended that:

- The district should develop a clear, comprehensive budget that clearly details how the budget is aligned with district and school goals.
- **At least two years of actual, clearly labeled expenses, the current years’ budget numbers, and the proposed budget amounts should be included. This financial data will allow stakeholders to make comparisons among years and recognize trends in actual and proposed spending.**¹⁵²

In short, DESE called Brockton out on what was obvious to us throughout our investigation: the lack of substantive detail, employee count, and actual expenditure history in the budget.¹⁵³

Yet these issues were not corrected in the FY21, FY22, or the FY23 Budgets.¹⁵⁴ Instead, Petronio and the BPS Finance Department continued to formulate the BPS budget without including such critical information year after year.¹⁵⁵ The failure to base the FY23 Budget on

¹⁵⁰ DESE Report (emphasis added).

¹⁵¹ DESE Report.

¹⁵² DESE Report (emphasis added).

¹⁵³ DESE recommended as a resource to BPS the Government Finance Officers Association’s (“GFAO”) Best Practices in School District Budgeting. The City of Brockton’s Financial Policies also incorporate GFAO Best Practices.

¹⁵⁴ BPS FY21 Budget; BPS FY22 Budget; BPS FY23 Budget.

¹⁵⁵ BPS FY21 Budget; BPS FY22 Budget; BPS FY23 Budget.

actual expenses meant flaws in the FY23 Budget were undetected, which was a major contributing factor leading to the FY23 deficit.¹⁵⁶

**B. The School Finance Department Entered a Budget in Munis
That Did Not Match the Budget Approved by the School Committee**

After the budget was approved by the School Committee, the BPS Finance Department then loaded the budget into Munis, the School Department’s accounting system.¹⁵⁷ However, the FY23 budget that the Finance Department entered into Munis did not match the budget that was approved by the School Committee.¹⁵⁸ While the FY23 Budget had one set of categories and line items, Munis had entirely different accounts.¹⁵⁹ In other words, the accounts in Munis did not match the categories in the budget.

Further, when the Finance Department entered the FY23 Budget in Munis, the amounts entered for certain budget categories differed from what the School Committee had voted on.¹⁶⁰ Baker Tilly found that when the budget was loaded into Munis, the entirety of the \$218 million city council appropriation for FY23 was initially entered into only twenty-one separate accounts. Thereafter, over six hundred “transfers then re-allocate the Original Appropriation amounts into individual spending categories forming the Revised Budget.”¹⁶¹

Incredibly, the entire personnel budget for employee salaries (totaling approximately \$174 million in the FY23 Budget) was loaded into **one** account, referred to internally in the BPS Finance Department as the “199 Account.”¹⁶² A portion of this \$174 million was then

¹⁵⁶ Finance Position Control Report; FY23 Budget Detail, Mar. 15, 2022; FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

¹⁵⁷ Petronio Interviews; Response to Open Architects Report by Aldo Petronio, Mar. 15, 2024; Baker Tilly Report.

¹⁵⁸ Baker Tilly Report.

¹⁵⁹ Clarkson Interviews; FY23 ESUM Reports; BPS FY23 Budget.

¹⁶⁰ Baker Tilly Report; Petronio Interviews; Correia Interviews; Robin Carbonara Interview (“Carbonara Interview”).

¹⁶¹ Baker Tilly Report.

¹⁶² FY23 199 Account Report.

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redistributed to separate personnel accounts in Munis.¹⁶³ Those personnel accounts likewise did not line up with the personnel line items from the FY23 Budget approved by the School Committee.

A key example of this FY23 Budget/Munis discrepancy included accounts for certified personnel at elementary schools, middle schools, and the high school.¹⁶⁴ The entire budget for each of these categories was loaded initially into the 199 Account.¹⁶⁵ **When funds were then transferred out of the 199 Account to the specific certified personnel accounts, the accounts were funded in amounts that differed significantly from the amounts actually approved in the FY23 Budget.**¹⁶⁶ The table below compares the amounts approved in the FY23 Budget against what was actually allocated in Munis.¹⁶⁷

Budget Category	FY23 Approved Budget	Allocated in Munis
High School	\$35,271,676	\$23,823,993.00
Middle Schools	\$36,616,255	\$37,016,255.00
Elementary Schools	\$53,844,515	\$60,149,324.00

As a result, **Brockton High School (“BHS”)** received only **\$23.8 million of the \$35 million approved by the School Committee.**¹⁶⁸ The elementary schools received \$60.1 million, approximately \$6.3 million more than budgeted. The middle schools received \$37 million,

¹⁶³ FY23 199 Account Report.

¹⁶⁴ BPS FY23 Budget; FY23 199 Account Report.

¹⁶⁵ FY23 199 Account Report.

¹⁶⁶ BPS FY23 Budget; FY23 199 Account Report.

¹⁶⁷ FY23 199 Account Report.

¹⁶⁸ BPS FY23 Budget; FY23 199 Account Report.

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\$400,000 more than budgeted.¹⁶⁹ As Baker Tilly found, “[i]t is clear the approved budget was not appropriately categorized in MUNIS, which did not allow for accurate tracking of expenses throughout the fiscal year.”^{170, 171} Indeed, \$11.4 million that should have been allocated to BHS was distributed to other accounts, including the elementary school and middle school accounts.¹⁷² And \$5.7 million of the funds intended for BHS remained in the 199 Account and were instead used by the Finance Department to cover unbudgeted personnel costs throughout FY23, including overtime compensation.^{173, 174}

The 199 Account was described as a “slush fund” by many, where large amounts of cash were kept and used as a contingency for unbudgeted expenses and for certain personnel expenses that Petronio or Correia did not know where to allocate.¹⁷⁵ Open Architects consultant T.J. Plante explained that he had “never seen anything like [BPS’s 199 Account] in his twenty-five years of experience” in municipal finance.¹⁷⁶ He reported that the use of such an account is neither transparent nor fiscally responsible.^{177, 178}

¹⁶⁹ BPS FY23 Budget; FY23 199 Account Report.

¹⁷⁰ Baker Tilly Report (emphasis added).

¹⁷¹ Further, the “under allocation of funds in the Munis BHS budget [led] to an over allocation of funds in other department(s), . . . allow[ing] a department to spend more than what was actually planned.” See Baker Tilly Report.

¹⁷² BPS FY23 Budget; FY23 199 Account Report.

¹⁷³ BPS FY23 Budget; FY23 199 Account Report.

¹⁷⁴ Surprisingly, there was no line item in the FY23 Budget for overtime pay for full-time certified BPS staff. See BPS FY23 Budget.

¹⁷⁵ Plante Interviews; Sarah Butler Interview (“Butler Interview”).

¹⁷⁶ Plante Interviews.

¹⁷⁷ Plante Interviews.

¹⁷⁸ As Baker Tilly determined, “BPS did not follow best practices when entering the City’s and District’s approved budgets, with respect to the Original Appropriation amounts, into their financial software (i.e., Munis).” See Baker Tilly Report.

C. The School Finance Department Failed to Track Spending Relative to the Budget

The manner in which the BPS Finance Department entered the budget into Munis did not allow for the accurate tracking of expenses relative to the FY23 Budget.¹⁷⁹ Both CFO Petronio and Deputy CFO Correia acknowledged that Munis did not match the budget categories, and that they did not have any report or system that tracked actual spending to the budget.¹⁸⁰

In our investigation interviews, we were given conflicting information about whose responsibility it was to track spending and how that responsibility was exercised. Correia stated, “I would track spending, that was my main job.”¹⁸¹ Correia explained that, while Petronio focused on budgeting and planning, he focused on auditing and accounting, including tracking spending.¹⁸² In sharp contrast, Petronio stated that it was not Correia’s responsibility to track spending.¹⁸³ According to Petronio, Budget Manager Michael Bandis was supposed to track spending, but when Bandis retired before the beginning of the 2022-2023 school year, his position was not filled.¹⁸⁴ According to Petronio, Correia did “his best” to track some spending, but suggested that the Finance Department did not have sufficient staff to closely track and project spending, despite Correia’s efforts.¹⁸⁵

Petronio indicated that he monitored spending by reviewing expense summary reports, referred to internally as “ESUM” reports, extracted from Munis.¹⁸⁶ ESUM reports show spending to date from a set list of summary accounts in Munis and the percentage of the account spent to

¹⁷⁹ Audio Transcription of Brockton School Committee Meeting, Feb. 6, 2022; Open Architects Report; Baker Tilly Report.

¹⁸⁰ Petronio Interviews; Correia Interviews.

¹⁸¹ Correia Interviews.

¹⁸² Correia Interviews.

¹⁸³ Petronio Interviews.

¹⁸⁴ Petronio Interviews.

¹⁸⁵ Petronio Interviews.

¹⁸⁶ Petronio Interviews; FY23 ESUM Reports.

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date compared to the prior year's budget.¹⁸⁷ The ESUM reports list a "revised budget" for each account but the categories and amounts on the ESUM report do not match the budget approved by the School Committee.¹⁸⁸ These reports show spending without any mechanism to tie that spending to budgeted amounts.

During FY23, BPS Accountant Robin Carbonara began running the ESUM reports and providing them to Petronio in October 2022 - - four months into the fiscal year.¹⁸⁹ For FY23, the reports listed the percentage of the Munis budget spent and compared that to FY22 spending.¹⁹⁰ According to Petronio, he monitored spending by comparing the FY23 percentages to the FY22 percentages to determine if BPS was on track with what it had spent the prior year.¹⁹¹ CFO Petronio stated that the ESUM reports have been generated and used this way for twenty-five years.¹⁹²

The ESUM reports, however, did not provide an accurate means to track spending.¹⁹³ The ESUM reports were based on Munis data, which did not accurately reflect the district's budget.¹⁹⁴ It was therefore impossible to review an ESUM report and determine how much any given line item of the School Committee's approved budget was spent and how much of that budgeted amount remained.¹⁹⁵ Moreover, Carbonara explained that the ESUM reports did not show which accounts were underfunded in Munis, and thus did not accurately reflect an account's status in

¹⁸⁷ FY23 ESUM Reports.

¹⁸⁸ FY23 ESUM Reports; BPS FY23 Budget.

¹⁸⁹ Petronio Interviews; Carbonara Interview; FY23 ESUM Reports; Carbonara Email to Petronio, Oct. 19, 2022.

¹⁹⁰ FY23 ESUM Reports.

¹⁹¹ Petronio Interviews; BPS School Committee Finance Subcommittee Meeting, Apr. 4, 2023

(<https://www.youtube.com/watch?v=oDIXMDTpmIs&t=363s>).

¹⁹² Petronio Interviews.

¹⁹³ Clarkson Interviews; Butler Interview; Carbonara Interview.

¹⁹⁴ Carbonara Interview; Open Architects Report; Baker Tilly Report.

¹⁹⁵ BPS FY23 Budget; FY23 ESUM Reports.

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relation to the budget.¹⁹⁶ Similarly, because neither the FY22 Budget nor the FY23 Budget was properly entered into Munis, comparing the percentage spent from FY22 did not accurately show whether spending was “on track” in FY23.¹⁹⁷

During his interview, Petronio nevertheless described the ESUM reports as “the report” that tracked school spending.¹⁹⁸ But he acknowledged that the ESUM reports did not track spending relative to the School Committee’s budget.¹⁹⁹ Petronio also conceded that the School Committee did not understand how to interpret the ESUM reports and how they related to the budget, but explained that the School Committee never asked for more detailed information.²⁰⁰

According to Correia, he tracked BPS spending by creating his own monthly spending projection spreadsheets, which used data from Munis to project payroll costs through the end of the fiscal year.²⁰¹ Correia said that he provided these projections to Petronio on a monthly basis and stated that these spreadsheets were maintained on his desktop.²⁰² According to Correia, he identified a budget problem at the outset of FY23 based on these monthly spending projections.²⁰³ We have not located the spreadsheets that support Correia’s contention that he tracked spending against budgeted amounts during the fiscal year.^{204, 205}

¹⁹⁶ Carbonara Interview.

¹⁹⁷ FY23 ESUM Reports; BPS FY22 Budget; BPS FY23 Budget.

¹⁹⁸ Petronio Interviews.

¹⁹⁹ Petronio Interviews.

²⁰⁰ Petronio Interviews.

²⁰¹ Correia Interviews.

²⁰² Correia Interviews.

²⁰³ Correia Interviews.

²⁰⁴ FY19-FY23 Salary Projection Spreadsheets.

²⁰⁵ We did not find any monthly spending projections on Correia’s desktop or in his email account. The spreadsheets we found on Correia’s desktop did not track spending during the fiscal year. Rather, the only projection spreadsheets we found were created at the end of each fiscal year to assess the financial impact of summer payrolls on the budget. These spreadsheets did not track spending categories relative to the budget.

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The failure to track spending relative to the School Committee’s approved budget was a fundamental failure of the Finance Department.²⁰⁶ Tracking the budget against actual spending is an essential requirement for proper fiscal management.

According to the Government Finance Officers Association’s (“GFAO”) Best Practices:

Budget monitoring is crucial for an organization to be able to enforce accountability related to spending. In addition, regular, comprehensive monitoring of the budget allows a government to evaluate service level provision, ensure any new initiatives are making expected progress towards goals/expectations, learn more about trends and other deviations that may impact future operations, and finally demonstrate transparency by sharing findings from this regular monitoring.²⁰⁷

Consequently, the GFAO recommends:

[A]ll governments establish a formal set of processes for comparing budget to actual results to monitor financial performance. Budget monitoring should include analysis of a diverse set of indicators to best inform the analysis and facilitate evaluation of a government’s overall performance. Establishing and conducting regular budget monitoring provides organizations the opportunity to promptly adjust for any significant variances to ensure continuity of program/service delivery.²⁰⁸

As Baker Tilly explains:

[A] regular schedule of how budget to actual spend is progressing needs to be developed, such as monthly or quarterly. The district’s business/finance office should produce a budget to actuals report and include any performance metrics as well. This report should be disseminated to schools and departments so they can see their progress on spending down of the current year budget. This information should also be regularly discussed between the district’s business/finance office and the respective school/department, involving senior leadership and/or superintendent as needed if any major concerns are identified. This analysis and discussions should then be used to help inform the development of the following year’s budget as well.²⁰⁹

²⁰⁶ Baker Tilly Report (emphasis added).

²⁰⁷ GFAO, *Best Practices: Budget Monitoring* (Mar. 31, 2018) (<https://www.gfoa.org/materials/budget-monitoring>).

²⁰⁸ GFAO, *Best Practices: Budget Monitoring* (Mar. 31, 2018) (<https://www.gfoa.org/materials/budget-monitoring>) (emphasis added).

²⁰⁹ Baker Tilly Report.

Without tracking actual spending to the budget, the BPS Finance Department could not properly identify whether the budget was being overspent or where the specific cost overages were occurring.²¹⁰ Lacking this critical data, BPS could not responsibly budget from one year to the next.²¹¹ And, where the data in Munis did not match the budget, the actual cost drivers could not accurately be identified, monitored, and controlled.²¹²

As Baker Tilly explains, and common sense dictates, the “tracking of expenditures relies upon consistency in practice and process to help better understand trends and cost drivers across organizations. This is especially needed when expenditures are increasing to identify and better understand areas that are significant cost drivers to better understand as much as possible to try to rein in costs.”²¹³ In short, the BPS Finance Department did not track actual spending relative to budget, and the methods for “tracking” spending did not use reliable data to identify any particular areas of overspending.

D. The School Finance Department Failed to Adequately Manage and Track Grant Spending

Our investigation also revealed that the Finance Department did not properly manage or track grant spending in FY23, which further obscured BPS’s actual expenditures.²¹⁴ During the investigation, we interviewed several individuals with extensive grant experience, each of whom identified significant problems with BPS’s grant process and management.²¹⁵ In January 2024, BPS hired Patricia Boyer as Interim Business Administrator.²¹⁶ Boyer has worked in school

²¹⁰ Baker Tilly Report.

²¹¹ Baker Tilly Report.

²¹² Baker Tilly Report.

²¹³ Baker Tilly Report.

²¹⁴ Patricia Boyer Interview (“Boyer Interview”); Plante Interviews; Cheryn Powell Interview (“Powell Interview”); Open Architects Report.

²¹⁵ Boyer Interview; Powell Interview; Plante Interviews.

²¹⁶ Boyer Interview.

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finance since 1995 and is a DESE-licensed School Business Administrator.²¹⁷ Upon her arrival, Boyer began working on closing out numerous BPS grants that remained open from prior years.²¹⁸ She identified numerous issues with BPS's grant management.²¹⁹

To properly manage and monitor grants, the Finance Department was required to set up grant accounts in Munis based on the DESE grant award and track grant spending on a monthly basis.²²⁰ But this was not the process that BPS followed.²²¹ Many of the grant accounts set up in Munis did not match the grant budgets on record with DESE.²²² By way of example, for Fund 240 (IDEA grant), BPS was awarded \$4.8 million, but \$6.2 million was incorrectly entered into the Munis account for that grant.²²³ Open Architects Consultant Cheryn Powell estimated that more than two thirds of the BPS grants that she reviewed had grant budgets that did not align with the information DESE had on record.²²⁴

Nor did BPS adequately track grant spending during the year. Both Boyer and Powell confirmed that to properly monitor grants, funds should be drawn from DESE's grant system monthly based on the actual amount of the grant already spent.²²⁵ Open Architects Consultant Plante explained that grant funds should be used as reimbursement for expenses already incurred and paid by school districts.²²⁶ BPS, however, drew down grant accounts without considering the amounts actually spent, which resulted in grant funding being drawn down, but not spent.²²⁷

²¹⁷ Boyer Interview.

²¹⁸ Boyer Interview.

²¹⁹ Boyer Interview.

²²⁰ Boyer Interview; Powell Interview; Plante Interviews.

²²¹ Boyer Interview; Powell Interview; Plante Interviews.

²²² Powell Interview; Plante Interviews; Powell Email to Whisher and Attachments, Feb. 22, 2024.

²²³ Powell Interview; Powell Email to Whisher and Attachments, Feb. 22, 2024.

²²⁴ Powell Interview.

²²⁵ Boyer Interview; Powell Interview.

²²⁶ Plante Interviews.

²²⁷ Boyer Interview; Powell Interview; Plante Interviews.

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Boyer also explained that, because no one was adequately monitoring grant spending, there were a number of BPS grants for FY23 that expired without being fully spent.²²⁸ As of April 2024, Boyer and the BPS Finance Department determined that \$250,000 in grant funding from FY23 or earlier had not been spent and therefore had to be returned to DESE.^{229, 230}

Moreover, certain BPS employee salaries were paid using grant funds, but BPS did not accurately code employees' salaries to active grants in Munis.²³¹ According to Boyer, after a grant ended, the Finance Department did not code the salaries to an active grant.²³² As a result, those salaries hit an inactive grant from the prior fiscal year and resulted in spending deficits in those accounts.²³³ By not properly coding employees to the correct grant accounts, BPS could not reliably track its grant-funded personnel expenses. Boyer found that salaries hitting expired grant accounts was an issue year after year.²³⁴

We did not find evidence of grant funds being spent on items outside of the grant guidelines. No one with whom we spoke raised concerns about grant funds being misused.²³⁵ Rather, it appears that, while BPS was spending its grant funding on the appropriate expenditures, it was not closely monitoring those expenditures during the grant period.²³⁶

²²⁸ Boyer Interview.

²²⁹ Returning Grant Funds Updated, Daxberger Spreadsheet, May 16, 2024.

²³⁰ Boyer also identified grants that were reported to DESE as fully spent but still had funds remaining in the Munis accounts. If monies were not spent by the grant closing date, they should have been returned to DESE. Boyer also explained that, in addition to the DESE grants, she identified dozens of private grants with funds sitting in Munis, some dating back to 2014. She stated that the amounts ranged from a few thousand dollars to \$120,000. From her review, it did not appear as though anyone in the Finance Department knew that these grant funds existed. See Boyer Interview; Non-DeSe Grant Balances Report, Boyer Spreadsheet, May 24, 2024.

²³¹ Boyer Interview; Plante Interviews.

²³² Boyer Interview.

²³³ Boyer Interview.

²³⁴ Boyer Interview.

²³⁵ Boyer Interview; Powell Interview; Plante Interviews.

²³⁶ Boyer Interview; Powell Interview; Plante Interviews; Open Architects Report.

In short, the failure to accurately budget, monitor, and oversee grant expenditures exacerbated issues with budgeting and expense tracking.²³⁷ BPS could not accurately track how much grant funding it had available, the amount of total salaries paid from these grants, and whether there was sufficient funding - - both locally and from grants - - to cover BPS expenses.²³⁸

V. MAJOR AREAS OF OVERSPENDING

Our investigation revealed that, consistent with earlier reports, the three major areas where BPS overspent the FY23 Budget, leading to the deficit, were: (1) personnel, (2) transportation, and (3) out-of-district tuition. In addition to these three major categories, we identified a number of unbudgeted or underbudgeted contract services items that also contributed to the deficit. In quantifying the amount that each of these categories was overspent, we looked to the FY23 Budget that was reviewed and approved by the School Committee. Against these budgeted amounts, we compared - - to the extent possible - - the amounts spent on these categories from Munis.

A critical finding and a serious obstacle to the investigation was that BPS did not enter its allocated budget in Munis in a manner that matched the School Committee's approved budget. Financial reports from Munis alone do not accurately show how much each budget category was overspent. Therefore, our quantifications of the areas of overspending may in some instances differ from information previously reported. **While the City, BPS, and Open Architects have reported the specific areas of overspending based on the deficits represented in Munis, we have independently calculated the overspending of each of these budget categories by**

²³⁷ Boyer Interview; Plante Interviews; Open Architects Report.

²³⁸ Plante Interviews.

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determining the amounts spent in excess of the amounts budgeted in the FY23 Budget approved by the School Committee.

When measured against the FY23 Budget, these categories were overspent as follows:

Budget Category²³⁹	Budget	Total Spent	Overspending
Personnel (Net Budget)	\$174.2 ²⁴⁰	\$187.4	\$13.2
Transportation (Non-Net Budget)	\$12.7	\$19.1	\$6.4
Out-of-District Tuitions (Net Budget)	\$10.6	\$13.7	\$3.1
Contract Services (Leases, Mentors/Vendors, Police Details) (Net Budget)	\$4.2	\$5.3	\$1.1
Total:			\$23.8

As the table above reflects, BPS spent \$23.8 million more than the FY23 budgeted amounts for certain key spending categories. BPS was able to offset this total amount with funding sources, including additional grant revenue and reimbursement under the Circuit Breaker Program, which provided annual financial assistance “to public school districts to offset the cost of delivering high-cost special education services to students.”²⁴¹ In addition, BPS did not spend each line item as budgeted, leaving surpluses in some expenditure categories. Using these surplus funds, BPS offset the total amount it overspent, resulting in a final FY23 deficit of approximately

²³⁹ Although we do not include grant funding in these figures, we do include the Circuit Breaker reimbursement, which is a special education reimbursement awarded to BPS annually. BPS included Circuit Breaker funding as revenue in the FY23 Budget for both the Net and the Non-Net Budget. During FY23, however, BPS did not use Circuit Breaker funding as budgeted; it used the entirety of the Circuit Breaker reimbursement to cover transportation overspending. We therefore include Circuit Breaker funding in these calculations to accurately show the total amount spent on transportation during FY23.

²⁴⁰ Each amount is in the millions, rounded to the closest tenth.

²⁴¹ DESE, *Circuit Breaker* (Last Updated: May 7, 2024) (<https://www.doe.mass.edu/finance/circuitbreaker/default.html>).

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\$18 million. We next address each major category of overspending and the related facts and circumstances that led to overspending.

A. BPS Overspent the Personnel Budget by \$13.2 Million

In FY23, the BPS personnel budget, which is comprised of teachers, administrators, paraprofessionals, and other school staff, was overspent by approximately \$13.2 million.²⁴² Multiple individual and organizational failures led to this overspending, including overhiring, overreliance on COVID-19 relief funding, and the Superintendent’s refusal to lay off employees -- despite a lack of funding. Among other issues, we found that over 200 staff members already on payroll were not included in the approved FY23 Budget.²⁴³ The FY23 Budget, prepared by Petronio and Correia, omitted millions of dollars in anticipated payroll expenses when it was approved by the School Committee. And there was no concrete plan to reduce those expenses during the fiscal year to ensure personnel costs aligned with the FY23 Budget. Instead, the School Department’s attitude was: we will “figure it out” later.²⁴⁴ Mayor Sullivan and CFO Clarkson, who were only superficially involved in the BPS budget preparation process, took a “hands off” approach.²⁴⁵ Although responsible for determining the City’s overall budget appropriation to BPS, Sullivan and Clarkson failed to question whether BPS’s budget was balanced and ignored signs that it was not.²⁴⁶ Instead, they viewed it as “not [their] job” to balance

²⁴² In this section, we refer only to personnel in the Net Budget, which funds the School Department’s educational expenses but not transportation. Personnel spending related to the Non-Net Budget, which funds the School Department’s transportation costs, is addresses in the section pertaining to transportation overspending. See Section V(B).

²⁴³ BPS FY23 Budget; FY23 Budget Detail, Mar. 15, 2022; Finance Position Control Report.

²⁴⁴ Thomas Interviews.

²⁴⁵ Clarkson Interviews; Mayor Sullivan Interview.

²⁴⁶ Clarkson Interviews; Mayor Sullivan Interview.

the BPS budget.²⁴⁷ The School Committee, for its part, approved the FY23 Budget as submitted without asking probative questions about BPS’s actual personnel expenses.

**1. In the Wake of the Pandemic, BPS Overrelied
on State and Federal Funding to Increase Staff**

In March 2020, the COVID-19 pandemic caused schools across the country to close. BPS stopped in-person learning in mid-March 2020.²⁴⁸ Like many urban districts, instruction at BPS suffered during the pandemic.²⁴⁹ When schools first closed, many students across the City did not have internet or computers.²⁵⁰ BPS did its best to offer classes asynchronously for the remainder of the school year.²⁵¹ For the following school year, BPS purchased laptops and Wi-Fi routers for students and launched - - for the first time - - remote, synchronous learning in September 2020.²⁵² Students returned to in-person learning in April 2021.²⁵³ When schools reopened post-pandemic, student attendance was poor, student social-emotional issues spiked, and academic progress was stunted.²⁵⁴

²⁴⁷ Clarkson Interviews.

²⁴⁸ Christopher Butler, ‘*The community came together*’: a look at how Brockton schools survived the pandemic, The Enterprise (Apr. 29, 2024) (<https://www.enterpriseneews.com/story/news/education/2024/04/29/brockton-superintendent-mike-thomas-virtual-online-school-covid-pandemic/73436622007/>).

²⁴⁹ Thomas Interviews.

²⁵⁰ Thomas Interviews.

²⁵¹ Christopher Butler, ‘*The community came together*’: a look at how Brockton schools survived the pandemic, The Enterprise (Apr. 29, 2024) (<https://www.enterpriseneews.com/story/news/education/2024/04/29/brockton-superintendent-mike-thomas-virtual-online-school-covid-pandemic/73436622007/>); Thomas Interviews.

²⁵² Christopher Butler, ‘*The community came together*’: a look at how Brockton schools survived the pandemic, The Enterprise (Apr. 29, 2024) (<https://www.enterpriseneews.com/story/news/education/2024/04/29/brockton-superintendent-mike-thomas-virtual-online-school-covid-pandemic/73436622007/>); Thomas Interviews.

²⁵³ Christopher Butler, ‘*The community came together*’: a look at how Brockton schools survived the pandemic, The Enterprise (Apr. 29, 2024) (<https://www.enterpriseneews.com/story/news/education/2024/04/29/brockton-superintendent-mike-thomas-virtual-online-school-covid-pandemic/73436622007/>); Thomas Interviews); Thomas Interviews.

²⁵⁴ Christopher Butler, ‘*The community came together*’: a look at how Brockton schools survived the pandemic, The Enterprise (Apr. 29, 2024) (<https://www.enterpriseneews.com/story/news/education/2024/04/29/brockton-superintendent-mike-thomas-virtual-online-school-covid-pandemic/73436622007/>); Thomas Interviews.

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As BPS students were returning to in-person learning, BPS was preparing its FY22 Budget.²⁵⁵ Understandably, BPS's FY22 priority was to address the effects of the pandemic on students.²⁵⁶ And, during this timeframe, an influx of federal and state funds were distributed to schools.²⁵⁷

a. BPS Received an Influx of State and Federal Funding for FY22

After the pandemic, increases in state and federal funding for schools were significant.²⁵⁸ For the Commonwealth's part, it nearly doubled funding to low-income districts like BPS based on a new Chapter 70 funding formula established by the Student Opportunity Act.²⁵⁹ The Student Opportunity Act ("SOA") was passed in 2019 to address inequities in education funding between low-income and high-income districts.²⁶⁰ Before the pandemic, BPS faced repeated funding gaps, and year-after-year was forced to cut staff to balance its growing but underfunded budget.²⁶¹ When the SOA was passed, Thomas called this funding a "game changer" for BPS "to start to

²⁵⁵ BPS FY22 Budget; BPS FY22 Budget Cover Letter, May 27, 2021.

²⁵⁶ Thomas Interviews; BPS FY22 Budget Cover Letter, May 27, 2021.

²⁵⁷ BPSFY22 Budget; BPS FY22 Budget Cover Letter, May 27, 2021.

²⁵⁸ Student Opportunity Act (Chapter 132 of the Acts of 2019); Naomi Martin, *Low-income school districts are receiving 'game changer' Student Opportunity Act funding. Will achievement gaps finally shrink?*, The Globe (July 17, 2021) (<https://www.bostonglobe.com/2021/07/17/metro/low-income-school-districts-are-receiving-game-changer-student-opportunity-act-funding-will-achievement-gaps-finally-shrink/>); DESE, *Federal Grant Programs, Elementary and Secondary School Emergency Relief III (ESSER III) Fund* (Last Updated: May 14, 2024) (<https://www.doe.mass.edu/federalgrants/esser/esser3.html>); American Federation of Teachers, *New Federal and State Money on Its Way to Mass. School Districts: Breaking Down the Numbers* (<https://ma.aft.org/news/new-federal-and-state-money-its-way-mass-school-districts-breaking-down-numbers>).

²⁵⁹ Student Opportunity Act (Chapter 132 of the Acts of 2019); Naomi Martin, *Low-income school districts are receiving 'game changer' Student Opportunity Act funding. Will achievement gaps finally shrink?*, The Globe (July 17, 2021) (<https://www.bostonglobe.com/2021/07/17/metro/low-income-school-districts-are-receiving-game-changer-student-opportunity-act-funding-will-achievement-gaps-finally-shrink/>).

²⁶⁰ Student Opportunity Act (Chapter 132 of the Acts of 2019); Naomi Martin, *Low-income school districts are receiving 'game changer' Student Opportunity Act funding. Will achievement gaps finally shrink?*, The Globe (July 17, 2021) (<https://www.bostonglobe.com/2021/07/17/metro/low-income-school-districts-are-receiving-game-changer-student-opportunity-act-funding-will-achievement-gaps-finally-shrink/>).

²⁶¹ Thomas Interviews; BPS FY22 Budget Cover Letter, May 27, 2021.

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build back the district.”²⁶² Indeed, for the FY22 Budget, the School Committee voted to use this increased SOA funding to hire over 125 positions, including teachers, paraprofessionals, and monitor teaching assistants (“MTAs”).²⁶³

In addition to Massachusetts funds, the federal government poured money into school districts post COVID-19 in three waves through the Elementary and Secondary School Emergency Relief Fund (“ESSER”).²⁶⁴ Prior to the FY22 Budget, BPS received the first two tranches of ESSER funding: ESSER I (\$4.3 million) and ESSER II (\$15 million).²⁶⁵ Entering FY22, BPS prepared to receive an additional \$34 million in ESSER III funding.²⁶⁶ The purpose of ESSER III was “to support the safe reopening and sustaining safe operations of schools while meeting students’ academic, social, emotional, and mental health needs resulting from the COVID-19 pandemic.”²⁶⁷ Petronio viewed this purpose broadly, explaining to Thomas and the School Committee in a July 20, 2021 School Committee meeting that ESSER III funding could “be used for basically anything [BPS] need[ed] to open the district back up and make major improvements.”²⁶⁸ With DESE’s prior approval, BPS budgeted to use its ESSER III funding to

²⁶² Naomi Martin, *Low-income school districts are receiving ‘game changer’ Student Opportunity Act funding. Will achievement gaps finally shrink?*, The Globe (July 17, 2021) (<https://www.bostonglobe.com/2021/07/17/metro/low-income-school-districts-are-receiving-game-changer-student-opportunity-act-funding-will-achievement-gaps-finally-shrink/>).

²⁶³ BPS FY22 Budget Cover Letter, May 27, 2021.

²⁶⁴ DESE, *Federal Grant Programs, Federal Coronavirus Relief Programs* (Last Updated: July 17, 2024) (<https://www.doe.mass.edu/federalgrants/esser/default.html>); American Federation of Teachers, *New Federal and State Money on Its Way to Mass. School Districts: Breaking Down the Numbers* (<https://ma.aft.org/news/new-federal-and-state-money-its-way-mass-school-districts-breaking-down-numbers>).

²⁶⁵ BPS School Committee, July 20, 2021, Meeting Minutes (<https://www.bpsma.org/about/school-committee/post/~board/minutes/post/july-20-2021-1631806829767>).

²⁶⁶ BPS School Committee, July 20, 2021, Meeting Minutes (<https://www.bpsma.org/about/school-committee/post/~board/minutes/post/july-20-2021-1631806829767>).

²⁶⁷ DESE, *Federal Grant Programs, Elementary and Secondary School Emergency Relief III (ESSER III) Fund* (Last Updated: May 14, 2024) (<https://www.doe.mass.edu/federalgrants/esser/esser3.html>).

²⁶⁸ BPS School Committee Meeting, July 20, 2021 (<https://www.youtube.com/watch?v=gX9PhgJbrlw>).

pay for school buses, laptops, modular classrooms, curriculum enhancements, professional development, and custodian salaries.²⁶⁹

This increased funding provided a sense of fiscal breathing room that had been lacking for years.²⁷⁰ But the influx of these funds emboldened Thomas to hire staff with the assumption that there would be funding available to cover his unbudgeted personnel decisions.²⁷¹

**b. After the Pandemic, Thomas Hired
Staff Beyond Budgeted Levels in FY22**

The FY22 school year posed many challenges after the pandemic. Once the school year began, school officials realized that COVID-19 took a greater toll on students and staff than expected.²⁷² “Nobody was ready to return to normal life,” according to Thomas.²⁷³ Students were dysregulated, “acting out,” and obsessed with “TikTok” challenges.²⁷⁴ Fights were rampant and students were found to be leaving school in the middle of the day.²⁷⁵ Thomas’s solution was “to throw bodies and money” at the problem.²⁷⁶ During FY22, Thomas hired more teachers and classroom staff to lower class sizes.²⁷⁷ He hired mentors and security to monitor and address behavioral challenges.²⁷⁸ And Thomas entered into numerous contracts with instructional consultants, educational advisors, and subscription services in an effort to enhance curriculum, instruction, and student achievement.²⁷⁹ From May 2021 to April 2022, BPS’s full-time employee

²⁶⁹ ESSER III Original Budget, Mar. 29, 2022.

²⁷⁰ BPS FY22 Budget Cover Letter, May 27, 2021; Thomas Interviews.

²⁷¹ Thomas Interviews.

²⁷² Thomas Interviews.

²⁷³ Thomas Interviews.

²⁷⁴ Thomas Interviews.

²⁷⁵ Thomas Interviews.

²⁷⁶ Correia Interviews; Kathleen Moran Interview (“Moran Interview”).

²⁷⁷ Thomas Interviews.

²⁷⁸ Thomas Interviews.

²⁷⁹ Letters of Agreement, Nancy Herman-Centers, Sept. 27, 2021, Feb. 2, 2022; Letter of Agreement, Maria Lefort, Sept. 1, 2021; Engagement Letter, Education Alliance, Feb. 1, 2022; Engagement Letter, Stonegate Alliance, Mar. 8, 2022.

count increased by over 300 employees.²⁸⁰ The fundamental problem was that the majority of these additional personnel were never included in the BPS budget.

2. BPS Had Inaccurate Employee Monitoring Systems and No Internal Controls to Identify and Prevent Overhiring

Our investigation revealed that BPS had insufficient and inaccurate personnel tracking systems to monitor hiring and its impact on the budget.²⁸¹ BPS lacked reliable and accurate information about its employees, where those employees were located, how much its employees were paid, and how those employees' salaries were funded.²⁸² Furthermore, the Finance Department was not involved in the hiring process and was not notified when new employees were hired by the School Department.²⁸³ There were no mechanisms to alert finance officials if/when staffing levels exceeded the budget, and there were no processes or protocols in place to stop unbudgeted hiring.²⁸⁴

a. BPS Did Not Accurately Track Employees

BPS did not have a single uniform employee tracking system.²⁸⁵ Employee data was “tracked” by different departments in different ways.²⁸⁶ The Finance Department and the Human Resources (“HR”) Department each kept their own records of employee counts, but that information was not shared or cross-checked, and did not match.²⁸⁷ In an interview, Kathleen Moran (“Moran”), who has headed the BPS HR Department since 2011, stated that the HR

²⁸⁰ Finance Position Control Report.

²⁸¹ Plante Interviews; Moran Interview; Thomas Interviews; Finance Position Control Report; Open Architects Report.

²⁸² Plante Interviews; Moran Interview; Thomas Interviews; Finance Position Control Report; Open Architects Report.

²⁸³ Correia Interviews; Petronio Interviews.

²⁸⁴ Correia Interviews; Petronio Interviews.

²⁸⁵ Plante Interviews; Moran Interview; Thomas Interviews; Finance Position Control Report.

²⁸⁶ Plante Interviews; Moran Interview; Thomas Interviews; Finance Position Control Report.

²⁸⁷ Moran Interview; Thomas Interviews; Finance Position Control Report.

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Department collected employee data upon hiring.²⁸⁸ A new employee’s information was entered into Munis by the HR Department and sent to the Payroll Department for processing.²⁸⁹ During FY23 and in prior years, the Finance Department was not involved in this process.²⁹⁰ The Finance Department did not confirm that the HR Department properly coded newly hired employees to ensure that they would be paid from the correct accounts in Munis.²⁹¹

After an employee was hired, the HR and Finance Departments used different databases to track employees.²⁹² The HR Department used Frontline Education to monitor employee recruiting, hiring, benefits, and related information.²⁹³ The Finance Department used Munis.²⁹⁴ In an interview, Superintendent Thomas explained that, by using separate systems, the HR Department and the Finance Department always had different employee information.²⁹⁵ To confirm the accuracy of HR’s information, Moran said that the HR Department asked principals at each school for a roster of employees.²⁹⁶ These rosters, however, were not shared with the Finance Department and Moran did not know if this employee data was ever cross-checked with or entered into Munis.²⁹⁷

In contrast, the Finance Department regularly ran a “position control” report from Munis.²⁹⁸ The Finance Department maintained a report with the total employee count for various positions and updated it regularly to show the increase or decrease in count over time.²⁹⁹ But the

²⁸⁸ Moran Interview.

²⁸⁹ Moran Interview; Plante Interviews.

²⁹⁰ Correia Interviews; Plante Interviews.

²⁹¹ Plante Interviews; Moran Interview; Correia Interviews.

²⁹² Moran Interview; Thomas Interviews.

²⁹³ Thomas Interviews; Moran Interview.

²⁹⁴ Correia Interviews; Carbonara Interview.

²⁹⁵ Thomas Interviews.

²⁹⁶ Moran Interview.

²⁹⁷ Moran Interview.

²⁹⁸ Finance Position Control Report; Carbonara Interview.

²⁹⁹ Finance Position Control Report.

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Finance Department's information was extremely high level.³⁰⁰ The report did not include critical information such as where each employee worked, their salaries, or from which funding source their salaries were paid.³⁰¹ Because this information was generated from Munis - - the system used to pay employees - - it reliably reported the total employee count.³⁰² After all, if an employee's information was missing from Munis, the employee could not be paid. But despite the fact that the position control report gave accurate total employee counts, other employee data in Munis was not updated or well maintained.³⁰³ Indeed, when Open Architects reviewed BPS finances, it discovered that the personnel data maintained in Munis was not accurate.³⁰⁴ BPS employees were often assigned to the wrong school or position and, as a result, employees were paid from the wrong payroll accounts.³⁰⁵ This made it impossible to accurately track BPS's personnel expenses in Munis by school, department, and/or position.³⁰⁶

**b. Staffing Levels Climbed During FY22 Without
the Finance Department's Knowledge or Preapproval**

As Thomas continued to hire in FY22, staffing levels rose beyond the levels set forth in the FY22 Budget.³⁰⁷ For most of the school year, the Finance Department was unaware of these unbudgeted hires.³⁰⁸ According to Petronio and Correia, Thomas signed off on hiring paperwork directly with the HR Department.³⁰⁹ When adding employees, Thomas did not notify the Finance

³⁰⁰ Finance Position Control Report.

³⁰¹ Finance Position Control Report.

³⁰² Plante Interviews; Moran Interview; Petronio Interviews.

³⁰³ Plante Interviews; Open Architects Report.

³⁰⁴ Plante Interviews; Open Architects Report.

³⁰⁵ Plante Interviews; Open Architects Report.

³⁰⁶ Plante Interviews; Open Architects Report; BPS School Committee Finance Subcommittee Meeting, Feb. 21, 2024 (<https://www.youtube.com/watch?v=QcefvHonYao>).

³⁰⁷ BPS FY22 Budget and Cover Letter, May 27, 2021; Finance Position Control Report: Correia Interviews.

³⁰⁸ Correia Interviews; Petronio Interviews.

³⁰⁹ Correia Interviews; Petronio Interviews.

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Department or inquire whether there was funding in the budget.³¹⁰ Because the Finance Department did not have fulsome employee tracking data, it did not identify this overhiring issue until late into FY22.³¹¹ According to Correia, the Finance Department's position control report did not start showing an overhiring problem until well into FY22.³¹²

Aside from its position control report, the Finance Department had no mechanism to detect overstaffing.³¹³ And when staff levels exceeded the budget, there were no internal controls to stop or freeze hiring.³¹⁴ As a result, BPS was overstaffed in FY22 - - with insufficient funds in the budget to cover these additional salaries.³¹⁵ According to Correia, the overstaffing did not cause a budget problem in FY22 because the district had ample ESSER funding that year to cover the personnel overspending.³¹⁶ That safety net did not exist for FY23.

In short, Thomas overhired in FY22, above and beyond the amounts budgeted, without identifying any funding source to pay for those hires.³¹⁷ BPS lacked mechanisms for the Finance Department to identify and mitigate overhiring during FY22.³¹⁸ As such, BPS relied on ESSER funding to pay for unbudgeted personnel costs when Correia was closing out FY22.³¹⁹ But the overhiring in FY22 left BPS with excessive and unsustainable personnel expenses heading into FY23.

³¹⁰ Correia Interviews; Petronio Interviews.

³¹¹ Correia Interviews.

³¹² Correia Interviews.

³¹³ Correia Interviews; Petronio Interviews; Moran Interview.

³¹⁴ Correia Interviews; Petronio Interviews; Moran Interview.

³¹⁵ BPS FY22 Budget and Cover Letter, May 27, 2021; Finance Position Control Report; Correia Interviews.

³¹⁶ Correia Interviews.

³¹⁷ BPS FY22 Budget and Cover Letter, May 27, 2021; Finance Position Control Report.

³¹⁸ Correia Interviews; Petronio Interviews.

³¹⁹ Correia Interviews.

**3. In FY23, BPS Did Not Have Sufficient Funding to
Pay for the Personnel Expenses Added in FY22**

As personnel expenses rose, funding did not keep pace. In FY23, BPS received less funding as COVID benefits and other government funds slowed.³²⁰ Without these additional funds, BPS could not afford the personnel expenses Thomas added in FY22.

**a. BPS Received Less State Funding in
FY23 Than Expected Due to Declining Enrollment**

As FY23 approached, BPS was due to receive a lower percentage of state funding than the year prior because of decreasing enrollment.³²¹ In fact, BPS's enrollment had been steadily declining for years.³²² As enrollment declined, the percentage of BPS students who qualified as low-income also declined.³²³ Under SOA's new funding formula, districts with higher percentages of low-income students received more state funding.³²⁴ From FY22 to FY23, BPS's

³²⁰ Student Opportunity Act Key Budget Factors, Petronio Spreadsheet; DESE, *Federal Grant Programs, Federal Coronavirus Relief Programs* (Last Updated: July 17, 2024) (<https://www.doe.mass.edu/federalgrants/esser/default.html>); American Federation of Teachers, *New Federal and State Money on Its Way to Mass. School Districts: Breaking Down the Numbers* (<https://ma.aft.org/news/new-federal-and-state-money-its-way-mass-school-districts-breaking-down-numbers>).

³²¹ Student Opportunity Act Key Budget Factors, Petronio Spreadsheet.

³²² From FY21 to FY23, BPS enrollment decreased by over 400 students. DESE, *School and District Profiles, Brockton, Enrollment Data 2020-2021* (<https://profiles.doe.mass.edu/profiles/student.aspx?orgcode=00440000&orgtypecode=5&fycode=2021>); DESE, *School and District Profiles, Brockton, Enrollment Data 2021-2022* (<https://profiles.doe.mass.edu/profiles/student.aspx?orgcode=00440000&orgtypecode=5&fycode=2022>); DESE, *School and District Profiles, Brockton, Enrollment Data 2022-2023* (<https://profiles.doe.mass.edu/profiles/student.aspx?orgcode=00440000&orgtypecode=5&fycode=2023>).

³²³ Student Opportunity Act Key Budget Factors, Petronio Spreadsheet.

³²⁴ Student Opportunity Act (Chapter 132 of the Acts of 2019); Naomi Martin, *Low-income school districts are receiving 'game changer' Student Opportunity Act funding. Will achievement gaps finally shrink?*, *The Globe* (July 17, 2021) (<https://www.bostonglobe.com/2021/07/17/metro/low-income-school-districts-are-receiving-game-changer-student-opportunity-act-funding-will-achievement-gaps-finally-shrink/>).

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low-income student percentage dropped from 83% to 77%.³²⁵ As a result, BPS was not allocated funding for its FY23 Budget in line with the funding it had received for FY22.³²⁶

Moreover, the flow of pandemic relief money was coming to an end. By June 2022, BPS had submitted to DESE its plans for spending its \$34 million in allocated ESSER III funds - - the last wave of COVID-19 funding from the federal government.³²⁷ BPS planned to use this funding to pay for school buses, laptops, modular classrooms, curricula, professional development, and custodians.³²⁸ BPS's ESSER III spending was thus limited to those expenses unless BPS received permission from DESE to amend its use of funds.³²⁹ As a result, BPS had less funding for FY23 and little flexibility to use ESSER III funds on unbudgeted expenses.

**b. As the FY23 Budget was Being Prepared, It Was Obvious
That Current Staffing Levels Could Not Be Maintained**

Early in the FY23 budget process, Petronio knew that covering all of the staff expenses added in FY22 was going to be an issue.³³⁰ On February 15, 2022, Petronio sent a text message to Superintendent Thomas warning him that there would not be enough funding in the budget for all of the added staff. Petronio wrote to Thomas:

This will be a tight budget and we need to eliminate probably 30 BEA positions along with some Paras and MTAs and then look closely at all of our extra contract services. We added a lot of extra contracts this year that I don't think we can maintain into next year without dipping into Esser 3. **Either way, we need to ween off because Esser 3 will be gone before we know it.**³³¹

³²⁵ DESE, FY22 Chapter 70 and Net School Spending Formula Spreadsheet; DESE, FY23 Chapter 70 and Net School Spending Formula Spreadsheet.

³²⁶ Student Opportunity Act Key Budget Factors, Petronio Spreadsheet; DESE, Brockton, FY22 Chapter 70 and Net School Spending Formula Spreadsheet; DESE, Brockton, FY23 Chapter 70 and Net School Spending Formula Spreadsheet.

³²⁷ ESSER III Original Budget, Mar. 29, 2022.

³²⁸ ESSER III Original Budget, Mar. 29, 2022.

³²⁹ Correia Interviews.

³³⁰ Petronio and Thomas Text Message String, Feb. 15, 2022 (emphasis added).

³³¹ Petronio and Thomas Text Message String, Feb. 15, 2022 (emphasis added).

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Thomas responded that same day: “**I know that’s my fault for adding too much.**”³³²

Thus, from the very beginning of the FY23 budget process, BPS was approaching a fiscal cliff as state funding declined and pandemic relief funding ran out.

**4. Thomas Refused to Lay Off Employees for FY23
Despite Knowing There was Insufficient Funding**

Confronted with declining enrollment, dwindling funding, and bloated personnel expenses, Superintendent Thomas nevertheless announced there would be no layoffs for FY23 at the very outset of the budget process.³³³ Indeed, at a March 15, 2022 School Committee meeting, Thomas was adamant that there would be no layoffs for FY23.³³⁴ Despite his bold public statements, behind the scenes, Petronio and Correia urged Thomas to cut staff.³³⁵ According to Thomas, Petronio and Correia advised him to lay off a total of 100 employees for FY23.³³⁶ Thomas, however, believed that Petronio’s and Correia’s recommendations were drastic, and he did not want to lay people off after the pandemic.³³⁷ According to Thomas, no one in the district was in favor of cutting staff, including the Mayor and the School Committee.^{338, 339} In Thomas’s view, although BPS was “technically” overstaffed due to insufficient funding, he believed staffing levels were appropriate given the needs of the district.³⁴⁰

³³² Petronio and Thomas Text Message String, Feb. 15, 2022 (emphasis added).

³³³ BPS School Committee Meeting, Mar. 15, 2022 (<https://www.youtube.com/watch?v=fzNRymInFK0&t=4514s>).

³³⁴ BPS School Committee Meeting, Mar. 15, 2022 (<https://www.youtube.com/watch?v=fzNRymInFK0&t=4514s>).

³³⁵ Thomas Interviews; Correia Interviews; Petronio Interviews; Mayor Sullivan Interview.

³³⁶ Thomas Interviews; BPS School Committee Finance Subcommittee Meeting, Apr. 25, 2023 (<https://www.youtube.com/watch?v=HfUvcV0Dtpg&t=632s>).

³³⁷ Thomas Interviews.

³³⁸ Thomas Interviews.

³³⁹ In an interview, Mayor Sullivan stated that it was not his call whether to lay people off, and he deferred to Superintendent Thomas regarding the decision whether to implement layoffs. See Mayor Sullivan Interview.

³⁴⁰ Thomas Interviews.

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According to Thomas, he decided to “hedge his bets” on student enrollment increasing the following year, but he had no concrete plan for how staff would be funded during FY23.³⁴¹ Instead, Thomas’s “plan” was to bridge the budget gap with staff attrition and ESSER III funding.³⁴² Thomas assumed that, if personnel expenses exceeded the budget, he could use ESSER III funding to cover the shortfall.³⁴³ But Thomas never considered that the DESE-approved ESSER III application did not include instructional staff salaries, or that all of the ESSER III money was already earmarked for other projects.³⁴⁴ Regardless, Thomas recklessly considered BPS’s ESSER III funding an unlimited resource that could be used for all unbudgeted expenses.³⁴⁵ In short, Thomas knew that the FY23 budget could not sustain the current personnel levels at the time of budgeting, but he refused to implement layoffs.

5. The Mayor and City CFO Determined the BPS Budget Allocation Without Actual Expenses or Budget Projections

Without layoffs, BPS needed more funding from the City to meet its FY23 Budget needs.³⁴⁶ During budget season, Thomas, Petronio, and/or Correia met with Mayor Sullivan and Clarkson regularly about how much funding BPS would receive from the City.³⁴⁷ While BPS’s

³⁴¹ Thomas Interviews; BPS School Committee Finance Subcommittee Meeting, Apr. 25, 2023 (<https://www.youtube.com/watch?v=HfUvcV0Dtpg&t=632s>).

³⁴² Thomas Interviews; BPS School Committee Meeting, Mar. 15, 2022 (<https://www.youtube.com/watch?v=fzNRymInFK0&t=4514s>); BPS School Committee Finance Subcommittee Meeting, Mar. 22, 2022 (<https://www.youtube.com/watch?v=dof3C7pr0nc&t=365s>).

³⁴³ Thomas Interviews.

³⁴⁴ As previously noted, there were specific requirements for the use of ESSER III funding. According to DESE, “[e]ach district was required to consult with local stakeholders to create a plan for how it would use ESSER III funds, and then to post that plan on its public website.” See DESE, Federal Grant Programs, (*Elementary and Secondary School Emergency Relief III* (ESSER III) Fund) (Last Updated: May 14, 2024) (<https://www.doe.mass.edu/federalgrants/esser/esser3.html>). BPS’s implementation plan did not highlight staffing as a key feature of its ESSER III plan, and in BPS’s initial ESSER III application - - submitted around budgeting time on March 29, 2022 - - BPS did not allocate any ESSER III funds to professional staff salaries. See BSP ESSER III Implementation Plan; ESSER III Original Budget, Mar. 29, 2022.

³⁴⁵ Thomas Interviews.

³⁴⁶ Proposed Budget Draft, Apr. 18, 2022; Petronio Email to Clarkson, Apr. 20, 2022.

³⁴⁷ Clarkson Interviews; Mayor Sullivan Interview; Thomas Interviews.

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budget was primarily funded through state aid, the state established a minimum amount that the City was required to contribute, and the City was free to contribute more than the established minimum.³⁴⁸ Once the Mayor and Clarkson determined how much the City would contribute to the School Department's budget, the City Council would appropriate a lump sum - - including both the Commonwealth's and City's contributions - - to the School Department based on the Mayor's appropriation request.³⁴⁹

Between February and May 2022, Thomas, Petronio and/or Correia met with Mayor Sullivan and Clarkson nine times to discuss the FY23 Budget and the amount of funding that the City would appropriate to BPS.³⁵⁰ Based on the minimum requirements established by the state, the City was required to appropriate at least \$202 million to the School Department for FY23.³⁵¹ Petronio requested \$208.5 million.³⁵² During these meetings, the discussions between BPS and the City focused only on the revenue/appropriation side of the budget, and never addressed BPS expenses.³⁵³

When Mayor Sullivan and Clarkson were considering the amount to allocate to the School Department for FY23, they never asked to review BPS's actual FY22 expenses or budget projections.³⁵⁴ For his part, the Mayor was aware that Petronio had recommended that Thomas lay off staff.³⁵⁵ The Mayor also knew that Thomas was steadfast in his refusal to lay off employees

³⁴⁸ M.G.L. c. 70, § 2; Clarkson Interviews.

³⁴⁹ Clarkson Interviews; Mayor Sullivan Interview; City of Brockton FY2023 Budget.

³⁵⁰ Clarkson Interviews; Mayor Sullivan Interview; Clarkson Email to Chau, Feb. 2, 2022; School Finance/Budget Recurring Meeting Invitation; Meeting Cancellations, Apr. 18 and May 2, 2022.

³⁵¹ FY23 Budget Modeling Tool, Mar. 14, 2022.

³⁵² Proposed Budget Draft, Mar. 22, 2022; Petronio Email to Clarkson, Apr. 20, 2022.

³⁵³ Clarkson Interviews; Thomas Interviews; Mayor Sullivan Interview.

³⁵⁴ Clarkson Interviews; Mayor Sullivan Interview.

³⁵⁵ Mayor Sullivan Interview; Thomas Interviews; Petronio Interviews.

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in FY23.³⁵⁶ But the Mayor never asked what BPS’s plan was to balance the budget without layoffs.³⁵⁷

Clarkson’s focus was on what the City’s budget could afford to allocate to the School Department, and not on the School Department’s expenses.³⁵⁸ During the FY23 Budget process, Clarkson provided Petronio and Correia various estimates of the School Department’s potential appropriation, ranging from \$203 million to \$207 million.³⁵⁹ In providing these estimates to Petronio and Correia, however, Clarkson never asked about projected expenses for FY23, nor did he ask how BPS intended to balance expenses to the City’s appropriation.³⁶⁰ In Clarkson’s view, balancing the budget to match the City’s appropriation was BPS’s responsibility.³⁶¹ Neither the Mayor nor Clarkson explained how they could determine how much to allocate to BPS without considering how much BPS needed to operate.³⁶²

Notably, Petronio was not able to balance the budget based on the appropriation estimates Clarkson gave him during the budget process.³⁶³ With each appropriation amount that Clarkson proposed, Petronio projected a multi-million-dollar budget shortfall.³⁶⁴ Indeed, on April 20, 2022, Petronio sent Clarkson a spreadsheet reflecting his shortfall estimates, ranging from approximately \$4 to \$7 million.³⁶⁵ Although Clarkson knew that the City’s appropriation would result in a shortfall, he told Petronio and Correia to “make it work.”³⁶⁶

³⁵⁶ Mayor Sullivan Interview.

³⁵⁷ Mayor Sullivan Interview.

³⁵⁸ Clarkson Interviews.

³⁵⁹ Clarkson Interviews; Proposed Budget Draft, Apr. 18, 2022.

³⁶⁰ Clarkson Interviews.

³⁶¹ Clarkson Interviews.

³⁶² Clarkson Interviews; Mayor Sullivan Interview.

³⁶³ Proposed Budget Draft, Apr. 18, 2022.

³⁶⁴ Proposed Budget Draft, Apr. 18, 2022.

³⁶⁵ Petronio Email to Clarkson and Attachment, Apr. 20, 2022.

³⁶⁶ Petronio Email to Clarkson and Attachment, Apr. 20, 2022; Clarkson Interviews.

**6. Without Layoffs or Added Funding to Cover Expenses,
Petronio Resorted to “Fancy Accounting” to Balance the Budget**

Without additional City funds or significant layoffs, Petronio and Correia struggled to formulate a balanced budget. Thomas was immutable about layoffs, and he convinced Petronio and Correia to prepare the FY23 Budget without cutting staff.³⁶⁷ Petronio and Correia attempted to balance the budget with attrition, early retirement incentives, and ESSER III funding.³⁶⁸ Between March and May 2022, the appropriation estimates from the City were not enough to cover BPS’s projected expenses and, in every projection, a budget shortfall was inevitable.³⁶⁹

Then, on April 25, 2023, Petronio sent an email to Correia attaching what appeared to be a balanced budget.³⁷⁰ Petronio wrote: “Here is my latest copy. . . . We need [Clarkson’s final] appropriation number for us to complete it. **I balanced it with some fancy accounting. That just means that we don’t have any extra play in the entire budget.**”³⁷¹ When asked, Petronio explained that he meant that he reduced the amounts built into the budget for contingencies.³⁷² Petronio’s changes made the budget appear “balanced” on paper, but in fact, the budget did not include all BPS personnel expenses.^{373, 374} Between April and May 2022, Petronio and Correia

³⁶⁷ Correia Interviews; Petronio Interviews; Thomas Interviews.

³⁶⁸ Correia Interviews; Petronio Interviews; Thomas Interviews; Proposed Budget Drafts, Mar. 22, 2022 through Apr. 25, 2022.

³⁶⁹ Proposed Budget Drafts, Mar. 22, 2022 through Apr. 25, 2022.

³⁷⁰ Petronio Email to Correia and Attachment, Apr. 25, 2022.

³⁷¹ Petronio Email to Correia, Apr. 25, 2022 (emphasis added).

³⁷² Petronio Interviews.

³⁷³ Petronio Email to Correia and Attachment, Apr. 25, 2022; FY23 Budget Detail, Mar. 15, 2022; Finance Position Control Report.

³⁷⁴ Indeed, to “balance” the budget, Petronio added over \$6 million in Title grants as budget revenue. However, the positions in the budget were only employees coded as “locally funded.” The School Department had dozens of grant-funded employees who were not factored into the budget whatsoever. See Michael Bandis Interview. The \$6+ million that Petronio used to pay for locally funded positions was supposed to pay for grant-funded positions that BPS already had on its payroll. As discussed, this left BPS with hundreds of employees on its payroll without adequate funding to cover their salaries.

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continued to revise the draft budget based on estimated City appropriation amounts and estimated expense figures.³⁷⁵ But these revisions did not fix the root problem: the budget was balanced “on paper,” but was not grounded in reality.

7. The FY23 Budget Submitted to the School Committee was Inaccurate and Misleading

a. The Budget Failed to Include Salaries for Approximately 200 Employees

Although the steps taken between March and May 2022 resulted in what appeared to be a balanced budget on paper, the FY23 Budget presented to the School Committee on May 24, 2022, did not include sufficient funding for staff already on the payroll.^{376, 377}

The FY23 Budget presented the certified school personnel budgets as follows:

 IA. PERSONAL SERVICES - CERTIFIED	FY2022	FY2022	FY2023	+/- From Budget		FY23 Local Funded
	Non-Local	Local	Local	FY2022	FY2023	
	Financing	Budget	Budget	+/-	+/- %	
	Sources		Requested			
HIGH SCHOOL		34,498,427	37,271,676	2,773,249	8.0%	35,271,676
MIDDLE SCHOOL		32,216,640	37,016,255	4,799,615	14.9%	36,616,255
ELEMENTARY		55,317,415	59,844,515	4,527,100	8.2%	53,844,515
ADDITIONAL PERSONNEL	2,241,342	4,642,078	750,000	-6,133,420	-132.1%	450,000

These three budget line items, labeled “High School,” “Middle School,” and “Elementary,” were intended to cover certified staff at all twenty-four BPS schools.³⁷⁸ But these budgets items did not include all staff employed at those schools at the time the budget was passed.³⁷⁹ According to the Finance Department’s position control reports, there were a total of 1,471 certified staff members on BPS’s payroll as of April 6, 2022.³⁸⁰ However, internal Finance

³⁷⁵ Proposed Budget Drafts, Apr. 25, 2022 through May 3, 2022; Clarkson and Petronio Email String, May 3, 2022.

³⁷⁶ BPS FY23 Budget; FY23 Budget Detail, May 9, 2022; Finance Position Control Report.

³⁷⁷ To make this determination, we used total employee counts from April 6, 2022, which was the most recent date that the Finance Department updated its position control report prior to submitting the budget to the School Committee.

³⁷⁸ BPS FY23 Budget.

³⁷⁹ BPS FY23 Budget; FY23 Budget Detail, May 9, 2022; Finance Position Control Report.

³⁸⁰ Finance Position Control Report.

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Department budgeting documents revealed that only 1,391 certified staff were built into the FY23 budget items.^{381, 382} **Consequently, at least eighty (80) certified staff members who were on BPS’s payroll at the time of the FY23 Budget were entirely omitted.**³⁸³ Using an estimated salary of \$70,000, which the Finance Department routinely used to estimate certified staff salaries,³⁸⁴ this resulted in approximately \$5.6 million of BPS salary expenses not included in the budget.

The budgets for paraprofessionals, custodians, and MTAs also were grossly underbudgeted. These budgeted amounts in the FY23 Budget were as follows:

PARAPROFESSIONALS	9,618,651	10,788,527	1,169,876	12.2%	10,788,527
CUSTODIANS	6,976,006	7,857,952	881,946	12.6%	4,357,952
MONITOR TEACHER ASSISTANTS	3,509,901	3,862,250	352,349	10.0%	3,862,250

Our investigation found that ninety-eight (98) paraprofessionals, sixteen (16) custodians, and twenty-seven (27) MTAs who were on BPS’s payroll at the time of budgeting were not included in the FY23 Budget.³⁸⁵ Using an average salary for each position, approximately \$4 million was omitted from the budget to pay these staff members.³⁸⁶ In the aggregate, the budget omitted over 200 employees who were already on the BPS payroll when the budget was approved and failed to account for nearly \$10 million in personnel expenses.

³⁸¹ FY23 Budget Detail, Mar. 15, 2022.

³⁸² Detailed internal budget documents show that initially 1,394 certified staff were included. However, as part of Petronio’s efforts to “balance” the budget, he reduced the budget for elementary school staff by \$300,000, removing funding for at least three additional certified staff members.

³⁸³ BPS FY23 Budget; FY23 Budget Detail, May 9, 2022; Finance Position Control Report.


³⁸⁴ FY23 Deficit Report and Staff Increases, Aug. 30, 2023.

³⁸⁵ FY23 Budget Detail, May 9, 2022; Finance Position Control Report.

³⁸⁶For paraprofessional and MTAs, we used an estimated average salary of \$24,000, as was routinely used by the Finance Department for these positions. To determine the estimated average salary for custodians, for which the Finance Department did not develop an average figure, we divided the total amount allocated to custodians and the number of custodians budgeted and arrived at an average salary figure of \$60,000.

**b. The FY23 Budget Estimated Staff
Reductions Through Attrition and Early Retirement**

The FY23 Budget specifically included “Proposed Budget Reductions” for personnel:³⁸⁷

 FY23 Proposed Budget Reductions			
FY23 Personal Services Reductions			
1.	Certified Position (regular ed) Reductions by Unfilled Positions	Savings Each	Total Savings
21	Various positions K-12 (with possible unemployment costs)	\$ 11,100	\$ 233,100
2.	Certified Position (regular ed) Reductions by Retirement		
22	Various positions K-12	\$ 46,000	\$ 1,012,000
3.	Certified Position (regular ed) Reductions by Early Retirement Incentive		
6	Various positions K-12	\$ 46,000	\$ 276,000
4.	Non-Certified Position Reductions by Retirement		
9	Para's, Custodians, Administrative Assistants, Other	\$ 24,000	\$ 216,000
5.	Non-Certified Position Reductions by Early Retirement Incentive		
11	Para's, Custodians, Administrative Assistants, Other	\$ 24,000	\$ 264,000
Total Personal Services Reduction (rounded)			\$ 2,001,100

CFO Petronio and Deputy CFO Correia estimated that forty-nine certified positions and twenty noncertified positions could be reduced through “attrition,” which would save BPS \$2 million to help balance the FY23 Budget.³⁸⁸ But this was misleading given Petronio’s earlier advice that Thomas needed to lay off 100 staff members.³⁸⁹ When we asked Thomas how this \$2

³⁸⁷ BPS FY23 Budget.

³⁸⁸ BPS FY23 Budget; BPS School Committee Finance Subcommittee Meeting, Apr. 26, 2022 (<https://www.youtube.com/watch?v=DSJcnHc8IZU&t=575s>).

³⁸⁹ Thomas Interviews.

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million in reductions for attrition “balanced” the FY23 Budget - - when the prior recommendation was to cut 100 staff - - Thomas agreed that it did not make sense.³⁹⁰

Incredibly, Thomas admitted that the budget was not balanced when submitted to the School Committee, but he was confident that “they would figure it out” as they went along, likely with other funding sources, such as ESSER III.³⁹¹ Thomas confirmed that the budget was “only balanced on paper when submitted.”³⁹² In short, when the FY23 Budget was presented to the School Committee for approval, there was a \$10 million gap between the amount of funding for personnel included in the FY23 Budget and the expected personnel expenses.³⁹³ If the reductions through attrition did not play out as hoped, this gap could grow to \$12 million. The School Committee, however, was never advised of this funding gap before being asked to approve the FY23 Budget.

**c. The School Committee Approved the FY23 Budget
Without Reviewing Actual Personnel Expenses**

The School Committee approved the FY23 Budget by unanimous vote on May 24, 2022.³⁹⁴ In the lead up to the vote, there were a number of Finance Subcommittee meetings between March and May 2022.³⁹⁵ At these Subcommittee meetings, Thomas and Correia

³⁹⁰ Thomas Interviews.

³⁹¹ Thomas Interviews.

³⁹² Thomas Interviews.

³⁹³ BPS FY23 Budget; FY23 Budget Detail, May 9, 2022; Finance Position Control Report.

³⁹⁴ BPS Special School Committee Meeting Minutes (May 24, 2022) (<https://www.bpsma.org/about/school-committee/post/~board/minutes/post/may-24-2022-public-hearing-school-budget-1677249227002>).

³⁹⁵ The Finance Subcommittee includes all School Committee members except the Mayor.

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presented draft budgets and opened the floor for questions.³⁹⁶ The School Committee never asked probing questions about personnel expenses, which comprised 80% of the budget.³⁹⁷

The FY23 Budget included only conclusory line items for personnel expenses.³⁹⁸ The School Committee, however, never requested or received information about the number of staff budgeted in each personnel category.^{399, 400} And, of most concern, the School Committee never received information about BPS’s actual personnel expenses from prior years to compare to the personnel expenses budgeted for FY23.⁴⁰¹ Through its own passivity and failure to dig in, the School Committee unknowingly approved a budget that failed to include millions of dollars in expenses that BPS had no ability to pay and had no plan to reduce.⁴⁰² By approving the FY23 Budget that was only “balanced” on paper, BPS was on a crash course to a multi-million-dollar deficit.

³⁹⁶ BPS School Committee Finance Subcommittee Meetings Mar. 22 (<https://www.youtube.com/watch?v=dof3C7pr0nc&t=365s>), Mar. 29 (<https://www.youtube.com/watch?v=GcyDwsrOmZg&t=1247s>), Apr. 26 (<https://www.youtube.com/watch?v=DSJcnHc8IZU&t=577s>), May 3 (<https://www.youtube.com/watch?v=LjHZYzyIseU&t=1s>), May 17, 2022 (<https://www.youtube.com/watch?v=ccM2J5mFWrl>).

³⁹⁷ BPS School Committee Finance Subcommittee Meetings Mar. 22 (<https://www.youtube.com/watch?v=dof3C7pr0nc&t=365s>), Mar. 29 (<https://www.youtube.com/watch?v=GcyDwsrOmZg&t=1247s>), Apr. 26 (<https://www.youtube.com/watch?v=DSJcnHc8IZU&t=577s>), May 3 (<https://www.youtube.com/watch?v=LjHZYzyIseU&t=1s>), May 17, 2022 (<https://www.youtube.com/watch?v=ccM2J5mFWrl>); BPS FY23 Budget.

³⁹⁸ BPS FY23 Budget.

³⁹⁹ Rodrigues Interview; Asack Interview.

⁴⁰⁰ In prior years, during the budget process, School Committee members received binders from the Finance Department that broke down the number of positions budgeted at each school and in each department. For FY23, there were no such binders.

⁴⁰¹ Rodrigues Interview; Asack Interview; J. Sullivan Interview; T. Sullivan Interview; Mayor Sullivan Interview.

⁴⁰² Although BPS had additional funding sources not included in the budget, such as grants, that funding was woefully insufficient to cover the unbudgeted personnel expenses.

8. BPS Could Not Reduce Staff After the Budget was Passed Due to Union Deadlines

During FY23, staffing levels never decreased.⁴⁰³ According to CFO Petronio, Superintendent Thomas promised that he would reduce some staff during the school year.⁴⁰⁴ But Thomas “did not do what he said he was going to do.”⁴⁰⁵ On August 15, 2022 (three months after the FY23 Budget was passed), Petronio wrote to Superintendent Thomas and his executive team about the need to reduce staffing levels.⁴⁰⁶ In this letter, Petronio advised that staffing levels needed to be reduced by 112 positions - - specifically, sixty BEA members, forty paraprofessionals, and twelve MTAs.⁴⁰⁷ Although Petronio said he provided this letter to Thomas, it was not sent to Thomas or his executive team via email, and Thomas denied ever receiving it.^{408, 409} One executive team member recalled Petronio handing this letter out at the end of an executive meeting, but members did not recall the letter ever being discussed.⁴¹⁰

Regardless of Petronio’s letter, it was too late for any meaningful staff reductions.⁴¹¹ All three categories of reductions were union jobs, which required notification prior to layoffs.⁴¹² BEA members needed to be notified of layoffs by May 15, 2022, and paraprofessionals and MTAs required notification by June 10, 2022.⁴¹³ When asked whether it was realistic to eliminate sixty

⁴⁰³ Finance Position Control Report.

⁴⁰⁴ Petronio Interviews.

⁴⁰⁵ Petronio Interviews.

⁴⁰⁶ Petronio Letter to Thomas and Executive Team, Aug. 15, 2022.

⁴⁰⁷ Petronio Letter to Thomas and Executive Team, Aug. 15, 2022.

⁴⁰⁸ Petronio Interviews; Thomas Interviews.

⁴⁰⁹ Contemporaneous emails confirm that the letter was created in August 2022.

⁴¹⁰ Moran Email to NBP, Aug. 14, 2023; Cobbs Email to NBP, Aug. 14, 2024.

⁴¹¹ Petronio Letter to Thomas and Executive Team, Aug. 15, 2022; Agreement Between the Brockton School Committee and the Brockton Education Association Sept. 1, 2022-Aug. 31, 2025 (“BEA Agreement”); Agreement By and Between the Brockton School Committee and the Brockton Education Paraprofessional Association Sept. 1, 2022 to Aug. 31, 2025 (“BESPA Agreement”); Thomas Interviews.

⁴¹² Thomas Interviews.

⁴¹³ BEA Agreement; BESPA Agreement.

BEA positions as of August 2022, Petronio admitted that BEA members could not be laid off due to their union agreement.⁴¹⁴ Petronio also conceded that the only way a position could be eliminated at that time was through attrition, but acknowledged that teacher counts generally remained steady during the school year.⁴¹⁵ Indeed, only five to ten teachers usually left via attrition.⁴¹⁶ According to Thomas, it would not have been possible to reduce a significant number of positions once the FY23 Budget was passed.⁴¹⁷ In sum, the time to address staff reductions was before the FY23 Budget was submitted and approved by the School Committee, not three months later.⁴¹⁸

9. Staff Levels Increased by Approximately 80 Positions During FY23

Notwithstanding Thomas's promise to Petronio to cut staff during the school year, Thomas did the opposite: approximately eighty unbudgeted positions were added across the School Department in FY23.^{419, 420} These positions were mostly paraprofessionals and non-union employees, including community mentors.⁴²¹ The addition of these positions put a further strain on the personnel budget. As an example, during FY23, BPS spent \$800,000 on community mentors hired as full-time employees with no funding in the budget for those positions.⁴²²

10. BPS Employees Were Paid Excessive Overtime and Stipends

Another factor that contributed to the personnel overspending was overtime and stipends

⁴¹⁴ Petronio Interviews.

⁴¹⁵ Petronio Interviews.

⁴¹⁶ Petronio Interviews.

⁴¹⁷ Thomas Interviews.

⁴¹⁸ Thomas Interviews.

⁴¹⁹ Finance Position Control Report.

⁴²⁰ BPS also added approximately seventy Transportation Department employees during FY23, which we address in the transportation overspending at Section V(B).

⁴²¹ Finance Position Control Report; FY23 ESUM Report, Period 12; BPS FY23 Budget; FY23 Budget Detail.

⁴²² FY23 ESUM Report, Period 12; BPS FY23 Budget; FY23 Budget Detail, May 9, 2022; BPS FY24 Budget.

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paid to union and non-union employees, without adequate oversight or funding.⁴²³ Certain union members were entitled to additional pay for performing tasks beyond their regular work pursuant to collective bargaining agreements.⁴²⁴ For example, if a teacher covered a classroom during their preparation time, they were entitled to additional compensation.⁴²⁵ During FY23, the total amount of additional compensation paid to union members was: \$2.3 million for BEA members, \$1.8 million for BESPA⁴²⁶ members, and \$200,000 for IBAA-TEA⁴²⁷ members.⁴²⁸ Over 80% of this pay was coded as overtime.⁴²⁹

In addition, BPS entered into over 100 employment contracts with non-union employees.⁴³⁰ These contracts included the Superintendent’s Cabinet,⁴³¹ the group of top leaders in the School Department selected to advise and support the Superintendent, but also included non-leadership staff, administrative staff, accountants, nurses, and community mentors.⁴³² Pursuant to these contracts, employees received additional compensation above their base pay, including significant overtime and one-time stipends. During FY23, nearly \$1 million of overtime was paid to non-union salaried employees.^{433, 434} The FY23 Budget had no real

⁴²³ FY23 Additional Pay Report ran by Payroll Director Stacy Banks (“FY23 Additional Pay Report”); BPS FY23 Budget; Correia Interviews; James Cobbs Interview (“Cobbs Interviews”).

⁴²⁴ Thomas Interviews; BEA Agreement.

⁴²⁵ Thomas Interviews; BEA Agreement.

⁴²⁶ Brockton Education Support Professional Association.

⁴²⁷ Independent Brockton Administrative Assistants and Technical Employees Association.

⁴²⁸ FY23 Additional Pay Report.

⁴²⁹ \$38,000 of additional compensation to BEA members was coded as substitute pay, \$590,000 of additional compensation to BESPA members was coded as substitute pay, and just over \$3,500 of additional compensation to IBAA-TEA members was coded as substitute pay. The remainder was coded as overtime.

⁴³⁰ Individual Contract List created by Assistant Superintendent of the HR Department Kathleen Moran (“Individual Contract List”).

⁴³¹ Between FY22 and FY23, the Superintendent’s executive team was renamed the Cabinet.

⁴³² Individual Contract List; Thomas Interviews; Cobbs Interviews.

⁴³³ Note that this calculation includes Transportation Department employees, which we did not include in the overall calculation of the overspending of the personnel budget.

⁴³⁴ FY23 Additional Pay Report.

allocation for such overtime or stipends.⁴³⁵ The budgeted line-item related to overtime was \$265,000 for “non-certified overtime,” but there was no information as to what positions this overtime was intended to cover.^{436, 437}

11. BPS Overspent \$13.2 Million on FY23 Personnel Expenses

The FY23 Budget allocated a total of \$174,219,813 to personnel costs. According to Munis, however, \$187,441,002.42 was spent on personnel during FY23. BPS, therefore, overspent the FY23 Budget by approximately \$13.2 million in personnel costs.⁴³⁸ This overspending was caused by a multitude of factors and systemic failures, ranging from Thomas’s reckless disregard of the budget when making hiring decisions, to Petronio’s and Correia’s failure to prepare a budget that included all BPS personnel expenses. Those responsible for overseeing the budget and ensuring that it was properly prepared also fell short. The Mayor and City CFO did not ask critical questions about the FY23 Budget and turned a blind eye to information suggesting that the budget was not adequately balanced. For its part, the School Committee accepted the budget as it was submitted without asking probing questions about personnel expenses, reviewing detailed information about staffing, or questioning whether staffing levels were appropriate.

⁴³⁵ BPS FY23 Budget.

⁴³⁶ BPS FY23 Budget.

⁴³⁷ Our investigation also revealed that BPS’s overtime submission and approval process was problematic and not well monitored. To receive overtime, BPS policy required that an employee complete an additional compensation form providing information about the hours and the reasons for the overtime work. The form required approval from the employee’s supervisor prior to any work being performed. And once the work was performed, the supervisor was then required to review and sign the form and submit it to the Finance Department. See FY22 Additional Compensation Instructions. According to Acting Superintendent James Cobbs, the preapproval policy for overtime pay was not enforced. When Cobbs took over as Superintendent, employees were frequently submitting additional compensation forms after the fact for overtime purportedly already worked. Subsequent measures were taken to fix this broken system. See Cobbs Interviews.

⁴³⁸ Again, this calculation does not include transportation personnel, which we address in the next section.

B. BPS Overspent the FY23 Transportation Budget by \$6.4 Million

A second budget category leading to the School Department deficit was transportation. In FY23, BPS overspent its transportation budget by approximately \$6.4 million. This overspending should not have been a surprise: BPS had overspent its transportation budget in FY22 as well, and it failed to make meaningful changes when preparing the FY23 Budget. As detailed below, our investigation revealed that transportation overspending stemmed from BPS's efforts to bring transportation services in-house, and BPS's failure to adequately plan, budget, and manage its school transportation operation in FY22. BPS did not monitor spending or correct those mistakes when preparing the budget for FY23.

1. BPS's Transportation was Historically Provided by Private Vendors

To understand the transportation overspending, it is essential to provide some background and historical context about BPS's transportation operation. The seeds of FY23 transportation overspending were planted in preceding years. Prior to September 2021, BPS contracted with outside transportation vendors.⁴³⁹ There were two principal components of the transportation operation: (i) in-district transportation and (ii) out-of-district transportation.⁴⁴⁰ In-district transportation, as the name suggests, involved transporting students living within Brockton to one of the City's twenty-four schools.⁴⁴¹ It included both general and special education transportation.⁴⁴² Out-of-district transportation, by contrast, involved transporting Brockton students to schools outside of the City as well as transporting students living outside of Brockton

⁴³⁹ First Student, Inc. Contract, 2018-2021; Thomas Interviews; Jennifer Perez Interviews ("Perez Interviews").

⁴⁴⁰ Perez Interviews; Thomas Interviews; BPS FY21 Non-Net Budget.

⁴⁴¹ Perez Interviews.

⁴⁴² Perez Interviews.

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to BPS schools, typically as a result of the McKinney-Vento Homeless Assistance Act (“McKinney Vento program”).^{443, 444} The McKinney Vento program required BPS to provide transportation to homeless students enrolled in the district, including students living outside the City.⁴⁴⁵

For its in-district transportation needs, BPS contracted with First Student, Inc. (“First Student”), the largest full-service school transportation provider in the nation.⁴⁴⁶ For over forty-years, First Student provided BPS’s in-district transportation. These services included full- and half-size buses for both general and special education routes, bus drivers, maintenance, training, and insurance.⁴⁴⁷ For out-of-district transportation needs, BPS historically contracted with 70 - 100 different private van companies (“private van companies”).⁴⁴⁸

2. BPS Decided to Bring Transportation In-House

In early 2020, BPS began considering an in-house transportation operation.⁴⁴⁹ The idea arose when Superintendent Thomas and members of the School Committee, including Committee Members Joyce Asack and Timothy Sullivan, attended the annual conference of the Massachusetts Association of School Superintendents (“MASS”) and Massachusetts Association of School Committees (“MASC”).⁴⁵⁰ At this conference, the Massachusetts Association of Pupil

⁴⁴³ Perez Interviews; Clifford Murray Interview (“Murray Interview”).

⁴⁴⁴ The McKinney-Vento Homeless Assistance Act (“Act”), 42 U.S.C. 11431 et seq., is a federal law that “ensure[s] that each child of a homeless individual and each homeless youth has equal access to the same free, appropriate public education.” Students protected by this act have a right to transportation. DESE, *Office of Student and Family Support, Homeless Education Advisory 2007-10 Clarifying the Provision of Transportation Requirements for Homeless Students 2002 – 3* (Last Updated: Aug. 27, 2007) (<https://www.doe.mass.edu/news/news.aspx?id=3623>).

⁴⁴⁵ DESE, *McKinney-Vento Homeless Education Assistance – Advisories* (Apr. 2018) (<https://www.doe.mass.edu/sfs/mv/advisories.docx>).

⁴⁴⁶ First Student Inc., *Our Services* (<https://firststudentinc.com/>).

⁴⁴⁷ First Student Letter, Feb. 15, 2021; First Student, Inc. Contract, 2018-2021; Thomas Interviews.

⁴⁴⁸ 2022 Private Vendor List; Perez Interviews; Thomas Interviews.

⁴⁴⁹ Thomas Interviews; Cobbs Interviews; MAPT Contract for Services, Jan. 13, 2020.

⁴⁵⁰ Thomas Interviews; Asack Interview; MASC, *MASC/MASS 2019 Joint Conference* (<https://www.masc.org/conferences/conference-2/>).

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Transportation (“MAPT”) delivered a presentation about the rising costs of student transportation and the potential for school districts to save money by in-sourcing transportation services.⁴⁵¹ After the presentation, Superintendent Thomas engaged MAPT to evaluate BPS’s transportation needs and to recommend whether bringing transportation in-house would be cost efficient.⁴⁵² MAPT visited Brockton in February 2020, but the evaluation was interrupted by the pandemic.⁴⁵³ MAPT never completed its work or issued a report with recommendations.⁴⁵⁴

BPS nevertheless moved forward with bringing transportation in-house.⁴⁵⁵ Thomas told us that he reviewed a written report from MAPT that strongly recommended BPS bring transportation in-house.⁴⁵⁶ This was not true. We have confirmed that MAPT never issued a final report.⁴⁵⁷ In other words, according to Superintendent Thomas, transportation experts recommended that BPS operate its own transportation department to save the district money. Yet no such recommendation was made.⁴⁵⁸ In short, the entire premise for bringing transportation in-house was never supported by outside transportation experts.

a. Excess COVID-19 Funding and a Dispute with First Student Accelerated the Decision to Bring Transportation In-House

During the pandemic, school transportation services were not needed.⁴⁵⁹ BPS was fully remote from March 2020 until February 2021, when it briefly moved to a hybrid system before

⁴⁵¹ Thomas Interviews; Asack Interview; Panel Presenters, *The Bussing Blues: Challenges and Opportunities in Massachusetts Student Transportation*, (Nov. 8, 2019) (https://www.mapt.us/wp-content/uploads/2019/11/MASS_MASC-Conference-Nov.-2019.pdf).

⁴⁵² Thomas Interviews; MAPT Contract for Services, Jan. 13, 2020.

⁴⁵³ MAPT BPS Transportation Audit Schedule; Cavanaugh Email to Landerholm, Mar. 8, 2024.

⁴⁵⁴ Cavanaugh Email to Landerholm, Mar. 8, 2024.

⁴⁵⁵ Thomas Interviews; BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021 (<https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁴⁵⁶ Thomas Interviews.

⁴⁵⁷ Cavanaugh Email to Landerholm, Mar. 8, 2024.

⁴⁵⁸ Cavanaugh Email to Landerholm, Mar. 8, 2024.

⁴⁵⁹ Petronio Interviews; Thomas Interviews.

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returning to in-person learning in April 2021.⁴⁶⁰ For nearly a year, BPS did not use outside transportation services.⁴⁶¹

During the pandemic, BPS and First Student were embroiled in a dispute about whether First Student was entitled to fees under its contract because schools were closed.⁴⁶² First Student demanded payment to cover its fixed costs, but BPS refused to pay.⁴⁶³ This conflict soured the relationship between First Student and BPS.⁴⁶⁴ Ultimately, the fee dispute was settled in the fall of 2021 for \$500,000 - - over \$9 million less than First Student's expected contract amount.⁴⁶⁵

Because BPS saved millions on outside transportation costs during the pandemic, it had budgeted but unspent transportation funds.⁴⁶⁶ With the First Student relationship in turmoil, BPS began considering its own in-house transportation operation.⁴⁶⁷ As Superintendent Thomas put it, BPS would have "never" brought transportation in-house if it did not "have all the extra money."⁴⁶⁸

b. Key Decision-Makers Advocated Bringing Transportation In-House

CFO Petronio was a major force in the decision to start an in-house student transportation operation.⁴⁶⁹ Petronio believed that First Student had a monopoly on the school transportation industry, which allowed First Student to increase its pricing year-after-year.⁴⁷⁰ Petronio shared

⁴⁶⁰ Christopher Butler, 'The community came together': a look at how Brockton schools survived the pandemic, The Enterprise (Apr. 29, 2024) (<https://www.enterpriseneeds.com/story/news/education/2024/04/29/brockton-superintendent-mike-thomas-virtual-online-school-covid-pandemic/73436622007/>).

⁴⁶¹ Petronio Interviews; Thomas Interviews.

⁴⁶² Petronio Interviews; Thomas Interviews; Clarkson Interviews.

⁴⁶³ Royster Email to Thomas, Dec. 1, 2020; Petronio Interviews; Thomas Interviews; Clarkson Interviews.

⁴⁶⁴ Petronio Interviews; Thomas Interviews; Clarkson Interviews; Cobbs Interviews.

⁴⁶⁵ First Student Settlement Purchase Order, June 29, 2021; First Student Settlement Check, Oct. 27, 2021.

⁴⁶⁶ BPS FY20 Non-Net Budget; BPS FY21 Non-Net Budget; BPS School Committee Finance Subcommittee Meeting, Feb. 2, 2021, (<https://www.youtube.com/watch?v=5QLPMJBCoZ8&t=2802s>).

⁴⁶⁷ Thomas Interviews; Cobbs Interviews; Petronio Interviews.

⁴⁶⁸ Thomas Interviews.

⁴⁶⁹ Thomas Interviews; Cobbs Interviews; Asack Interview.

⁴⁷⁰ Security, Safety, Transportation Subcommittee Report, Dec. 9, 2020; BPS School Committee Security, Safety, Transportation Subcommittee, Dec. 9, 2020 (<https://www.youtube.com/watch?v=Gsm-G7jjFIE&t=306s>).

his concerns with the School Committee and argued that bringing transportation in-house would significantly reduce costs.⁴⁷¹ James Cobbs, who was Executive Director of Operations at that time, was “100% on board” with the idea.⁴⁷² Although Superintendent Thomas was generally supportive, he had some concerns.⁴⁷³ In an interview, Thomas said he was reluctant about the idea because BPS was “not in the transportation business.”⁴⁷⁴ Having served as the transportation liaison when he was Deputy Superintendent, Thomas knew that there was more involved in a transportation operation than Petronio and others fully appreciated.⁴⁷⁵

At the outset of the 2020-2021 school year, Thomas put Petronio and Cobbs in charge of researching, planning, and developing a proposal for the new transportation operation.⁴⁷⁶ According to Thomas, the School Committee “was moving forward no matter what” to start the School Department’s own transportation operation.⁴⁷⁷ As a result, he got “on board” with the idea.⁴⁷⁸

3. Petronio and Cobbs Prepared an In-House Transportation Proposal Without Consulting Experts

Petronio and Cobbs spent the fall of 2020 planning to purchase a fleet of buses and formulating a cost analysis of the in-house transportation operation.⁴⁷⁹ But Petronio and Cobbs never consulted outside transportation experts about the logistics or operational costs associated with running a transportation department.⁴⁸⁰

⁴⁷¹ Security, Safety, Transportation Subcommittee Report, Dec. 9, 2020.

⁴⁷² Cobbs Interviews.

⁴⁷³ Cobbs Interviews; Thomas Interviews.

⁴⁷⁴ Thomas Interviews.

⁴⁷⁵ Thomas Interviews.

⁴⁷⁶ Cobbs Interviews; Thomas Interviews; School Bus Purchase Presentation for Mayor Sullivan.

⁴⁷⁷ Thomas Interviews.

⁴⁷⁸ Thomas Interviews.

⁴⁷⁹ Security, Safety, Transportation Subcommittee Report, Dec. 9, 2020.

⁴⁸⁰ Security, Safety, Transportation Subcommittee Report, Dec. 9, 2020; Cobbs Interviews.

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In the fall of 2020, Petronio and Cobbs met with Anderson Blue Bird Bus Sales of New England.⁴⁸¹ After initially proposing that BPS purchase a full fleet of 127 school buses, the plan changed.⁴⁸² According to Thomas, he did not believe that BPS could handle a full transportation program in the first year of operation, so he convinced Petronio and Cobbs to start with half-size buses.⁴⁸³ According to Thomas, BPS would use the half-size buses for its in-district special education transportation.⁴⁸⁴ For the general education transportation, BPS would temporarily contract with First Student for full-size buses for the upcoming year.⁴⁸⁵

On February 2, 2021, Thomas, Petronio, Cobbs presented a formal School Bus Procurement Proposal to the School Committee’s Security, Safety, and Transportation Subcommittee (“Transportation Subcommittee”).⁴⁸⁶ They proposed purchasing half the bus fleet and contracting with First Student for BPS’s remaining transportation needs.⁴⁸⁷ Thomas told the Transportation Subcommittee that MAPT had evaluated transportation needs and made a “strong recommendation” that BPS bring transportation in-house.⁴⁸⁸ No one questioned this statement or asked for MAPT’s report, which was never completed.⁴⁸⁹

⁴⁸¹ Anderson Motors (<https://andersonmotors.com/>); School Bus Purchase Presentation for Mayor Sullivan; Cobbs Interviews.

⁴⁸² Security, Safety, Transportation Subcommittee Report, Dec. 9, 2020; School Bus Procurement Proposal, Feb. 2, 2021.

⁴⁸³ Thomas Interviews.

⁴⁸⁴ Thomas Interviews.

⁴⁸⁵ Final School Bus Procurement Proposal, Feb. 15, 2021; FY22 First Student Contract.

⁴⁸⁶ BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021 (<https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁴⁸⁷ School Bus Procurement Proposal. Feb. 2, 2021.

⁴⁸⁸ BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021 (<https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁴⁸⁹ BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021 (<https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

4. Petronio and Cobbs Lacked Necessary Transportation Experience

Neither Petronio nor Cobbs had prior experience or the time to properly plan, oversee, and implement this multi-million-dollar operation.⁴⁹⁰ And the process was rife with poor decision making. For example, Petronio created a cost analysis for the transportation operation and, on his own, estimated the costs of gas, fuel, and maintenance.⁴⁹¹ In creating this analysis, Petronio made decisions that - - on their face - - made little sense and did not reflect sound business judgment. For example, Petronio assumed that, because vehicles were “brand new,” they would not require maintenance beyond oil changes and perhaps brake pads.⁴⁹² As such, he budgeted only \$350 per vehicle in annual maintenance costs in his initial proposal.⁴⁹³ Similarly, Petronio initially budgeted for only one mechanic in the entire Transportation Department.⁴⁹⁴ This person was the same mechanic that BPS used for BPS facilities and school police vehicles. According to Thomas, the single mechanic Petronio budgeted to service the department already had “enough problems fixing police cruisers and facilities trucks.”⁴⁹⁵ Thomas also explained that, even though the vehicles were new, they were still likely to experience maintenance issues that needed to be carefully considered and budgeted.⁴⁹⁶

⁴⁹⁰ Rather, Petronio has worked in finance roles for the City of Brockton and Brockton Public Schools for twenty-six years. See Petronio Interviews; Executive Summary by Aldo Petronio, Mar. 15, 2024. Cobbs had some transportation experience in the military, but unrelated to school transportation. See Cobbs Interviews.

⁴⁹¹ School Bus Procurement Proposal, Feb. 2, 2021.

⁴⁹² BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021 (<https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁴⁹³ BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, <https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁴⁹⁴ BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, <https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁴⁹⁵ BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, <https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁴⁹⁶ BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, <https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

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Petronio’s and Cobbs’s lack of experience was further evident from their failure to consider ongoing private transportation costs in their proposal. In proposing to purchase sixty-four buses, Petronio and Cobbs did not consider the magnitude of BPS’s transportation obligations and the number of students that the sixty-four buses could feasibly transport.⁴⁹⁷ They did not know and did not analyze whether and to what extent BPS would still need private van companies.⁴⁹⁸ Indeed, Petronio’s and Cobbs’s written proposal did not address private transportation at all.⁴⁹⁹ At the February 2, 2021 Transportation Subcommittee meeting, Petronio mentioned that BPS spent approximately \$1.5 million annually on private van companies, which was grossly inaccurate.⁵⁰⁰ Petronio also represented that BPS “would not need [those companies] as much anymore because [BPS would] have buses that could do those routes.”⁵⁰¹ Thomas interjected, and explained that some private van companies would still have to be used, but did not make clear the extent to which BPS would be utilizing private transportation companies going forward.⁵⁰² After this exchange, no one analyzed the need for or the cost of private van companies after BPS started its own operation.⁵⁰³

At the February 2, 2021 Transportation Subcommittee meeting, none of the Subcommittee members asked probing questions about the proposal or the basis for Petronio’s calculations.⁵⁰⁴

⁴⁹⁷ School Bus Procurement Proposal, Feb. 2, 2021; Cobbs Interviews.

⁴⁹⁸ BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, <https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>); School Bus Procurement Proposal, Feb. 2, 2021; Cobbs Interviews.

⁴⁹⁹ School Bus Procurement Proposal, Feb. 2, 2021.

⁵⁰⁰ Pre-pandemic, BPS spent over \$3 million on private van companies for out-of-district transportation. See FY19 Private Transportation Report.

⁵⁰¹ BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, <https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁵⁰² BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, <https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁵⁰³ Final School Bus Procurement Proposal, Feb. 15, 2021.

⁵⁰⁴ BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, <https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

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At the conclusion of the meeting, the Transportation Subcommittee voted unanimously to recommend to the full School Committee the proposal to purchase sixty-four buses and establish a school transportation department.⁵⁰⁵ The School Committee’s Finance Subcommittee met immediately thereafter and likewise voted unanimously to recommend the proposal to the full School Committee.^{506, 507}

**5. The School Committee and City CFO
Rubber-Stamped the Proposal to Bring Transportation In-House**

On February 16, 2021, the School Bus Procurement Proposal was presented to the full School Committee for a vote.⁵⁰⁸ At the meeting, Petronio presented his final cost analysis to purchase the sixty-four buses, which he projected would save BPS \$1.1 million in the first year of operation.⁵⁰⁹ After a fifteen-minute presentation with minimal questions, the School Committee voted unanimously to purchase the sixty-four buses to begin operating transportation partially in-house for the 2021-2022 school year.⁵¹⁰

On February 17, 2021, Petronio provided the final School Bus Procurement Proposal to City CFO Clarkson, informing him that the prior evening, “[a] unanimous decision by the [S]chool [C]ommittee was reached in moving \$5,483,564 to the Capital line item in order to proceed with the order to purchase 64 full and half-size buses for the School Department.”⁵¹¹

Petronio sought CFO Clarkson’s approval for the purchase:

⁵⁰⁵ BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021 (<https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁵⁰⁶ The Finance Subcommittee conditioned its vote upon a legal opinion regarding the proper method of appropriating/transferring the unspent transportation funds saved during the COVID-19 pandemic.

⁵⁰⁷ BPS School Committee’s Finance Subcommittee Meeting, Feb. 2, 2021 (<https://www.youtube.com/watch?v=5QLPMJBCoZ8&t=2802s>).

⁵⁰⁸ BPS School Committee Meeting, Feb. 16, 2021, (https://www.youtube.com/watch?v=kJJJR2c_ijQ).

⁵⁰⁹ BPS School Committee Meeting, Feb. 16, 2021, (https://www.youtube.com/watch?v=kJJJR2c_ijQ).

⁵¹⁰ BPS School Committee Meeting, Feb. 16, 2021, (https://www.youtube.com/watch?v=kJJJR2c_ijQ).

⁵¹¹ Petronio and Clarkson Email String, Feb. 17-18, 2021.

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As part of the discussion, the school committee wanted to be assured that you, as CFO of the City, know the transfer that they are making and that you approve of the financial proposal as being a sound business move in the ever escalating costs associated with student transportation services. I respectfully acknowledged that you and I have been communicating through this entire process and would send you a note to confirm such.

Please review the attached and let me know if this represents the conversations and financial savings that we have discussed.⁵¹²

The following day, Clarkson responded and approved the proposal:

I have reviewed your most recent calculations and concur that the spreadsheet reflects an accurate depiction of the current program, the proposed costs, and the potential savings. In accordance with the provisions of Chapter 324 of the Acts of 1990, I hereby certify that the city's financial resources and revenues are adequate to support these expenditures.⁵¹³

When asked how he determined that this proposal was an accurate depiction of the program, costs, and savings, Clarkson said that he accepted Petronio's work at face value and did not perform any independent analysis to evaluate whether the proposal captured the necessary features and costs of operating a school transportation operation.⁵¹⁴ Clarkson acknowledged that, in hindsight, he "should have done more."⁵¹⁵

Petronio's proposal, which the School Committee and City CFO approved without questioning or independent analysis, failed to include critical aspects of BPS's transportation operation.⁵¹⁶ In fact, the proposal failed to include the correct number of buses to manage BPS's in-district transportation operation⁵¹⁷ or to accurately calculate the cost of maintaining the

⁵¹² Petronio and Clarkson Email String, Feb. 17-18, 2021.

⁵¹³ Petronio and Clarkson Email String, Feb. 17-18, 2021.

⁵¹⁴ Clarkson Interviews.

⁵¹⁵ Clarkson Interviews.

⁵¹⁶ Final School Bus Procurement Proposal, Feb. 15, 2021; BPS School Committee's Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, <https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>); Petronio and Clarkson Email String, Feb. 17-18, 2021.

⁵¹⁷ Final School Bus Procurement Proposal, Feb. 15, 2021; Thomas Interviews.

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buses.⁵¹⁸ The proposal also omitted the substantial costs of private van transportation.⁵¹⁹ On February 18, 2021, with the approval of the School Committee and City CFO, BPS issued a purchase order for \$5.5 million to purchase the school buses.⁵²⁰

**6. BPS Failed to Plan for the Complicated
Logistics of Operating a Transportation Department**

A significant flaw in the proposal to bring transportation in-house was the lack of a sound logistics plan. The transportation proposal promised many things: a bus depot located in Brockton with a large warehouse and parking lot, a fully-staffed department with experienced transportation personnel (making less money than First Student employees), and a transportation operation that was going to largely eliminate BPS's need for private van companies.⁵²¹ But, without adequate research or analysis to confirm whether each of these elements was plausible, and no detailed planning to define how each of these goals was going to be achieved, these promises were illusory. Specifically, Petronio and Cobbs failed to timely identify a viable property for the bus depot.⁵²² Nor did they identify anyone with transportation expertise to work in the department. And a competent outside transportation consultant was never engaged to help get the operation up and running.⁵²³ The plan also failed to consider whether the purchased vehicles could, in fact, eliminate BPS's reliance on private van companies.⁵²⁴ In Thomas's words, Petronio and Cobbs

⁵¹⁸ Final School Bus Procurement Proposal, Feb. 15, 2021; FY22 Non-Net Munis Report.

⁵¹⁹ Final School Bus Procurement Proposal, Feb. 15, 2021; FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

⁵²⁰ Bus Purchase Order, Feb. 18, 2021.

⁵²¹ Final School Bus Procurement Proposal, Feb. 15, 2021; BPS School Committee's Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, (<https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁵²² Cobbs Interviews.

⁵²³ Cobbs Interviews; Thomas Interviews.

⁵²⁴ BPS School Committee's Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, (<https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>); Final School Bus Procurement Proposal, Feb. 15, 2021.

were “scrambling” at the last minute to get the newly-created Transportation Department ready for the upcoming school year.⁵²⁵

7. Cobbs Could Not Find a Suitable Bus Depot

When Cobbs began searching for a bus depot location around the time of the proposal, he viewed several sites and identified a warehouse in Brockton that he thought would be a “good fit.”⁵²⁶ Cobbs learned shortly thereafter that the owner of that property would only agree to a five-year lease, which BPS could not commit to without City Council approval.⁵²⁷ Realizing that a five-year lease was not a viable option, Cobbs continued his search for other properties but was unable to find a suitable location.⁵²⁸ Cobbs explained that, after the first warehouse location fell through, BPS did not have a place to park the buses.⁵²⁹ Ultimately, in August 2021, BPS leased the Brockton Fairgrounds to house the buses.⁵³⁰ Although the Fairgrounds provided bus parking, there was no suitable warehouse and, in Thomas’s words, the location was “not sustainable . . . long-term” for the Transportation Department.^{531, 532}

8. Petronio and Cobbs Struggled to Staff the Transportation Department

As for staffing, Petronio and Cobbs underestimated how difficult it would be to hire qualified transportation employees, particularly given the limited time they had to conduct their

⁵²⁵ Thomas Interviews.

⁵²⁶ Cobbs Interviews.

⁵²⁷ Cobbs Interviews; Casey Email to Cobbs, Apr. 1, 2021; Petronio Email to Thompson, Sept. 13, 2021.

⁵²⁸ Cobbs Interviews; Cobbs Email to Thomas, May 14, 2021.

⁵²⁹ Cobbs Interviews.

⁵³⁰ Cobbs Interviews.

⁵³¹ In April 2023, Petronio appeared before the City Council regarding an appropriation of approximately \$5.5 million to purchase a property for BPS to use as a bus depot. The City Council, lacking information about the plan for the purchased building and whether it was sufficient to meet BPS’s need, moved to postpone the matter and did not act on the request at this meeting. See Brockton City Council Finance Committee Meeting, Apr. 18, 2023 (<https://www.youtube.com/watch?v=r0IGF7VtMxg&t=1099s>).

⁵³² Brockton City Council Finance Meeting Budget Hearing, June 8, 2022 (<https://www.youtube.com/live/1EgElutT5x8>).

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search.⁵³³ One month after the bus purchase, on March 22, 2021, Cobbs sent an email to a list of superintendents asking whether any had “job descriptions and salaries” for the positions of transportation director, transportation supervisor, transportation dispatcher, and school bus and van driver.⁵³⁴ These job postings were not publicly advertised until May 5, 2021, just over three months before the start of the school year.⁵³⁵ Between May and August 2021, Petronio and Cobbs struggled to fill critical positions with qualified candidates.⁵³⁶ As of July 2021, with the new school year approaching, the Transportation Director position was still not filled.⁵³⁷ Petronio and Cobbs interviewed Suzanne St. Cyr in July 2021 and recommended hiring her for the Transportation Director role that same day.⁵³⁸ BPS only began interviewing bus drivers on August 9, 2021, less than a month before the start of school.⁵³⁹ By September 1 - - one day before school started - - only forty-five of the seventy-five bus drivers needed had been hired.⁵⁴⁰

9. BPS Failed to Consider Private Transportation Needs

Perhaps of most concern, there was a lack of understanding about whether the new BPS-owned vehicles would reduce BPS’s need for private van companies.⁵⁴¹ After the buses were purchased, key administrators disagreed about whether BPS still needed private van companies for out-of-district transportation.⁵⁴² According to Thomas, the new in-house vehicles were only going to service the in-district routes, and private vans would still be needed for out-of-district

⁵³³ Cobbs Interviews; Thomas Interviews; Thomas Email to Petronio and Cobbs, July 2, 2021.

⁵³⁴ Cobbs Email to Superintendent List, Mar. 22, 2022.

⁵³⁵ Geddes Email Petronio, Cobbs, and Moran, May 5, 2021.

⁵³⁶ Thomas Email to Petronio and Cobbs, July 2, 2021; Geddes Email to Cobbs, July 19, 2021.

⁵³⁷ Cobbs Interviews; Thomas Email to Petronio and Cobbs, July 2, 2021.

⁵³⁸ Geddes Email to Petronio and Cobbs, July 8, 2021; Geddes Email to Thomas, July 9, 2021.

⁵³⁹ Operations Team Meeting Agenda, July 22, 2021; BPS 2021-2022 School Year Calendar.

⁵⁴⁰ Bus Drivers Update Spreadsheet, Sept. 1, 2021; Final School Bus Procurement Proposal, Feb. 15, 2021.

⁵⁴¹ Final School Bus Procurement Proposal, Feb. 15, 2021; BPS School Committee’s Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021,

(<https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>); Cobbs Interviews.

⁵⁴² Perez Interviews.

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transportation.⁵⁴³ Budget Manager Bandis and the new Transportation Director, St. Cyr, however, thought otherwise.⁵⁴⁴ In an interview, Jennifer Perez, who at the time managed the out-of-district private transportation accounts, stated that before the start of the 2021-2022 school year, she received a budget from Bandis that did not allocate any money towards special education out-of-district transportation.⁵⁴⁵ When Perez questioned Bandis, he told her that the new BPS buses were going to service the out-of-district routes, so no funding was needed for private van companies.⁵⁴⁶

According to Perez, St. Cyr also told her that the BPS-owned vehicles would take care of out-of-district transportation.⁵⁴⁷ Based on St. Cyr's assurances, Perez did not set up any private van companies for the special education out-of-district routes for the 2021-2022 school year.⁵⁴⁸ As school was approaching, however, St. Cyr changed course and informed the Special Education Department that BPS's vehicles could not handle the out-of-district routes.⁵⁴⁹ As a result, Perez scrambled to assign those routes to private van companies, but there was no budget to pay for them.⁵⁵⁰ Perez spoke with Correia regarding the lack of funding, and Correia transferred funds to an out-of-district Munis account for Perez to access.⁵⁵¹

After this confusion was seemingly settled at the outset of the school year, BPS decided on a plan to cover all routes: BPS would use its newly purchased vehicles for most of the in-district special education transportation; First Student's buses would cover in-district general education and some special education transportation; and BPS would rely upon private van

⁵⁴³ Thomas Interviews.

⁵⁴⁴ Perez Interviews; BPS FY22 Non-Net Budget.

⁵⁴⁵ Perez Interviews.

⁵⁴⁶ Perez Interviews.

⁵⁴⁷ Perez Interviews.

⁵⁴⁸ Perez Interviews.

⁵⁴⁹ Perez Interviews.

⁵⁵⁰ Perez Interviews.

⁵⁵¹ Perez Interviews.

companies for all of the out-of-district transportation, including special education out-of-district and McKinney Vento transportation.⁵⁵² Not surprisingly, this did not transpire as planned. Ultimately, BPS could not service all of the special education in-district transportation with its own vehicles and resorted to hiring private van companies to cover those routes as well.⁵⁵³

10. The Outset of the Transportation Operation Was a “Disaster”

At the beginning of the 2021-2022 school year, the transportation operation was described as a “disaster.”⁵⁵⁴ According to Thomas, students were not being picked up for school in the morning, no one was communicating with the drivers, and “nobody knew what to do.”⁵⁵⁵ Perez stated that St. Cyr had created bus routes that were too long, and BPS did not have enough drivers or vehicles to transport its students.⁵⁵⁶ After the first day of school, Thomas terminated St. Cyr and “came down hard” on Petronio and Cobbs.⁵⁵⁷ Thomas thereafter became more involved in the department, largely taking over for Cobbs.⁵⁵⁸ During the first few weeks of school, BPS received over one hundred complaints from families that students were not picked up for school in the morning, were taken to the wrong school, were not picked up at the end of the day, or were not dropped off until many hours after school ended.⁵⁵⁹

The issues with the transportation operation have been attributed to several factors, mostly stemming from the lack of qualified transportation professionals involved in planning and

⁵⁵² Perez Interviews; FY22 First Student Contract.

⁵⁵³ Perez Interviews; Murray Interview; FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

⁵⁵⁴ Thomas Interviews; Perez Interviews; Murray Interview; Cobbs Interviews.

⁵⁵⁵ Thomas Interviews; Cobbs Interviews; Perez Interviews.

⁵⁵⁶ Perez Interviews; Thomas Interviews; Murray Interview; Bus Drivers Update Spreadsheet, Sept. 1, 2021; First Day Snapshot PowerPoint, Sept. 2, 2021; Cobbs Email to Zucco, Sept. 9, 2021.

⁵⁵⁷ Thomas Interviews; Cobbs Interviews; Petronio Email to Moran, Sept. 3, 2021.

⁵⁵⁸ Cobbs Interviews; Correia Interviews.

⁵⁵⁹ Transportation Incident Reports, Sept. 7, Sept. 8, Sept. 9, Sept. 10, 2021.

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managing the department.⁵⁶⁰ As for planning, BPS did not purchase or contract with First Student for enough vehicles to cover its in-district operation, particularly its special education in-district transportation.⁵⁶¹ Nor did BPS have enough drivers to cover all of these routes.⁵⁶² Because BPS had not planned for enough vehicles or drivers for all of its in-district routes, it had to request an additional ten half-size buses from First Student and was forced to hire numerous private van companies to supplement those routes throughout the school year.⁵⁶³

Thomas indicated that there were not enough people with transportation experience hired at the outset of the school year.⁵⁶⁴ By the end of September 2021, Thomas changed the leadership of the Transportation Department and hired Gracious Royster - - who had over thirty years of experience working for First Student - - as the Senior Transportation Director.⁵⁶⁵ Thomas also hired an Interim Transportation Supervisor and a Safety Training Supervisor, both of whom previously worked for First Student.⁵⁶⁶ According to Cobbs, when Thomas took over hiring, he eliminated the residency requirement and offered salaries higher than budgeted.⁵⁶⁷ Indeed, although the FY22 budget included funding for one Transportation Supervisor at a salary of \$75,000, Thomas hired Royster at a salary of \$175,500, promoted the former Transportation Supervisor, Michael Zucco, to Transportation Director at a salary of \$80,000, and hired another

⁵⁶⁰ Perez Interviews; Thomas Interviews; Correia Interviews; Murray Interview.

⁵⁶¹ Thomas Interviews; Murray Interview; First Day Snapshot PowerPoint, Sept. 2, 2021.

⁵⁶² Cobbs Email to Zucco, Sept. 9, 2021; Perez Interviews.

⁵⁶³ Perez Interviews; First Day Snapshot PowerPoint, Sept. 2, 2021; Cobbs Email to Zucco, Sept. 9, 2021; FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

⁵⁶⁴ Thomas Interviews.

⁵⁶⁵ Thomas Interviews; Gracious Royster, Employment Contract, 2022-2023; Correia Interviews; Correia Email to Petronio, Apr. 1, 2023.

⁵⁶⁶ Lisa Gunderway, Employment Contract, 2021-2023; Tina Spano, Employment Contract, 2021-2023; Cobbs Interviews.

⁵⁶⁷ Cobbs Interviews.

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Transportation Supervisor at \$75,000.⁵⁶⁸ By October 2021, Thomas removed Clifford Murray from his role as principal of Brockton High School and appointed him as Executive Director of Transportation.⁵⁶⁹ Thomas also hired two safety personnel at salaries of \$68,000 and \$75,000 to train bus drivers.⁵⁷⁰ These additional positions and salaries totaling nearly \$400,000 were not included in the FY22 Transportation Budget.

11. During the Transportation Department’s First Year of Operation in FY22, BPS Overspent the Transportation Budget by More Than \$5 Million

As the school year progressed, the operational issues in the Transportation Department decreased and parent complaints subsided. The fix, however, came with a high price tag.⁵⁷¹ Costs increased far beyond what was projected in the School Bus Procurement Proposal and allocated in the FY22 Budget. In the end, the promised cost savings for bringing transportation in-house were non-existent.⁵⁷² The FY22 Non-Net Budget, which was passed three months after the buses were purchased, allocated \$13.5 million to transportation-specific expenses.⁵⁷³

In FY22, however, nearly \$19.2 million was spent on transportation expenses alone:

Budget Category	February 15, 2021 School Bus Procurement Proposal⁵⁷⁴	FY22 Budget⁵⁷⁵	FY22 Spent⁵⁷⁶
Personnel	\$3.92 million	\$3.92 million	\$3.2 million

⁵⁶⁸ Final School Bus Procurement Proposal, Feb. 15, 2021; Gracious Royster, Employment Contract, 2022-2023; Michael Zucco, Employment Contract, 2021-2022; Lisa Gunderway, Employment Contract, 2021-2023.

⁵⁶⁹ Murray Interview.

⁵⁷⁰ Tina Spano, Employment Contract 2021-2023; Sahviana Katura, Employment Contract, 2021-2022.

⁵⁷¹ Perez Interviews.

⁵⁷² Significantly, the School Bus Procurement Proposal presented to and voted on by the School Committee vastly underestimated the cost of BPS running its own transportation operation by approximately \$8.5 million. See Final School Bus Procurement Proposal, Feb. 15, 2021; BPS FY22 Non-Net Budget; FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

⁵⁷³ The total FY22 Non-Net Budget was approximately \$14.4 million. Just under \$1 million of the FY22 Non-Net budget was allocated to traffic and community schools. See BPS FY22 Non-Net Budget.

⁵⁷⁴ Final School Bus Procurement Proposal, Feb. 15, 2021.

⁵⁷⁵ FY22 Non-Net Budget.

⁵⁷⁶ FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

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Transportation	\$5.84 million	\$8.63 million	\$14.1 million
Operational	\$900,000	\$900,000	\$1.9 million
Total	\$10.7 million	\$13.5 million	\$19.2 million

Of the \$19.2 million spent on transportation in FY22, approximately \$14.1 million was spent on private transportation, mostly on private van companies.⁵⁷⁷ In FY22, spending in each private transportation category was as follows:

Private Transportation Category	February 15, 2021 School Bus Procurement Proposal	FY22 Budget	Total Amount Spent in FY22⁵⁷⁸
General Education In-District	\$4.9 million	\$4.9 million	\$4,745,495.74
Special Education In-District	\$900,000	\$1.4 million	\$3,600,317.21
Special Education Out-of-District	-	\$1 million	\$3,038,996.70
McKinney Vento Special Education	-	-	\$709,240.50
McKinney Vento General Education	-	\$1.3 million	\$2,001,644.85
Total	\$5.8 million	\$8.6 million	\$14,095,695.00

The School Bus Procurement Proposal significantly underestimated the extent to which BPS would need to use private transportation after bringing transportation in-house. Specifically, the proposal budgeted only \$5.8 million for the costs of in-district transportation and included no funding or cost estimate for private van companies.⁵⁷⁹ Ultimately, the actual cost of in-district

⁵⁷⁷ FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

⁵⁷⁸ FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

⁵⁷⁹ Final School Bus Procurement Proposal, Feb. 15, 2021.

transportation was over \$8.3 million in FY22.⁵⁸⁰

Bringing transportation in-house did not minimize out-of-district transportation costs either.⁵⁸¹ During the 2021-2022 school year, BPS spent approximately \$5.7 million on private van companies covering the out-of-district routes, far exceeding Petronio's initial representation that these costs would be less than \$1.5 million.⁵⁸²

12. Correia Covered FY22 Transportation Overspending With Circuit Breaker and ESSER III Funds

Transportation costs were not closely monitored in FY22.⁵⁸³ No one realized the extent of the transportation overspending until Deputy CFO Correia closed the books for the FY22 Budget in October/November 2022.⁵⁸⁴ When Correia finalized the FY22 budget reconciliation, he discovered that the Transportation Department had significantly overspent its budget.⁵⁸⁵

To cover the transportation overspending and close the FY22 books without a deficit, Correia used funds under the Circuit Breaker and ESSER III programs.⁵⁸⁶ Using these funds to cover transportation overspending thwarted their intended purpose. The Circuit Breaker Program is designed to reimburse districts for instructional special education costs.⁵⁸⁷ For transportation, only special education out-of-district transportation costs are reimbursable;⁵⁸⁸ in-district

⁵⁸⁰ FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

⁵⁸¹ FY19 Private Transportation Report.

⁵⁸² FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports: BPS School Committee's Security, Safety, and Transportation Subcommittee Meeting, Feb. 2, 2021, (<https://www.youtube.com/watch?v=1TZHihkQfXg&t=1561s>).

⁵⁸³ Thomas Interviews; Correia Interviews; Petronio Interviews; Murray Interview.

⁵⁸⁴ Correia Interviews; Petronio Interviews; Thomas Interviews.

⁵⁸⁵ Correia Interviews.

⁵⁸⁶ Correia Interviews; Correia Email to Petronio, Oct. 29, 2022

⁵⁸⁷ DESE, *Circuit Breaker Overview FAQ* (Last Updated: July 19, 2023)

(<https://www.doe.mass.edu/finance/circuitbreaker/faq.html>).

⁵⁸⁸ DESE, *Circuit Breaker Transportation FAQ* (Last Updated: July 9, 2020)

(<https://www.doe.mass.edu/finance/circuitbreaker/transportation-faq.html?section=eligibility#:~:text=What%20type%20of%20transportation%20is,not%20eligible%20for%20transportation%20reimbursement>).

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transportation costs are not reimbursable under the Circuit Breaker Program.⁵⁸⁹ Nevertheless, Correia used all of BPS's \$6.5 million in Circuit Breaker funds to cover FY22 transportation expenses, including in-district transportation.⁵⁹⁰

The Circuit Breaker reimbursements, however, were insufficient to cover all FY22 transportation overspending.⁵⁹¹ As a result, Correia resorted to using ESSER III funding to cover remaining shortfalls in transportation accounts, and he did so without receiving prior approval and authorization from DESE.⁵⁹² In an interview, Correia explained that he could use ESSER III funds to balance the FY22 shortfall because he asked DESE for prior permission.⁵⁹³ Our investigation revealed that he did not ask for permission before using the ESSER III funds to balance FY22.⁵⁹⁴ In fact, Correia did not submit an amendment to the ESSER III application until June, 15 2023 -- over six months after the funds already had been used to close out the FY22 books.⁵⁹⁵ That amendment was not accepted by DESE until May 2024 due to the lack of adequate information.⁵⁹⁶

**13. BPS and City Officials Ignored FY22 Transportation
Overspending and Decided to “Figure It Out” Later**

Upon closing the books, Correia advised both CFO Petronio and Superintendent Thomas that the Transportation Department overspent its budget.⁵⁹⁷ According to Thomas, Correia told

⁵⁸⁹ DESE, Circuit Breaker Transportation FAQ (Last Updated: July 9, 2020) (<https://www.doe.mass.edu/finance/circuitbreaker/transportation-faq.html?section=eligibility#:~:text=What%20type%20of%20transportation%20is.not%20eligible%20for%20transportation%20reimbursement>).

⁵⁹⁰ Correia Interviews; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

⁵⁹¹ Correia Interviews.

⁵⁹² FY22 ESSER III Report; ESSER III Original Budget, Mar. 29, 2022; ESSER III Amendment, June 15, 2023.

⁵⁹³ Correia Interviews.

⁵⁹⁴ FY22 ESSER III Report; ESSER III Original Budget, Mar. 29, 2022; ESSER III Amendment, June 15, 2023; DESE Email to BPS, Sept. 22, 2023.

⁵⁹⁵ ESSER III Amendment, June 15, 2023; DESE Email to BPS, Sept. 22, 2023.

⁵⁹⁶ DESE Email to Boyer, May, 23, 2024.

⁵⁹⁷ Correia Email to Petronio, Oct. 29, 2022; Petronio Interviews; Thomas Interviews.

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him that, in October or November 2022, he used \$8 million in ESSER III funding to cover a transportation deficit in FY22.⁵⁹⁸ Thomas acknowledged that no one - - not Petronio, Correia, or Thomas - - had any plan in place to ensure that the same issues did not recur in FY23.⁵⁹⁹

According to Thomas, Correia also informed Mayor Sullivan and CFO Clarkson about the transportation overspending during this October/November 2022 timeframe.⁶⁰⁰ Thomas stated that when he, Petronio, and Correia spoke about this with the Mayor and Clarkson, the sentiment was that “we’ll figure it out as we go along.”⁶⁰¹ Neither the Mayor nor Clarkson recalled learning about an FY22 transportation deficit until August 2023.⁶⁰² And FY22 transportation overspending was never disclosed to the School Committee.⁶⁰³

**14. The FY23 Transportation Budget Did Not Consider
FY22 Actual Costs and Misrepresented Cost-Savings**

In building the FY23 Non-Net Budget for the Transportation Department, Petronio did not take into account the gross overspending that had occurred in FY22 or budget for the actual costs of operating transportation in-house.⁶⁰⁴ As a result, both in-district transportation and out-of-district transportation were severely underbudgeted in FY23.⁶⁰⁵

**a. The FY23 Budget Failed to Include Funds
for Private In-District Transportation Costs**

BPS planned to eliminate its contractual relationship with First Student and handle its in-district transportation entirely on its own in FY23.⁶⁰⁶ To this end, on November 23, 2021, BPS

⁵⁹⁸ Thomas Interviews.

⁵⁹⁹ Thomas Interviews.

⁶⁰⁰ Thomas Interviews.

⁶⁰¹ Thomas Interviews.

⁶⁰² Clarkson Interviews; Mayor Sullivan Interview.

⁶⁰³ Thomas Interviews.

⁶⁰⁴ BPS FY23 Non-Net Budget; FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports; Perez and Petronio Email String, Feb. 16-23, 2022.

⁶⁰⁵ BPS FY23 Non-Net Budget.

⁶⁰⁶ Bus Purchase Order, Nov. 23, 2021; BPS FY23 Non-Net Budget.

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issued a purchase order for an additional sixty-eight buses - - fifty-five large buses and thirteen half-size buses - - for \$7 million dollars, which it covered with ESSER III funding.⁶⁰⁷ This brought BPS's fleet to 132 buses.⁶⁰⁸ The prior school year, between the BPS-owned vehicles and the First Student vehicles, BPS utilized roughly the same size fleet.⁶⁰⁹ Yet this fleet was insufficient to cover all of BPS's in-district transportation, and BPS had to rely on private van companies to cover in-district transportation during FY22, spending a total of \$2.8 million on such costs.⁶¹⁰ For FY23, however, BPS did not include any funding for in-district private transportation costs.⁶¹¹ In fact, the FY23 Budget did not have any line item for in-district transportation.⁶¹² Instead, for the in-district transportation operation, the FY23 Budget included only operational expenses for the vehicles and personnel expenses for transportation staff.⁶¹³ This was misleading and inaccurate.⁶¹⁴ At the time of budgeting, there was no way to eliminate private van companies because they were a critical supplement to BPS's special education in-district transportation needs.⁶¹⁵

**b. The FY23 Budget Failed to Include Over
\$3 Million for Private Out-of-District Transportation**

The FY23 Budget failed to account for actual expenses incurred in FY22 for private van companies that serviced out-of-district special education and McKinney Vento needs even though the actual costs of these routes were directly conveyed to Petronio and Correia at budgeting

⁶⁰⁷ Bus Purchase Order, Nov. 23, 2021; ESSER III Original Budget, Mar. 29, 2022; FY22 ESSER III Report.

⁶⁰⁸ Bus Purchase Order, Feb. 18, 2021; Bus Purchase Order, Nov. 23, 2021.

⁶⁰⁹ Bus Purchase Order, Feb. 18, 2021; FY22 First Student Contract; First Day Snapshot, Sept. 2, 2021.

⁶¹⁰ FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

⁶¹¹ BPS FY23 Non-Net Budget.

⁶¹² BPS FY23 Non-Net Budget.

⁶¹³ BPS FY23 Non-Net Budget.

⁶¹⁴ Correia Interviews; Thomas Interviews.

⁶¹⁵ Thomas Interviews; Murray Interview.

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time.⁶¹⁶ Petronio and Correia, however, ignored these costs and did not include these amounts in the FY23 transportation budget.⁶¹⁷

Specifically, on February 16, 2022, when Petronio was preparing the FY23 Budget, he sent an email to Jennifer Perez asking about the special education out-of-district transportation costs. Petronio wrote: “I’m looking for a rough estimate on what [BPS] will spend for out of district (private vans) for next year. I am guessing around \$1.4 million but [I]’m not sure. Do you have any ideas?”⁶¹⁸ Perez responded that, as of January 6, 2022, she already had spent \$1.3 million on special education out-of-district private vendors and anticipated that those costs “would double. . . to take [her] to the end of year.”⁶¹⁹ Perez indicated that the FY23 costs would be the same.⁶²⁰ In response, Petronio asked Perez if she thought private vans would cost \$2.7 million in FY23, or if the FY22 costs were due to the “bad start” to the year.⁶²¹ Perez advised Petronio that private vans “would definitely” be more than \$1.4 million” for FY23.⁶²² Nevertheless, Petronio only budgeted \$1.4 million for special education out-of-district transportation, ignoring that \$3 million was spent the prior year.⁶²³

As for private transportation of homeless students, Correia received an email from the McKinney Vento transportation manager in March 2022 stating that BPS had spent approximately \$1 million on private transportation for general education homeless students to date.⁶²⁴ Correia

⁶¹⁶ BPS FY23 Non-Net Budget; Perez and Petronio Email String, Feb. 16-23, 2022; Correia and Fortes Email String, Mar. 8-23, 2022.

⁶¹⁷ BPS FY23 Non-Net Budget; Perez and Petronio Email String, Feb. 16-23, 2022; Correia and Fortes Email String, Mar. 8-23, 2022.

⁶¹⁸ Perez and Petronio Email String, Feb. 16-23, 2022.

⁶¹⁹ Perez and Petronio Email String, Feb. 16-23, 2022.

⁶²⁰ Perez and Petronio Email String, Feb. 16-23, 2022.

⁶²¹ Perez and Petronio Email String, Feb. 16-23, 2022.

⁶²² Perez and Petronio Email String, Feb. 16-23, 2022.

⁶²³ BPS FY23 Non-Net Budget; FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

⁶²⁴ Correia and Fortes Email String, Mar. 8-23, 2022.

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knew at the time that BPS also transported special education homeless students with private van companies.⁶²⁵ Indeed, in FY22, BPS spent over \$2.7 million on private van companies to transport its McKinney Vento homeless students.⁶²⁶ But the FY23 Budget allocated only \$1.2 million to private transportation for McKinney Vento services.⁶²⁷

When the final FY23 Non-Net Budget was submitted to and approved by the School Committee on May 24, 2022, it included a one-page document that compared the costs of BPS running its own Transportation Department with the costs of BPS contracting with First Student.⁶²⁸ The Non-Net Budget misrepresented that BPS saved \$3 million by terminating its contract with First Student.⁶²⁹ These projected cost-savings were inaccurate and omitted anticipated FY23 private van transportation costs. Indeed, by the end of FY22, BPS had spent \$8.5 million on private van companies, yet these amounts were omitted from the FY23 Budget.⁶³⁰

As Correia acknowledged, the overspending on the in-house transportation operation was “hidden” in the FY23 Non-Net Budget.⁶³¹ Correia revealed that the FY23 Non-Net Budget misrepresented cost-savings in order to hide the disorganization of the transportation operation.⁶³² Superintendent Thomas, when shown the FY23 Non-Net Budget, stated that BPS needed to convey to the School Committee that bringing transportation in-house saved money.⁶³³ Thomas conceded that the savings presented to the School Committee were not realistic or accurate and

⁶²⁵ Perez Email to Correia, Apr. 20, 2022.

⁶²⁶ BPS FY23 Non-Net Budget; FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports.

⁶²⁷ BPS FY23 Non-Net Budget.

⁶²⁸ BPS FY23 Non-Net Budget.

⁶²⁹ BPS FY23 Non-Net Budget.

⁶³⁰ FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports; BPS FY23 Non-Net Budget.

⁶³¹ Correia Interviews.

⁶³² Correia Interviews.

⁶³³ Thomas Interviews.

that the FY23 Non-Net Budget did not accurately portray the actual costs of the in-house transportation operation.⁶³⁴

15. The Transportation Department Encountered Similar Problems in FY23

In FY23, Thomas again changed leadership in the Transportation Department, removing Royster, the Senior Transportation Director, and Zucco, her deputy. Murray and Jason Hopkins were put in charge of the department as the Assistant Superintendent of Transportation and Assistant Director of Transportation, respectively.⁶³⁵ In an interview, Murray conceded that he did not want to work in the Transportation Department and did not know how to run a bus fleet.⁶³⁶ Prior to being placed in this leadership role, Hopkins was a mechanic and a close friend of Thomas.⁶³⁷ For FY23, Perez was promoted to Data Specialist, managing all of BPS's transportation routes.⁶³⁸

When the 2022-2023 school year began, BPS had its own fleet of 132 buses and fully cut ties with First Student.⁶³⁹ BPS, however, still did not have the capacity to transport all in-district special education students.⁶⁴⁰ Consequently, BPS again had to rely on private van companies to supplement its in-district services.⁶⁴¹ According to Murray, even though BPS had a full fleet, there were not enough drivers to cover all of the bus routes because drivers frequently did not show up for work.⁶⁴² On a daily basis, BPS had fifteen to twenty drivers call in sick, and there

⁶³⁴ Thomas Interviews.

⁶³⁵ Thomas Interviews; Perez Interviews; Murray Interview; Correia Email to Petronio, Apr. 1, 2023; Jason Hopkins, Employment Contract, 2022-2023.

⁶³⁶ Murray Interview.

⁶³⁷ Murray Interview; Cobbs Interviews; Thomas Interviews.

⁶³⁸ Perez Interviews; Jennifer Perez, Employment Contract, 2022-2023.

⁶³⁹ Bus Purchase Order, Nov. 23, 2021; Murray Interview.

⁶⁴⁰ Perez Interviews; Murray Interview; FY23 Non-Net Munis Report; FY23 Circuit Breaker Reports.

⁶⁴¹ FY23 Non-Net Munis Report; FY23 Circuit Breaker Reports.

⁶⁴² Perez Interviews; Thomas Interviews; Murray Interview.

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were no spare drivers to cover absences.⁶⁴³ To ensure coverage for all routes, Perez assigned drivers to cover all of the full-size buses so that she could use private van companies to cover the special education routes.⁶⁴⁴ Perez charged these costs to her special education in-district private transportation account.⁶⁴⁵ Like FY22, BPS spent \$3.3 million to transport special education students in-district with private van companies in FY23.⁶⁴⁶

The out-of-district transportation routes were again handled by private van companies. In total, BPS spent approximately \$3.7 million on out-of-district special education transportation during FY23 - - approximately \$700,000 more than in FY22 - - and \$2.3 million over the FY23 Budget.⁶⁴⁷

16. Factors That Exacerbated Transportation Overspending During FY23

a. Private Van Transportation

Prior to bringing transportation in-house, BPS had letters of agreement with 70 to 100 private van companies for out-of-district transportation.⁶⁴⁸ Since starting its own Transportation Department, the number of private van companies ballooned to over 130 vendors.⁶⁴⁹ As detailed below, the process for hiring and paying these van companies lacked structure and oversight, and the contracts were not subject to any formal competitive bidding process.^{650, 651}

⁶⁴³ Perez Interviews; Thomas Interviews; Murray Interview.

⁶⁴⁴ Perez Interviews.

⁶⁴⁵ Perez Interviews.

⁶⁴⁶ FY23 Non-Net Munis Report; FY23 Circuit Breaker Reports.

⁶⁴⁷ FY23 Non-Net Munis Report; FY23 Circuit Breaker Reports; FY22 Non-Net Munis Report; FY21 Circuit Breaker Reports; FY22 Circuit Breaker Reports; BPS FY23 Budget.

⁶⁴⁸ Perez Interviews; FY22 Private Transportation Vendor List.

⁶⁴⁹ FY24 Private Transportation Vendor List.

⁶⁵⁰ Perez Interviews.

⁶⁵¹ While the procurement of services for special education services is exempt from the competitive procedures in M.G.L. c. 30B, § 1(b)(8) (“Chapter 30B”), the exemption “applies only to the procurement of supplies and services for students with special needs.” And, if a “school district procures supplies or services used for both special education and other students, then those supplies or services must be procured in accordance with Chapter 30B; the

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BPS did not have any restrictions on the number of vendors hired.⁶⁵² Once hired, each vendor signed a letter of agreement.^{653, 654} The letters of agreement did not set forth any pay rate or the basis for rate calculations.⁶⁵⁵ Rather, each vendor set their own price, and rates varied from vendor-to-vendor.⁶⁵⁶ There was no uniformity between rates charged by vendors, and BPS did not impose any rate structure based on student count, mileage, or time commitment.⁶⁵⁷ When a transportation route required private service, Perez sent an email to a mailing list of 130 vendors and interested parties informally “bid” on the routes with an estimated price.⁶⁵⁸ BPS then selected the lowest bidder.⁶⁵⁹

The letters of agreement were not monitored, enabling BPS employees to hire friends and family without conflict-of-interest disclosures. For example, at the end of May 2023, Perez, the Transportation Department manager, hired her boyfriend’s company, ALJ Services, LLC, as a private vendor.⁶⁶⁰ Perez signed the vendor set up form and provided the form to Petronio and Correia without disclosing that she had a relationship with the owner of the company.⁶⁶¹ No ethics disclosure was filed.⁶⁶² For services rendered in May and June 2023 alone, ALJ Services was

exemption does not apply.” McKinney Vento homeless students “cannot be transported by a special education provider under the exemption. Only homeless students that are also special education students can be transported by a provider procured under the exemption.” Thus, the BPS routes servicing the general education McKinney Vento students should have been competitively bid under Chapter 30B. See Office of Inspector General, Procurement Bulletin, Volume 24, Issue 4 (Oct. 2018) (<https://www.mass.gov/doc/procurement-bulletin-Oct.-2018-vol-24-4/download>).

⁶⁵² Perez Interviews.

⁶⁵³ Perez Interviews

⁶⁵⁴ For numerous private van companies used by BPS, there were no letters of agreement loaded into Munis.

⁶⁵⁵ Perez Interviews; e.g., Letter of Agreement, RNG Transportation, 2023-2024.

⁶⁵⁶ Perez Interviews; e.g., Letter of Agreement, RNG Transportation, 2023-2024.

⁶⁵⁷ Perez Interviews.

⁶⁵⁸ Perez Interviews.

⁶⁵⁹ Perez Interviews; Thomas Interviews.

⁶⁶⁰ Perez Interviews; ALJ Services Vendor Set-Up Form.

⁶⁶¹ Perez Interviews; ALJ Services Vendor Set-Up Form.

⁶⁶² Perez Interviews.

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paid over \$20,000.⁶⁶³ ALJ Services continued to provide private transportation services to BPS until April 2024, and was paid over \$110,000 in FY24.⁶⁶⁴

b. Bus Driver Contracts and Overtime

After one year of operating transportation in-house, bus drivers joined the local Teamsters Union, with whom the BPS School Committee negotiated a labor agreement.⁶⁶⁵ According to many, the agreement was not beneficial to BPS.⁶⁶⁶ Thomas stated that Petronio authorized the agreement but did not understand the hidden overtime or midday runs in the labor agreement, which cost the district more than anticipated.⁶⁶⁷ In FY23, over \$1.6 million of additional compensation, including extra hours and overtime, was paid to bus drivers.⁶⁶⁸ This additional expense was not included in the FY23 Non-Net Budget.⁶⁶⁹

Non-union personnel in the Transportation Department also received significant overtime, totaling approximately \$250,00 across seven employees.⁶⁷⁰ Indeed, five transportation employees received more than \$20,000 in overtime pay in FY23. Perez and Hopkins alone received \$72,000 and \$50,000 respectively.⁶⁷¹

**17. In FY23, BPS Used Circuit Breaker
Funds to Cover Transportation Overspending**

In FY23, BPS received \$5.5 million in Circuit Breaker reimbursements.⁶⁷² Again, the

⁶⁶³ ALJ Services May and June 2023 Invoices; Munis Report of All Check Payments to ALJ Services.

⁶⁶⁴ ALJ Services Mar. and Apr. 2024 Invoices; Munis Report of All Check Payments to ALJ Services.

⁶⁶⁵ Agreement Between Teamsters Local Union No. 653 International Brotherhood of Teamsters and Brockton School Committee, July 1, 2022 to June 30, 2025 (“Teamsters Agreement”).

⁶⁶⁶ Correia Interviews; Petronio Interviews; Murray Interview; Thomas Interviews.

⁶⁶⁷ Thomas Interviews.

⁶⁶⁸ FY23 Additional Pay Report.

⁶⁶⁹ BPS FY23 Non-Net Budget.

⁶⁷⁰ FY23 Additional Pay Report.

⁶⁷¹ FY23 Additional Pay Report.

⁶⁷² DESE, *FY23 Circuit Breaker Reimbursement Calculation* (Updated: June 6, 2023)

(<https://www.doe.mass.edu/finance/circuitbreaker/payments/fy2023-reimbursement.xlsx>).

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Circuit Breaker Program is intended to reimburse public school districts for certain special education costs. BPS had only budgeted \$3.5 million of Circuit Breaker funding in FY23 - - for out-of-district tuitions (\$2 million) and transportation (\$1.5 million).⁶⁷³ During FY23, however, BPS used the entirety of the \$5.5 million in Circuit Breaker reimbursement to cover the cost of private van companies, and overspent the FY23 Circuit Breaker reimbursement by \$119,838.23 in doing so.⁶⁷⁴ BPS used its FY23 Circuit Breaker reimbursement to pay for out-of-district transportation, which is permitted under the Circuit Breaker program, and for in-district transportation, which violates best practices.⁶⁷⁵ To cover the in-district routes that the BPS-owned vehicles could not handle, BPS spent approximately \$2.5 million of its Circuit Breaker funding to pay for private van companies.⁶⁷⁶ By using these funds on van companies covering in-district routes, BPS allocated funding away from out-of-district tuitions - - a claimable expense - - to in-district transportation - - a non-claimable expense - - and violated DESE guidelines.⁶⁷⁷

18. BPS Overspent \$6.4 Million On FY23 Transportation Expenses

The Transportation Department spent approximately \$19.1 million in FY23.⁶⁷⁸ The FY23 Non-Net Budget, however, allocated only \$12.7 million to transportation expenses.⁶⁷⁹ Broken down, the transportation-specific expenses were budgeted and spent as follows in FY23:

⁶⁷³ BPS FY23 Budget.

⁶⁷⁴ FY23 Circuit Breaker Reports; FY24 Brockton Free Cash Certification.

⁶⁷⁵ DESE, *Circuit Breaker Transportation FAQ* (Last Updated July 9, 2020)

(<https://www.doe.mass.edu/finance/circuitbreaker/transportation-faq.html?section=eligibility#:~:text=What%20type%20of%20transportation%20is,not%20eligible%20for%20transportation%20reimbursement>); DESE, *Circuit Breaker Overview FAQ* (Last Updated: July 19, 2023) (<https://www.doe.mass.edu/finance/circuitbreaker/faq.html>).

⁶⁷⁶ FY23 Circuit Breaker Reports.

⁶⁷⁷ DESE, *Circuit Breaker Overview FAQ* (Last Updated: July 19, 2023)

(<https://www.doe.mass.edu/finance/circuitbreaker/faq.html>).

⁶⁷⁸ FY23 Non-Net Munis Report; FY23 Circuit Breaker Reports.

⁶⁷⁹ BPS FY23 Non-Net Budget; Baker Tilly Report.

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Budget Category	FY23 Budgeted	FY23 Spent
Personnel	\$8.4 million	\$7.6 million
Private Transportation	\$2.6 million	\$9.6 million
Operational	\$1.7 million	\$1.85 million
Total	\$12.7 million	\$19.1 million

Specifically, in FY23, BPS spent the following amounts on private transportation as compared to the FY23 Non-Net Budget:

Private Transportation Category	FY23 Budget	Total Amount Spent in FY23
General Education In-District	-	\$326,098.59
Special Education In-District	\$1.4 million	\$3,291,071.86
Special Education Out-of-District	-	\$3,753,915.47
McKinney Vento Special Education	-	\$547,778.92
McKinney Vento General Education	\$1.2 million	\$1,725,983.13
Total	\$2.6 million	\$9,644,847.97

In sum, the FY23 Non-Net Budget allocated \$12.7 million in funding for transportation expenses.⁶⁸⁰ But BPS spent a total of \$19.1 million on transportation expenses, resulting in \$6.4 million overspending.⁶⁸¹

From the outset, BPS’s transportation operation was poorly planned. Thomas, Petronio, and Cobbs presented a proposal to the School Committee for BPS to build a multi-million-dollar transportation operation without adequate planning, analysis, and consultation with experts on the

⁶⁸⁰ BPS FY23 Non-Net Budget.

⁶⁸¹ FY23 Non-Net Munis Report; FY23 Circuit Breaker Reports.

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costs and logistics of doing so. The School Committee and City CFO rubber stamped the proposal without asking necessary questions to identify fundamental deficiencies in the plan. And, once the operation began in FY22, it was a “disaster” and cost BPS millions more than projected. Yet no one responsible for overseeing the School Department’s spending - - including the Finance Department, Thomas, the School Committee, and Clarkson - - monitored the actual costs in FY22 of the newly formed transportation operation, despite the size, complexity, and nature of the task BPS was undertaking by bringing its transportation system in-house. The FY23 Budget failed to include over \$6 million in actual transportation costs incurred during FY22. As a result, when the same issues that arose during FY22 recurred in FY23, overspending of the transportation budget was inevitable.

C. BPS Overspent the Out-of-District Tuition Budget by \$3.1 Million in FY23

A third budget category that led to the School Department deficit was out-of-district tuition costs. Tuition costs are incurred when BPS places a student in a program or school outside of its district.⁶⁸² In FY23, BPS overspent its out-of-district tuition budget by approximately \$3.1 million.⁶⁸³ Our investigation determined that this overspending was caused by Superintendent Thomas’s decision to make significant changes to the Huntington Therapeutic Day School (“HTDS”) at the end of the 2021-2022 school year without a plan to cover these costs.

1. Issues at HTDS in the 2021-2022 School Year

HTDS was an alternative education program for students receiving special education services.⁶⁸⁴ HTDS was located in a large former elementary school that previously housed over

⁶⁸² James LaBillois Interviews (“LaBillois Interviews”); Laurie Mason Interview (“Mason Interview”).

⁶⁸³ Baker Tilly Report.

⁶⁸⁴ Mason Interview; Thomas Interviews.

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500 students.⁶⁸⁵ During the 2021-2022 school year, HTDS served approximately sixty students in grades three through twelve.⁶⁸⁶ The student population included students with social, emotional, and behavioral challenges. In addition to Brockton residents, students from outside of the district paid tuition to attend HTDS.⁶⁸⁷

During the winter and spring of 2022, Thomas became aware of multiple incidents at HTDS that caused him to evaluate the school, its staff, and students.⁶⁸⁸ In February 2022, a former BPS student reported that she had a sexual relationship with her male teacher while attending the Goddard Alternative School (the predecessor to HTDS) prior to graduating in 2013.⁶⁸⁹ At the time of the report, the teacher against whom the allegations were made was teaching at Brockton High School (“BHS”).⁶⁹⁰ According to Thomas, an investigation revealed that this event may not have been isolated to the reporting student and may have been known by other staff members.⁶⁹¹

In April 2022, an MTA (monitor teaching assistant) working at HTDS reported to the HR Department that students were sexually harassing her.⁶⁹² The MTA told the HR Department that she had reported the harassment to HTDS’s principal, but the principal did not do anything to stop the behavior or to protect her.⁶⁹³ Assistant Superintendent of HR Kathleen Moran and then Interim Deputy Superintendent Susan Szachowicz met with the principal, the MTA, and the

⁶⁸⁵ DESE, *School and District Profiles, Gilmore Elementary School* (2017) (<https://profiles.doe.mass.edu/profiles/student.aspx?orgcode=00440055&orgtypecode=6&fycode=2017>); Cobbs Interviews.

⁶⁸⁶ DESE, *School and District Profiles, Huntington Therapeutic School* (2022) (<https://profiles.doe.mass.edu/profiles/student.aspx?orgcode=00440400&orgtypecode=6&fycode=2022>); Mason Interview; Thomas Interviews.

⁶⁸⁷ Mason Interview; LaBillois Interviews.

⁶⁸⁸ Thomas Interviews.

⁶⁸⁹ Brockton Police Report, Apr. 1, 2022; Thomas Interviews.

⁶⁹⁰ Brockton Police Report, Apr. 1, 2022; Thomas Interviews.

⁶⁹¹ Thomas Interviews.

⁶⁹² MacDonald Email to Moran, Apr. 28, 2022; Moran Notes re. J. Lander S. Plouffe; Thomas Interviews.

⁶⁹³ MacDonald Email to Moran, Apr. 28, 2022; Thomas Interviews.

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MTA’s union representative.⁶⁹⁴ The principal was reportedly dismissive of the MTA and did not appreciate the magnitude of her concerns.⁶⁹⁵ Further, Moran told Thomas that the principal was not paying attention in the meeting and abruptly ended the meeting because he did not like what was being discussed.⁶⁹⁶ Thereafter, Thomas met with the principal and issued a three-day suspension.⁶⁹⁷ The principal was later placed on paid administrative leave and ultimately resigned effective as of December 31, 2022.⁶⁹⁸

After these events, Superintendent Thomas appointed Dianne Davis, a long-time friend, as Interim Principal.⁶⁹⁹ Thomas asked Davis to report to him on what was going on at the school on a day-to-day basis.⁷⁰⁰ According to Thomas, Davis gave a “bleak report.”⁷⁰¹ Expectations for students were low, attendance was poor, and suspension rates were high.^{702, 703}

In Thomas’s view, HTDS needed to be moved because there were too many “nooks and crannies” in the large building.⁷⁰⁴ Anecdotally, Thomas recalled that an HTDS student ran away from staff, hid in the building, and could not be found for hours.⁷⁰⁵ Others also expressed concerns about the size and state of the HTDS building.⁷⁰⁶ Many said the building was cavernous,

⁶⁹⁴ MacDonald Email to Moran, Apr. 28, 2022; Moran Notes re. J. Lander S. Plouffe; Thomas Interviews.

⁶⁹⁵ MacDonald Email to Moran, Apr. 28, 2022; Moran Notes re. J. Lander S. Plouffe; Thomas Interviews.

⁶⁹⁶ MacDonald Email to Moran, Apr. 28, 2022; Moran Notes re. J. Lander S. Plouffe; Thomas Interviews.

⁶⁹⁷ Moran and Thomas Email String, May 12, 2022; Moran Email to Lander, June 2, 2022.

⁶⁹⁸ John Lander, Separation Agreement, Aug. 29, 2022.

⁶⁹⁹ Thomas Interviews; Mason Interview; LaBillois Interviews.

⁷⁰⁰ Thomas Interviews; Mason Interview.

⁷⁰¹ Thomas Interviews.

⁷⁰² Thomas Interviews.

⁷⁰³ Thomas recounted that when he walked through the building, he observed students playing video games in the classroom.

⁷⁰⁴ Thomas Interviews.

⁷⁰⁵ Thomas Interviews.

⁷⁰⁶ LaBillois Interviews; Cobbs Interviews; Ehlers Interview; Rodrigues Interview.

making it difficult to monitor students.⁷⁰⁷ Others pointed out that the building was old, dilapidated, and needed to be renovated.⁷⁰⁸

While many witnesses agreed that the building was not ideal, not everyone agreed with Thomas that instruction at HTDS was problematic.⁷⁰⁹ According to then Director of Special Education Laurie Mason (“Mason”), she believed the school helped the student population it served.⁷¹⁰ Mason noted that members of leadership, including Thomas, did not understand the needs of HTDS students.⁷¹¹ Although Thomas told Mason that “nothing good was going on” at HTDS, Mason strongly disagreed.⁷¹²

2. Thomas’s Decision to Downsize and Reprogram HTDS

In June 2022, Superintendent Thomas decided to downsize, reprogram, and relocate HTDS.⁷¹³ As part of this plan, Thomas decided to:

1. Involuntarily transfer (or “blue slip”) all HTDS staff and hire new employees for a program at a new location;
2. Relocate the middle and high school students at HTDS to another school building;
3. Permanently close the elementary program at HTDS; and
4. Discontinue servicing out-of-district students who paid tuition at HTDS.⁷¹⁴

⁷⁰⁷ LaBillois Interviews; Rodrigues Interview; Cobbs Interviews.

⁷⁰⁸ Cobbs Interviews; Ehlers Interview.

⁷⁰⁹ Mason Interview.

⁷¹⁰ Mason Interview.

⁷¹¹ Mason Interview.

⁷¹² Mason Interview.

⁷¹³ Thomas Interviews; Mason Interview; Mason Huntington Memo, June 13, 2022; Thomas Letter to Huntington Families, June 16, 2022; Moran and Thomas Email String, June 15-16, 2022; Huntington Report, performed by Associate Director of HR Department Stephanie Geddes (“Huntington Report”); Wolder Text Message to Thomas, June 15, 2022.

⁷¹⁴ Mason Interview; LaBillois Interview; Mason Huntington Memo, June 13, 2022; Thomas Letter to Huntington Families, June 16, 2022.

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Thomas announced these decisions in phases. On June 17, 2022, three weeks after the FY23 Budget was approved and less than three months before the start of the next school year, Thomas issued involuntary transfer letters to all HTDS school staff - - including almost fifty classroom staff (teachers, paraprofessionals, and MTAs).⁷¹⁵ These employees were transferred to other schools in the district for the upcoming school year.⁷¹⁶ After staff members were told that their positions were being eliminated, Superintendent Thomas sent a letter to HTDS families explaining that the school would be moved to a new location for the 2022-2023 school year.⁷¹⁷

Thomas made these decisions because, in his view, HTDS students were BPS's "most fragile and delicate population" and were not being properly educated.⁷¹⁸ The decision to close, change, and reprogram HTDS was a policy decision. We express no view on the wisdom or efficacy of Superintendent Thomas's decision. Our findings instead focus on Thomas's unilateral decision to relocate and reprogram HTDS at the end of the school year without sufficient planning or any consideration of the financial implications of doing so.

**3. Thomas Did Not Consider the
Financial Impact of Reprogramming HTDS**

Thomas began discussing changes to HTDS in May and June of 2022.⁷¹⁹ These discussions arose in three meetings, which occurred on May 5, May 18, and June 15, 2022.⁷²⁰ Thomas invited members of leadership, including outgoing Deputy Superintendent Szachowicz, incoming Deputy Superintendent Sharon Wolder, Interim CFO Correia, Special Education

⁷¹⁵ Moran and Thomas Email String, June 15-16, 2022; Huntington Report; Wolder Text Message to Thomas, June 15, 2022.

⁷¹⁶ Moran and Thomas Email String, June 15-16, 2022; Wolder Text Message to Thomas, June 15, 2022.

⁷¹⁷ Thomas Letter to Huntington Families, June 16, 2022; Hodges Email to Thomas, June 21, 2021.

⁷¹⁸ Thomas Interviews.

⁷¹⁹ Thomas Meeting Invitation, May 5, 2022; Thomas Meeting Invitation, May 18, 2022; Thomas Meeting Invitation, June 15, 2022.

⁷²⁰ Thomas Meeting Invitation for May 5, 2022; Thomas Meeting Invitation for May 18, 2022; Thomas Meeting Invitation for June 15, 2022.

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Director Mason, Assistant Superintendent of HR Moran, and BEA President Kimberly Gibson, to the May 5 meeting.⁷²¹ At this meeting, Mason expressed opposition to reprogramming and downsizing HTDS.⁷²² According to Mason, in response to her objections, Szachowicz told her to “shut [her] mouth,” and said that she was overstepping.⁷²³ Mason stated that Thomas and Szachowicz were set on the decision to change HTDS even before the meeting, and did not listen to her contrary opinions.⁷²⁴

Correia raised objections at the meeting due to the costs of relocating the school.⁷²⁵ According to Thomas, he did not know how many students would need to be placed out of the district as a result of his proposed changes and, therefore, he did not know how much the changes would cost.⁷²⁶ Correia advised Thomas that relocating HTDS would not save the district any money and advised against moving forward.⁷²⁷ Both Mason’s and Correia’s concerns were ignored.⁷²⁸ And after this initial meeting, Thomas did not invite either of them to the two subsequent HTDS meetings on May 18 and June 15, 2022.⁷²⁹

The School Committee approved the FY23 Budget on May 24, 2022, after the two initial HTDS meetings, but before the final decisions regarding HTDS were publicly announced.⁷³⁰ Nevertheless, the FY23 Budget had no funding for any of the proposed HTDS changes.⁷³¹ Superintendent Thomas admitted that he did not review or consider the financial impact of these

⁷²¹ Thomas Meeting Invitation, May 5, 2022.

⁷²² Mason Interview.

⁷²³ Mason Interview.

⁷²⁴ Mason Interview.

⁷²⁵ Mason Interview; Correia Interviews; Thomas Interviews.

⁷²⁶ Thomas Interviews.

⁷²⁷ Mason Interview; Correia Interviews; Thomas Interviews.

⁷²⁸ Mason Interview; Correia Interviews; Thomas Interviews; Correia Email to Petronio, Apr. 1, 2023.

⁷²⁹ Thomas Meeting Invitation, May 18, 2022; Thomas Meeting Invitation, June 15, 2022.

⁷³⁰ BPS FY23 Budget; Thomas Letter to Huntington Families, June 16, 2022; Hodges Email to Thomas, June 21, 2021.

⁷³¹ BPS FY23 Budget; Thomas Interviews; Petronio Interviews.

changes on the FY23 Budget when he announced them.⁷³² Thomas never asked Petronio or Correia to analyze the costs of closing the HTDS elementary school program and/or relocating the students in grades six through twelve to a new building.⁷³³ Nor did he analyze the financial impact of blue slipping all staff members, redistributing them to other schools, and hiring all new staff for the 2022-2023 school year.⁷³⁴ Simply put, before making his HTDS decision, Thomas should have analyzed the cost implications, determined whether funding was available to move forward, and included the costs in the FY23 Budget.

4. BPS Did Not Have a Building to Relocate HTDS Students and No Plan for Hiring New Staff

Just three months before the start of the 2022-2023 school year - - when Thomas made the decision to reprogram HTDS - - BPS had no building to move the program.⁷³⁵ Thomas wanted to use a building located 365 Westgate Drive in Brockton (the “Westgate Building”).⁷³⁶ BPS had been considering purchasing or leasing the Westgate Building since February 2022, but no deal was finalized.⁷³⁷ The FY23 Budget, which was passed weeks before Thomas announced this decision, did not include any funding to lease a new HTDS building.⁷³⁸

Furthermore, when transferring HTDS staff at the end of the 2021-2022 school year, Thomas failed to consider the difficulties of hiring a new team of certified special education teachers, MTAs, and paraprofessionals for a highly specialized school just three months before the start of the new school year.⁷³⁹ When asked what his plan was for hiring a fully certified staff

⁷³² Thomas Interviews.

⁷³³ Thomas Interviews.

⁷³⁴ Thomas Interviews.

⁷³⁵ Thomas Interviews; Cobbs Interviews; Thomas Letter to Huntington Families, June 16, 2022.

⁷³⁶ Thomas Interviews; Cobbs Email to Petronio, June 15, 2022; Thomas Email to Davis, July 19, 2022.

⁷³⁷ Miranda Email to Cobbs, Feb. 9, 2022; FY22 RFPs, June 16, 2022; Cobbs Interviews.

⁷³⁸ BPS FY23 Budget.

⁷³⁹ Thomas Interviews.

in such a short amount of time, Thomas admitted that he was not concerned about hiring when he made his decision.⁷⁴⁰ Thomas failed to appreciate the potentially dire consequences of not being able to recruit adequate special education staff for HTDS. Several witnesses stated that Thomas's decision lacked forethought.⁷⁴¹ According to Thomas, he was confident in BPS's ability to develop the new HTDS program and hire new staff over the summer.⁷⁴² Thomas left it to his team to figure it out and never followed up on whether HTDS was fully prepared to open its doors to students at the start of the 2022-2023 school year.⁷⁴³

5. BPS Leased a New Building for the HTDS Program Without Adequate Due Diligence

The proposal to lease the Westgate Building for the new HTDS was presented to the School Committee on July 26, 2022, approximately one month before the start of school.⁷⁴⁴ Superintendent Thomas and Deputy Superintendent of Operations Cobbs presented the lease, which proposed \$203,400 in base rent, plus taxes, insurance, and maintenance.⁷⁴⁵

At the School Committee meeting, one Committee member, Tony Rodrigues, asked about the suitability of the Westgate Building for HTDS students. According to Rodrigues, Westgate was located in a shopping mall and in a higher crime area.⁷⁴⁶ Rodrigues expressed opposition to leasing the Westgate Building because he did not think the area was a good fit for a school.⁷⁴⁷ Responding to these concerns, Thomas and Cobbs assured the School Committee that the building

⁷⁴⁰ Thomas Interviews.

⁷⁴¹ Mason Interview; LaBillois Interviews; Correia Interviews.

⁷⁴² Thomas Interviews.

⁷⁴³ Thomas Interviews.

⁷⁴⁴ BPS Special School Committee Meeting, July 26, 2022 (<https://www.youtube.com/watch?v=g-D5rAZE9ss&t=1461s>).

⁷⁴⁵ BPS Special School Committee Meeting, July 26, 2022 (<https://www.youtube.com/watch?v=g-D5rAZE9ss&t=1461s>); Walker Email to Petronio and Attachment, July 8, 2022.

⁷⁴⁶ BPS Special School Committee Meeting, July 26, 2022 (<https://www.youtube.com/watch?v=g-D5rAZE9ss&t=1461s>); Rodrigues Interview.

⁷⁴⁷ Rodrigues Interview.

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was safe.⁷⁴⁸ The School Committee voted unanimously to approve the Westgate lease for the new HTDS.⁷⁴⁹ No School Committee member asked, and Thomas and Cobbs did not address, how this lease would be funded.⁷⁵⁰

Just three weeks later, Thomas learned that there was a methadone clinic in the Westgate Building.⁷⁵¹ With this new information, on August 16, 2022, Thomas changed course and announced that HTDS could no longer move to Westgate.⁷⁵² When asked why no one discovered the methadone clinic during the tour of the building or lease approval process, no one we interviewed provided a clear answer.⁷⁵³ Many leaders toured the Westgate Building before the lease was presented to the School Committee, including Mayor Sullivan, CFO Clarkson, Superintendent Thomas, Deputy CFO Correia, Deputy Superintendent Cobbs, Director of Facilities Ken Thompson, and Director of Special Education Mason.⁷⁵⁴ Cobbs, who led the lease negotiations with Thompson, did not know why they had not discovered the methadone clinic prior to August.⁷⁵⁵ In any event, with only two weeks until the start of the school year, Thomas announced that the new HTDS program would return to the Huntington building.⁷⁵⁶

⁷⁴⁸ BPS Special School Committee Meeting, July 26, 2022 (<https://www.youtube.com/watch?v=g-D5rAZE9ss&t=1461s>).

⁷⁴⁹ BPS Special School Committee Meeting, July 26, 2022 (<https://www.youtube.com/watch?v=g-D5rAZE9ss&t=1461s>).

⁷⁵⁰ BPS Special School Committee Meeting, July 26, 2022 (<https://www.youtube.com/watch?v=g-D5rAZE9ss&t=1461s>).

⁷⁵¹ LaBillois Email to Staff, Aug. 16, 2022; Thomas Email to Correia, Aug. 17, 2022; LaBillois Interviews; Cobbs Interviews; Thomas Interviews.

⁷⁵² LaBillois Email to Staff, Aug. 16, 2022; Thomas Email to Correia, Aug. 17, 2022; LaBillois Interviews

⁷⁵³ Thomas Interviews; Cobbs Interviews; Mason Interview; LaBillois Interviews.

⁷⁵⁴ Thomas Interviews; Cobbs Interviews; Mason Interview; Meeting Invite for “365 Westgate Drive -Walk Thru,” with Mayor Sullivan, Clarkson, Correia, May 13, 2022.

⁷⁵⁵ Thomas Interviews; Cobbs Interviews.

⁷⁵⁶ LaBillois Email to Staff, Aug. 16, 2022; Thomas Email to Correia, Aug. 17, 2022.

6. BPS Could Not Find Qualified Special Education Staff

At the end of June 2022, Thomas hired Dr. James LaBillois as the Assistant Superintendent of Student Support Services and put him in charge of leading a task force to hire new staff for the reprogrammed HTDS.⁷⁵⁷ Over the summer, LaBillois and the task force - - which included HTDS Principal Davis, Deputy Superintendent Wolder, and Special Education Director Mason - - were charged with reprogramming the school and creating a staffing plan.⁷⁵⁸ In short, the task force had July and August to determine how many positions were needed for the school, create and write job descriptions, recruit and interview potential candidates, and hire and onboard employees.⁷⁵⁹ Notably, job advertisements were not published until August 2022, which left the task force one month to hire all new HTDS staff.⁷⁶⁰ By August 2022, however, most qualified special education teachers already had jobs, and the task force was unable to fill all open positions.⁷⁶¹

7. HTDS Returned to the Huntington Building Understaffed for the 2022-2023 School Year

When the 2022-2023 academic year began, HTDS students in grades six through twelve returned to the Huntington building,⁷⁶² and the school was less than 40% staffed.⁷⁶³ On the first day of school, only ten of the planned twenty-six positions had been filled,⁷⁶⁴ with only three

⁷⁵⁷ LaBillois Interviews; Thomas Interviews; Mason Interview; Thomas Email to Gibson, July 2, 2022.

⁷⁵⁸ LaBillois Interviews; Mason Interviews; Task Force Email String, July 1, 2022; BTDs Planning Meeting Invite, July 27, 2022; LaBillois and Moran Email String, July 29, 2022.

⁷⁵⁹ LaBillois Interviews; Mason Interview; Task Force Email String, July 1, 2022; BTDs Planning Meeting Invite, July 27, 2022; LaBillois and Moran Email String, July 29, 2022.

⁷⁶⁰ LaBillois Email to Moran, Aug. 2, 2022; Mason Interview; LaBillois Interviews.

⁷⁶¹ LaBillois Interviews; Huntington Report.

⁷⁶² LaBillois Email to Staff, Aug. 16, 2022; Huntington Report.

⁷⁶³ Huntington Report.

⁷⁶⁴ Huntington Report.

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teachers (only one of whom had all of the required certifications).⁷⁶⁵ By the end of October 2022, only four employees were added, none of whom were licensed teachers.⁷⁶⁶

Returning the students to the Huntington building, which was deemed unsuitable and unsafe, created significant safety issues - - especially given the extremely low staff levels.⁷⁶⁷ LaBillois described the situation as “pure chaos.”⁷⁶⁸ Students were “acting out,” and the school lacked sufficient staff to support, monitor, and protect them. According to LaBillois, HTDS students with behavioral and aggression issues were mixed with students suffering from depression and anxiety, which put students at risk and made classrooms unmanageable. LaBillois described a scene where some students were throwing chairs, while others were hiding under the tables. LaBillois said that BPS was doing a “total disservice” to its therapeutic students.⁷⁶⁹

In an interview, Mason commented that HTDS staff did not feel safe.⁷⁷⁰ As a result, staff absences increased, which further exacerbated the understaffing issue.⁷⁷¹ On September 27, 2022, BEA President Gibson emailed LaBillois, Mason, Thomas, Wolder, and Moran about these concerns and highlighted the safety issues and the lack of certified staff.⁷⁷² Gibson wrote:

Support staff, paras, have been assigned to cover . . . classes which is causing holes in coverage elsewhere in the building. Those holes include assisting classroom teachers, hallway coverage, guiding/escorting students to where they need to be. There are a number of students wandering/unsupervised in the hallways which has led to opportunities where students have met up with other students both inside and outside of the building.

The staff reported that by the time the high school students get to the social studies and ELA classes they are dysregulated because they have been in a science or math

⁷⁶⁵ Huntington Report.

⁷⁶⁶ Huntington Report; BTDS Staff Report, Oct. 26, 2022.

⁷⁶⁷ LaBillois Interviews; Mason Interview.

⁷⁶⁸ LaBillois Interviews; Mason Interview; Gibson Email to LaBillois, Mason, Thomas, Wolder, and Moran, Sept. 27, 2022.

⁷⁶⁹ LaBillois Interviews.

⁷⁷⁰ Mason Interview.

⁷⁷¹ Mason Interview.

⁷⁷² Gibson Email to LaBillois, Mason, Thomas, Wolder, and Moran, Sept. 27, 2022.

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classroom without structure. The paras are doing the best they can but staff reported students are throwing books and trash out of the windows of those classrooms during the time they are in the room. There is no grade level content being taught to these students by certified teachers in those content areas.

There are many unoccupied rooms in the building that the students can get into. They reported students going up and down stairwells avoiding staff, students know that building very well.

The staff was very clear that they are not meeting the needs of the students and are out of compliance.⁷⁷³

It became apparent to LaBillois and others that the school needed change.⁷⁷⁴ Students were not receiving required services, content was not being taught, and safety concerns were rampant.⁷⁷⁵

Despite Thomas's decision to relocate and reprogram HTDS and blue slip all prior HTDS staff, Thomas was minimally involved in setting up the new program, monitoring its progress, or addressing the understaffing issues.⁷⁷⁶ When asked during an interview about staffing levels at HTDS at the outset of the 2022-2023 school year, Thomas did not recall whether the task force struggled to fill positions and did not recall anyone ever telling him that there were staffing issues at HTDS.⁷⁷⁷

8. BPS Placed Over Twenty Students Out-of-District Due to Issues at HTDS

In September/October 2022, due to staffing, safety, and behavioral challenges, over twenty BPS students were placed in out-of-district programs.⁷⁷⁸ (These twenty students were in addition to those who were placed out-of-district when Thomas decided to downsize the school

⁷⁷³ Gibson Email to LaBillois, Mason, Thomas, Wolder, and Moran, Sept. 27, 2022.

⁷⁷⁴ LaBillois Interviews; Wolder Text Message to Thomas, Sept. 12, 2022.

⁷⁷⁵ LaBillois Interviews; Mason Interview; Gibson Email to LaBillois, Mason, Thomas, Wolder, and Moran, Sept. 27, 2022.

⁷⁷⁶ Thomas Interviews.

⁷⁷⁷ Thomas Interviews.

⁷⁷⁸ LaBillois Interviews; Mason Interview; Mason Email to LaBillois and Wolder, Sept. 28, 2022.

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in June 2022).⁷⁷⁹ Special Education Director Mason initially projected that the tuition costs for these unanticipated placements would increase by “over \$2 million [that] school year.”⁷⁸⁰

Mason expressed concerns about this \$2 million cost issue to CFO Petronio and Deputy CFO Correia.⁷⁸¹ On September 30, 2022, Petronio forwarded Correia an email with these cost projections, and Correia responded: “As I’ve already said, the FY23 Budget cannot support an additional \$2M in out of district tuitions.”⁷⁸² Two weeks later, on October 14, 2022, Petronio received a spreadsheet from the Special Education department outlining the costs of the unanticipated out-of-district placements. Petronio forwarded that spreadsheet to Superintendent Thomas, writing: “This is \$1.9 million in out-of-district costs. I don’t know if these kids have already been placed but we don’t have that kind of money in our budget for this year. Is this something that can be phased in next year?”⁷⁸³ Thomas responded, “No, we have a major problem with the Huntington,” to which Petronio reiterated, “We will have to talk about this. We don’t have \$2 million.”⁷⁸⁴

When asked about the group of students who were placed out-of-district in September/October 2022, Thomas said that he never looked into the reason for those placements.⁷⁸⁵ Instead, he noted that he did not make that decision and believed that each student’s Individualized Education Program (“IEP”) team made the call to send students out of

⁷⁷⁹ Mason Email to LaBillois and Wolder, Sept. 28, 2022; Mason Interview.

⁷⁸⁰ Mason Email to LaBillois and Wolder, Sept. 28, 2022.

⁷⁸¹ Petronio and Correia Email String, Sept. 30, 2022.

⁷⁸² Petronio and Correia Email String, Sept. 30, 2022.

⁷⁸³ Petronio and Thomas Email String and Attachment, Oct. 14, 2022.

⁷⁸⁴ Petronio and Thomas Email String and Attachment, Oct. 14, 2022.

⁷⁸⁵ Thomas Interviews.

district.⁷⁸⁶ Thomas refused to acknowledge that understaffing issues at HTDS contributed to the increase in out-of-district placements.⁷⁸⁷

When Petronio told Thomas there was no money to cover an extra \$2 million in out-of-district tuition costs, Thomas interpreted that to mean that they did not have enough money in that particular line item.⁷⁸⁸ Thomas said that Petronio usually “hid money” in the budget, and he believed that BPS had sufficient funds elsewhere to cover the out-of-district tuition costs (even though Petronio did not say so).⁷⁸⁹ Thomas also assumed that he could use ESSER III funding or other sources, such as \$1.2 million in school choice funding, on out-of-district tuition costs in the event of overspending.⁷⁹⁰ Thomas simply believed that BPS would come up with the funds.⁷⁹¹ According to Thomas, the out-of-district tuition costs were not an ongoing concern to him, and he did not monitor those costs for the remainder of the fiscal year.⁷⁹²

9. Out-of-District Tuition Expenses Ballooned to \$4 Million

During FY23, out-of-district tuition costs increased to approximately \$4 million.⁷⁹³ In addition to the elementary students who were outplaced after June 2022, and the twenty students outplaced in September/October 2022, other students who were struggling were placed out-of-district.⁷⁹⁴ Then, in March 2023, there was a stabbing at HTDS, which led to additional out-of-district placements due to safety concerns and “bad press.”⁷⁹⁵

⁷⁸⁶ Thomas Interviews.

⁷⁸⁷ Thomas Interviews.

⁷⁸⁸ Petronio and Thomas Email String and Attachment, Oct. 14, 2022; Thomas Interviews.

⁷⁸⁹ Thomas Interviews.

⁷⁹⁰ Thomas Interviews.

⁷⁹¹ Thomas Interviews.

⁷⁹² Thomas Interviews.

⁷⁹³ Correia, Petronio, and Clarkson Email String, July 13-31, 2023.

⁷⁹⁴ Mason Interview; Mason and Correia Email String, Apr. 25-27, 2023.

⁷⁹⁵ Mason Interview; Mason and Correia Email String, Apr. 25-27, 2023.

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By April 1, 2023, Correia projected that the total unbudgeted out-of-district tuition costs would exceed \$4 million.⁷⁹⁶ On April 3, he outlined these costs to Superintendent Thomas in a spreadsheet.⁷⁹⁷ On April 25, 2023, Mason sent an email to Correia explaining that more than \$4 million in tuition invoices were unpaid, and there were no funds to cover them.⁷⁹⁸

During the April/May 2023 timeframe, Mayor Sullivan and CFO Clarkson learned of the increased out-of-district tuition costs due to the reprogramming of HTDS.⁷⁹⁹ Mayor Sullivan recalled that Petronio raised the tuition costs in a meeting, but Sullivan did not remember Petronio ever quantifying the magnitude of the problem.⁸⁰⁰ Clarkson also recounted that Petronio raised issues about the costs of reprogramming HTDS, but he, too, said that Petronio never quantified them or said that BPS could not pay for them.⁸⁰¹ Neither Sullivan nor Clarkson ever asked Petronio to quantify the amount of out-of-district tuition costs.⁸⁰²

10. BPS Had No Funding for \$4 Million of Out-of-District Tuition Expenses

With an influx of tuition costs and no funding left in the budget, Correia sought to delay paying the tuition invoices until the next fiscal year.⁸⁰³ According to Mason, on May 4, 2023, Correia asked her to contact the out-of-district programs to request that they send their bills after July 1, when the new fiscal year began.⁸⁰⁴ Mason responded: “I do not feel comfortable requesting OOD placements postdate bills for services rendered. The bills need to be processed for the district to claim on Circuit Breaker for this fiscal year.”⁸⁰⁵

⁷⁹⁶ Correia Email to Petronio, Apr. 1, 2023.

⁷⁹⁷ Correia Email to Petronio and Thomas and Attachment, Apr. 3, 2023.

⁷⁹⁸ Mason and Correia Email String, Apr. 25-27, 2023.

⁷⁹⁹ Clarkson Interviews; Mayor Sullivan Interview.

⁸⁰⁰ Mayor Sullivan Interview.

⁸⁰¹ Clarkson Interviews.

⁸⁰² Clarkson Interviews; Mayor Sullivan Interview.

⁸⁰³ Mason Interview; Mason Email to Correia, May 5, 2023.

⁸⁰⁴ Mason Interview.

⁸⁰⁵ Mason Interview; Mason Email to Correia, May 5, 2023.

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On July 13, 2023, Correia wrote to Petronio, asking permission to create a special account for these unfunded tuition expenditures:⁸⁰⁶

Per our conversation . . . the District will be carrying a substantial deficit at the close of Fiscal Year 2023 partly due to OOD SPED Tuitions. Against my advisement, the Superintendent closed the Huntington Day School after the FY23 school year had already began, forcing the District to place those students who were attending the Huntington in outside placements. My preliminary shortfall estimate by closing the Huntington was roughly \$2M at that time. Unfortunately, due to the rising cost of tuitions, the severe needs of our student population and the lack of forethought... The shortfall projection has doubled to at least \$4M.

In hopes of balancing the FY23 Local Budget, it's been suggested that a separate OOD Account be created to absorb those additional tuition expenditures that were not budgeted for. This account would act somewhat like a "Revolving Account" and we'd be carrying that OOD Tuition deficit into Fiscal Year 2024, with the expectation that we'd be able to clear it with Free Cash Revenues.

In order to proceed...I will need your approval to create this OOD account, as well as written permission from the City CFO & Auditor that this is an allowable procedure. Please advise on how you would like to move forward.⁸⁰⁷

Petronio responded and approved this new account:

As per our discussions with the Mayor, Superintendent, CFO and City Auditor, I would like you to set up the account for OOD SPED costs and begin to make the journal entries to tie out the School Department local budget. Once you have completed the set-up, please email the CFO and City Auditor and let them know that it has been done and that we are in the process of balancing for FY23.⁸⁰⁸

On July 31, 2023, Correia forwarded this email exchange to City CFO Clarkson, and wrote:

"Please see email below in regards to Out of District SPED Tuitions...I need your approval before I proceed."⁸⁰⁹ Clarkson approved the request and noted that he had "effectively used a similar account in other communities to act as a vessel to track and address SPED costs."⁸¹⁰ Correia

⁸⁰⁶ Correia, Petronio and Clarkson Email String, July 13-31, 2023.

⁸⁰⁷ Correia, Petronio, and Clarkson Email String, July 13-31, 2023.

⁸⁰⁸ Correia, Petronio, and Clarkson Email String, July 13-31, 2023.

⁸⁰⁹ Correia, Petronio, and Clarkson Email String, July 13-31, 2023.

⁸¹⁰ Correia, Petronio, and Clarkson Email String, July 13-31, 2023.

created the account and moved \$3.9 million dollars of out-of-district expenses to it with no revenue source.⁸¹¹

11. BPS Overspent \$3.1 Million on FY23 Out-of-District Tuition Expenses

The total amount spent on out-of-district tuitions in FY23, including expenditures adjusted to the special account Correia created in July 2023, was \$13,745,463.⁸¹² Compared to the \$10.6 million budgeted for these expenses, BPS overspent \$3.1 million on out-of-district tuitions.^{813,814}

In short, Thomas’s unilateral and ill-planned decision to downsize and reprogram HTDS at the end of the FY22 school year led to significant overspending of the out-of-district tuition budget.⁸¹⁵ Without adequate planning and forethought, Thomas’s HTDS decision resulted in dozens of students being placed out-of-district without a budget for these costs.⁸¹⁶

D. The Contract Services Budget was Overspent by \$1.1 Million

In FY23, BPS overspent the “Contract Services” budget category by \$1.1 million. These services included (a) contracted vendors, such as community mentors, (b) leases, and (c) police traffic details, among others.⁸¹⁷ We address each of these spending categories individually.

⁸¹¹ Correia Interviews; Baker Tilly Report.

⁸¹² Baker Tilly Report.

⁸¹³ BPS FY23 Budget; Baker Tilly Report.

⁸¹⁴ Although, at the close of the fiscal year, there was approximately \$4 million in out-of-district tuition expenses that the district did not have sufficient funds to cover, this \$4 million is not the amount spent in excess of the FY23 Budget. The FY23 Budget allocated \$10.6 million to out-of-district tuition expenses - - \$8.6 million was to be paid from local funding and \$2 million was to be funded by the Circuit Breaker Program. As previously noted, despite the explosion of tuition costs during FY23, BPS allocated all of its FY23 Circuit Breaker reimbursement to cover overspending on transportation. Indeed, it had done so for every Circuit Breaker reimbursement since FY21.

⁸¹⁵ During the investigation, Superintendent Thomas pointed to the 14% increase in out-of-district tuition costs as partial reason for the overspending. This increase was not in effect during FY23. It did not go into effect until FY24. See Gary J. Lambert, Estimated Rate of Inflation for Fiscal Year 2024, (<https://www.mass.gov/doc/estimated-rate-of-inflation-for-fiscal-year-2024/download>).

⁸¹⁶ Thomas Interviews.

⁸¹⁷ FY23 Contract Services Report.

**1. Superintendent Thomas Hired
Community Mentors as Independent Contractors**

In addition to spending \$800,000 on unbudgeted “community mentors” that were hired as full-time employees, BPS spent an additional \$400,000 on community mentors that were hired as independent contractors.⁸¹⁸ The FY23 Budget included only \$225,000 for contracted student mentor services.⁸¹⁹ While this overspending was minimal in comparison to other areas of the budget, the hiring and retention of mentors exposed a number of management issues, as detailed below.

a. The Mentor Program

Over a decade ago, Superintendent Thomas started a community mentor program for at-risk students.⁸²⁰ Thomas explained that many of these students had serious issues at home or with the legal system and benefited from having an adult mentor with whom they could relate.⁸²¹ According to Thomas, mentors often went to students’ homes at all hours to check on their well-being.⁸²² Thomas believed that the impact of the mentor program was “amazing” and largely successful.⁸²³ He explained that students involved in the program had increased attendance, decreased suspensions, and improved grades. According to Thomas, principals often called Thomas asking for more mentors in their schools.⁸²⁴

Under the program, Thomas hired some mentors as employees and others as independent contractors.⁸²⁵ During FY23, Superintendent Thomas executed letters of agreement to hire a

⁸¹⁸ FY23 Contract Services Report.

⁸¹⁹ BPS FY23 Budget.

⁸²⁰ Thomas Interviews.

⁸²¹ Thomas Interviews.

⁸²² Thomas Interviews.

⁸²³ Thomas Interviews.

⁸²⁴ Thomas Interviews.

⁸²⁵ Thomas Interviews; Moran Interview; Correia Interviews.

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number of community mentors as contractors.⁸²⁶ Thomas selected the mentors and determined their scope of work, dates of work, and pay rate.⁸²⁷ When asked why he hired some mentors as employees and others as contractors, Thomas explained that some of the community mentors had “sketchy backgrounds.”⁸²⁸ By entering into contracts with those individuals, instead of hiring them as employees, BPS had more latitude to terminate their services.⁸²⁹ The community mentors hired as contractors were paid more than double the community mentors hired as employees.⁸³⁰

Unlike employee hiring, the independent contractor mentors were not processed through the HR Department.⁸³¹ Instead, after Thomas signed a mentor agreement, the agreement was sent directly to CFO Petronio, who authorized payment for the mentor’s services.⁸³² For the most part, the HR Department was not aware of these mentor agreements and did not know that individuals retained under these agreements were working in schools.⁸³³ Most importantly, there was no formal process to ensure that a contractor mentor’s Criminal Offender Record Information (“CORI”) was checked before they began working in the schools.⁸³⁴

**b. Thomas Hired Mentors as Independent
Contractors to Circumvent CORI Checks**

Assistant Superintendent of the HR Department Moran stated that every employee hired to work in the district must pass both a CORI and fingerprint check.⁸³⁵ This requirement applied

⁸²⁶ Letters of Agreement, Legacy Lives On, July 22, 2022, Sept. 20, 2022, and Feb. 17, 2022; Letters of Agreement, Anthony Sampson, July 18, 2022, Sept. 6, 2022, and Feb. 9, 2023.

⁸²⁷ Thomas Interviews.

⁸²⁸ Thomas Interviews.

⁸²⁹ Thomas Interviews.

⁸³⁰ Letters of Agreement Anthony Sampson, July 18, 2022, Sept. 6, 2022, and Feb. 9, 2023; Community Mentor, Employment Contracts, e.g., Dajuan Riley and Jason Cameron.

⁸³¹ Correia Interviews; Moran Interview; Moran and Correia Email String and Attachments, Mar. 29-30, 2023.

⁸³² Correia Interviews; Moran Interview.

⁸³³ Moran Interview; Moran and Correia Email String and Attachments, Mar. 29-30, 2023.

⁸³⁴ Moran Interview; Correia Interviews.

⁸³⁵ Moran Interview.

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not only to employees, but also to volunteers, student teachers, contractors, and other individuals working in the schools.⁸³⁶ Moran explained that “passing” a CORI check under BPS’s hiring policy meant that there were no open items on a person’s record and no felony convictions within ten years.⁸³⁷

For at least two mentors that Thomas hired as independent contractors in FY23 - - Anthony Sampson and John Williams - - the HR Department was not aware that they were working in schools, and their CORIs were either not checked or not approved.⁸³⁸ Indeed, these individuals and other mentors⁸³⁹ were hired by Thomas as independent contractors to circumvent BPS’s CORI policy.

Regarding Sampson, Thomas entered into three letters of agreement totaling \$93,000 in FY23.⁸⁴⁰ On September 9, 2022, Moran sent a text message to Thomas advising him that Sampson did not pass a CORI check and could not work in the schools. Moran offered to call Sampson to tell him, but Thomas said that he would handle it.⁸⁴¹ On that same day, Thomas texted Sampson: “Your CORI had an open case on it. . . I’m not allowed to see it but you can’t be working until that is cleared up and closed.”⁸⁴²

On November 15, 2022, Sampson texted Thomas informing him that his criminal case was closed.⁸⁴³ Thereafter, Thomas authorized him to work as a mentor in the schools.⁸⁴⁴ But the

⁸³⁶ Moran Interview; Moran Email to NBP, Aug. 12, 2024.

⁸³⁷ Moran Interview; Moran Email to NBP, Aug. 12, 2024.

⁸³⁸ Moran Interview; Moran and Thomas Text String, Sept. 9, 2022; Proudler Email to Moran and Cobbs, June 7, 2024.

⁸³⁹ During the investigation, we were told that there were other mentors with extensive criminal backgrounds who have worked for BPS. Only one such individual, Renaldo Wilson, was paid from the contract services account during FY23.

⁸⁴⁰ Letters of Agreement, Anthony Sampson, July 18, 2022, Sept. 6, 2022, and Feb. 9, 2023.

⁸⁴¹ Moran and Thomas Text String, Sept. 9, 2022.

⁸⁴² Thomas Text Message to Sampson, Sept. 9, 2022.

⁸⁴³ Sampson Text Message to Thomas, Nov. 15, 2022.

⁸⁴⁴ FY23 Contract Services Report.

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HR Department never cleared Sampson to work.⁸⁴⁵ Later in the school year, a school adjustment counselor filed a report with the Department of Children and Families alleging that Sampson assaulted a student.⁸⁴⁶ According to Moran, when she learned of this incident, she asked Thomas why Sampson was in the school, and Thomas stated that he did not know, even though he had authorized and signed a letter of agreement employing Sampson.⁸⁴⁷

During the course of our investigation, we were told by several witnesses that concerns had also been raised about a second mentor, John Williams, being employed by BPS.⁸⁴⁸ Witnesses stated that Thomas and Williams were close.⁸⁴⁹ In FY23, Williams was not contracted under his own name, but was hired under a non-profit called “Legacy Lives On.”⁸⁵⁰ Thomas entered into three letters of agreement totaling \$180,500 with this non-profit during FY23.⁸⁵¹ When Legacy Lives On submitted its first set of invoices in September 2022, the invoices charged for work performed by Director Clarissa Turner and Co-Director John Williams.⁸⁵² Those invoices were not approved for payment by Thomas.⁸⁵³ Thereafter, the same invoices covering the very same period of time were resubmitted, except the invoices removed Williams’s name, and instead referenced only the title “Co-Director.”⁸⁵⁴ Thomas approved these invoices for payment, and all

⁸⁴⁵ Moran Interview.

⁸⁴⁶ Moran Interview; Thomas Interviews; Correia Interviews; Thomas and Moran Email String, Jan. 27, 2023.

⁸⁴⁷ Moran Interview.

⁸⁴⁸ Correia Interviews; Mayor Sullivan Interview; Moran Interview; Mason Interview.

⁸⁴⁹ Correia Interviews; Mason Interview.

⁸⁵⁰ Letters of Agreement Legacy Lives On, July 22, 2022, Sept. 20, 2022, and Feb. 17, 2022.

⁸⁵¹ Letters of Agreement Legacy Lives On, July 22, 2022, Sept. 20, 2022, and Feb. 17, 2022.

⁸⁵² Legacy Lives On Invoices, Set 1, Aug. 29, 2022 through Sept. 2, 2022.

⁸⁵³ Legacy Lives On Invoices, Set 1, Aug. 29, 2022 through Sept. 2, 2022.

⁸⁵⁴ Legacy Lives On Invoices, Set 2, Aug. 29, 2022 through Sept. 2, 2022; Correia Email to Moran and Attachments, Mar. 24, 2023.

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further invoices submitted by Legacy Lives On were similarly billed as work performed by the “Co-Director.”⁸⁵⁵

Although Thomas denied involvement in having Williams’s name removed from the invoices, he actively concealed Williams’s contractual relationship with BPS during FY23.⁸⁵⁶ On September 29, 2022, upon seeing Williams at a BPS school, BEA President Gibson sent an email to Moran asking if Williams was “working for the school district or [was] under an individual contract with the school district.”⁸⁵⁷ Moran forwarded the email to Thomas, repeating Gibson’s question about Williams.⁸⁵⁸ Thomas responded to Moran: **“He is not an employee and does not have a contract at this time.”**⁸⁵⁹ But that was not true: the Legacy Lives On contract was signed by Thomas nine days earlier, and Williams had submitted invoices for work performed on September 1.⁸⁶⁰

In March 2023, there was a stabbing at HTDS, and Williams intervened.⁸⁶¹ Moran read a local news article about the incident and again asked Thomas whether Williams was working for BPS.⁸⁶² Thomas responded: **“Williams volunteers for [the] Get to the Gate [program at HTDS] and he saved the kids live [sic] yesterday. . . He’s not an employee or vendor.”**⁸⁶³ Again, this was false. Williams was not volunteering but was being paid pursuant to a contract

⁸⁵⁵ Legacy Lives On Invoices, Set 2, Aug. 29, 2022 through Sept. 2, 2022; Correia Email to Moran and Attachments, Mar. 24, 2023.

⁸⁵⁶ Thomas Interviews; Thomas and Moran Email String, Sept. 29, 2022.

⁸⁵⁷ Thomas and Moran Email String, Sept. 29, 2022.

⁸⁵⁸ Thomas and Moran Email String, Sept. 29, 2022.

⁸⁵⁹ Thomas and Moran Email String, Sept. 29, 2022.

⁸⁶⁰ Letter of Agreement, Legacy Lives On, Sept. 20, 2022; Legacy Lives On Invoices, Set 1, Aug. 29, 2022 through Sept. 2, 2022.

⁸⁶¹ Sera Congi, *Mentors for Mass. students step in to stop stabbing at Brockton school*, WCVB, (Updated Mar. 21, 2023) (<https://www.wcvb.com/article/mentors-stop-stabbing-at-school-brockton-massachusetts/43380774>).

⁸⁶² Moran and Thomas Text String, Mar. 17, 2023.

⁸⁶³ Moran and Thomas Text String, Mar. 17, 2023.

that Thomas approved.⁸⁶⁴ Shortly thereafter, on March 29, Moran emailed Correia asking for a list of BPS vendors, stating that “[she] was asked to confirm that all vendors have completed CORIs and fingerprints.”⁸⁶⁵ Correia provided a vendor list to Moran with Williams’s name included.⁸⁶⁶ Just one week later, Thomas informed Moran that he had terminated Williams’s services.⁸⁶⁷

c. Thomas’s Inexplicable CORI Policy

In an interview, Thomas could not answer whether the mentors he hired as independent contractors were CORI-checked, nor could he explain what criteria was used to evaluate whether their CORI results allowed them to work in the district.⁸⁶⁸ When asked whether specific mentors had been CORI checked by the HR Department, including Sampson and Williams, Thomas stated they “should have been.”⁸⁶⁹ When asked who reviewed the CORI information to determine whether it constituted “passing” under the BPS CORI policy, Thomas first stated that he made that determination, then later contradicted himself and said that BPS’s CORI policy did not apply to independent contractors, only to BPS employees.⁸⁷⁰ Thomas insisted that there was no CORI policy for contractor mentors.⁸⁷¹

Thomas’s explanation of BPS’s CORI policy for independent contractor mentors does not comport with Massachusetts law or BPS School Committee Policy. Under M.G.L. c. 71, § 38R, the School Committee and Superintendent must obtain CORI information at least every three

⁸⁶⁴ Letters of Agreement, Legacy Lives On, Feb. 17, 2022.

⁸⁶⁵ Moran and Correia Email String, Mar. 29-30, 2023.

⁸⁶⁶ Moran and Correia Email String, Mar. 29-30, 2023.

⁸⁶⁷ Thomas Email to Moran, Apr. 8, 2023.

⁸⁶⁸ Thomas Interviews.

⁸⁶⁹ Thomas Interviews.

⁸⁷⁰ Thomas Interviews.

⁸⁷¹ Thomas Interviews

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years “for any current or prospective employee or volunteer within the school district who may have direct and unmonitored contact with children, including any individual who regularly provides school related transportation to children,” as well as “any subcontractor or laborer commissioned by the school committee or school or employed by the city or town to perform work on school grounds, who may have direct and unmonitored contact with children.” BPS’s School Committee Policy repeats this same language.⁸⁷² By law and School Committee policy, a CORI must be checked if a person will have “direct and unmonitored contact with children.”⁸⁷³ The manner in which that person is hired - - whether as employee or contractor - - is irrelevant. Indeed, even individuals volunteering in schools must have their CORIs checked pursuant to Massachusetts law and BPS’s School Committee policy.⁸⁷⁴ Contractor mentors had “direct and unmonitored contract with children,” and their CORIs should have been checked and cleared prior to working with students.⁸⁷⁵

Whether a person’s CORI qualifies as “passing” is a different matter. While the law requires all school districts to obtain CORI information from individuals working in schools, the decision to dismiss an individual, not hire an applicant, or not work with a contractor as a result of the individual’s CORI is a decision left up to the school district.⁸⁷⁶ DESE recommends that

⁸⁷² BPS School Committee Policies, Policy on CORI

(https://www.bpsma.org/uploaded/Administration/School_Committee/Policy/Personnel/2018/PDF/GBEAA.pdf).

⁸⁷³ M.G.L. c. 71, § 38R; BPS School Committee Policies, Policy on CORI

(https://www.bpsma.org/uploaded/Administration/School_Committee/Policy/Personnel/2018/PDF/GBEAA.pdf).

⁸⁷⁴ M G.L. c. 71, § 38R; BPS School Committee Policies, Policy on CORI

(https://www.bpsma.org/uploaded/Administration/School_Committee/Policy/Personnel/2018/PDF/GBEAA.pdf).

⁸⁷⁵ The School Committee CORI policy defines “direct and unmonitored contact with children” as “contact with a child when no other CORI cleared employee of the school district is present,” pursuant to a DESE Advisory from 2007. Where Thomas indicated that these mentors, as part of their contracts, went to students’ homes at all hours of the day and night, this conduct would fall within this definition. BPS School Committee Policies, Policy on CORI (https://www.bpsma.org/uploaded/Administration/School_Committee/Policy/Personnel/2018/PDF/GBEAA.pdf); Thomas Interviews.

⁸⁷⁶ David Driscoll, Commissioner of Education, *Advisory of CORI Law* (May 7, 2007)

(<https://www.doe.mass.edu/lawsregs/advisory/cori.html>).

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school districts adopt a CORI policy that includes a “process and standard of review for determining an individual’s eligibility for employment or service based on the CORI record, including whether any criminal offenses may disqualify an individual.”⁸⁷⁷ According to Moran, BPS’s policy disqualifies individuals with open cases or felony convictions within ten years.⁸⁷⁸ We express no view on the merits of this policy, and we cannot confirm whether the contractor mentors mentioned would have been disqualified from employment at BPS had their CORI information been properly obtained and screened. We conclude only that it was a violation of BPS’s CORI obligations under state law and its own policies not to obtain adequate CORI information for mentors before they began working in the district.

d. There Was a Lack of Oversight of Community Mentor Contracts

Our investigation also revealed that there was minimal oversight over the mentor program and a lack of direction concerning what mentors were supposed to be doing.⁸⁷⁹ The job descriptions for mentors often lacked specificity.⁸⁸⁰ These mentors were disbursed at various schools, often without a preidentified supervisor to whom they were supposed to report.⁸⁸¹ For example, Williams worked under Legacy Lives On at an HTDS program. Pursuant to Legacy Lives On’s agreement, the program was supposed to have a “[w]eekly check-in with James M. LaBillois, Ed.D., Assistant Superintendent of Student Support Services.” LaBillois, however, did

⁸⁷⁷ David Driscoll, Commissioner of Education, *Advisory of CORI Law* (May 7, 2007) (<https://www.doe.mass.edu/lawsregs/advisory/cori.html>).

⁸⁷⁸ Moran Interview; Moran Email to NBP, Aug. 12, 2024.

⁸⁷⁹ Moran Interview; LaBillois Interviews; Petronio Interviews.

⁸⁸⁰ E.g., Letter of Agreement, Anthony Sampson, Feb. 9, 2023; Community Mentor, Employment Contracts, e.g., Dajuan Riley and Jason Cameron.

⁸⁸¹ LaBillois Interviews; Moran Interview.

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not know who Williams was and did not learn that he was working at the school until at least mid-way through FY23.⁸⁸²

Contrary to what Thomas said about principals requesting mentor services, multiple witnesses told us that principals complained about mentors randomly showing up at their schools without anything to do.⁸⁸³ Teachers complained that mentors were afforded too much freedom and were not monitored.⁸⁸⁴ According to Petronio, given the nature of the mentors' work and their odd hours, no one could (or did) verify whether the mentors actually worked the time reported on their invoices.⁸⁸⁵ Petronio stated that he tried to cut mentors out of the budget, but Thomas insisted on retaining them.⁸⁸⁶ In total, BPS spent over \$1.2 million on community mentors in FY23: \$800,000 on employee mentors and \$400,000 on independent contractors.⁸⁸⁷

2. BPS Did Not Properly Account for Certain Leases in the FY23 Budget

In FY23, there were at least two real estate leases that BPS entered into that were not included in the budget. In total, BPS paid approximately \$450,000 for these unbudgeted leases.⁸⁸⁸

First, BPS leased warehouse space in Brockton from Churchill Linen Service, Inc. for the period of July 1, 2020, through June 30, 2023.⁸⁸⁹ The lease was a multi-year contract - - established long before budgeting for FY23 so there was no reason why it was omitted from the FY23 Budget.⁸⁹⁰ During FY23, BPS spent approximately \$218,000 on lease payments.⁸⁹¹

⁸⁸² Letters of Agreement, Legacy Lives On, Sept. 22, 2022; LaBillois Interviews.

⁸⁸³ Moran Interview; Petronio Interviews; LaBillois Interviews.

⁸⁸⁴ Petronio Interviews; LaBillois Interviews.

⁸⁸⁵ Petronio Interviews.

⁸⁸⁶ Petronio Interviews.

⁸⁸⁷ FY23 ESUM Report, Period 12; FY23 Contract Services Report.

⁸⁸⁸ FY23 Contract Services Report; BPS FY23 Budget.

⁸⁸⁹ FY23 Contract Services Report; Churchill Linen Service Inc., Lease Agreement, 2020-2023.

⁸⁹⁰ BPS FY23 Budget.

⁸⁹¹ FY23 Contract Services Report.

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Second, BPS failed to include in the budget the lease for the Westgate Building.⁸⁹² Although the Westgate Building was being considered for several purposes prior to the FY23 school year, the cost of leasing the building was not considered at budgeting time.⁸⁹³ When the School Committee was presented with the Westgate lease for approval on July 26, 2022 (after FY23 started), no one questioned why it was not previously included in the FY23 Budget.⁸⁹⁴ School Committee Member Judy Sullivan explained that the Committee assumed that, if the Superintendent was proposing a lease, there must be funding in the budget for it.⁸⁹⁵ During FY23, no students were placed in the Westgate Building, and it was used primarily for office space.⁸⁹⁶ BPS spent approximately \$231,000 on lease payments for the space.⁸⁹⁷ These unbudgeted lease expenditures are further examples of overspending, imprecise budgeting, and the mindset of “we will figure it out later.”

3. BPS Used Police Details to Control Traffic at Schools Without Funding

In FY23, BPS spent over \$500,000 on police traffic details.⁸⁹⁸ The FY23 Budget, however, included only \$60,000 for both police and fire details.⁸⁹⁹

During the 2022-2023 school year, Superintendent Thomas authorized police details to control traffic during morning drop-off and afternoon pick-up.⁹⁰⁰ Off-duty Brockton police officers covered these details because BPS did not have an adequate school police force and, according to Thomas, “the City did not want to tell police that they had to do traffic duty on their

⁸⁹² BPS FY23 Budget.

⁸⁹³ Cobbs Interviews; Thomas Interviews; Petronio Interviews; J. Sullivan Interview.

⁸⁹⁴ BPS Special School Committee Meeting, July 26, 2022 (<https://www.youtube.com/watch?v=g-D5rAZE9ss&t=1461s>).

⁸⁹⁵ J. Sullivan Interview.

⁸⁹⁶ Cobbs Interviews.

⁸⁹⁷ FY23 Contract Services Report; 365 Westgate Drive Lease Agreement, 2022-2023.

⁸⁹⁸ FY23 Contract Services Report.

⁸⁹⁹ BPS FY23 Budget.

⁹⁰⁰ FY23 Contract Services Report; Thomas Interviews; Correia Interviews.

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regular shifts.”⁹⁰¹ Union rules required that officers be paid a minimum of four hours for each detail.⁹⁰²

In authorizing these details, Thomas assumed that the City would eventually pay for the costs.⁹⁰³ Both Thomas and Deputy CFO Correia believed that police detail costs should have been covered by the City because they did not meet the requirements of net school spending.⁹⁰⁴ Importantly, Thomas never reached an agreement with the City to cover the costs before authorizing the details.⁹⁰⁵

Both Petronio and Correia tried to stop traffic details during FY23. On January 31, 2023, apparently at Petronio’s request, Thomas sent an email to Brockton Police Lieutenant Bryan Maker and Sergeant Mike Livingston, notifying them that he had “to stop the BPD details for traffic at various schools” because BPS was “unable to afford it after this Friday.”⁹⁰⁶ Later that same day, Thomas spoke with Maker and agreed to extend the details until February 17, 2023.⁹⁰⁷ The next morning, on February 1, 2023, Maker sent an email to Thomas confirming that he would “notify the detail office to cancel the Brockton Police traffic details on February 17th.”⁹⁰⁸

On February 17th, however, Thomas sent a text message to Maker and Livingston, again authorizing additional traffic details.⁹⁰⁹ Ten days later, Petronio wrote to Thomas: “my friends at the police station tell me that you agreed to keep the police traffic details for the afternoons ??? Please tell me that this is just gibberish. **We are going to run out of money before June and**

⁹⁰¹ Thomas Interviews.

⁹⁰² Brockton Police Details Vendor Letter.

⁹⁰³ Thomas Interviews.

⁹⁰⁴ Thomas Interviews; Correia Interviews.

⁹⁰⁵ Thomas Interviews.

⁹⁰⁶ Thomas, Maker, and Livingston Email String, Jan. 31-Feb. 1, 2023.

⁹⁰⁷ Thomas, Maker, and Livingston Email String, Jan. 31-Feb. 1, 2023.

⁹⁰⁸ Thomas, Maker, and Livingston Email String, Jan. 31-Feb. 1, 2023.

⁹⁰⁹ Thomas Text Message to Maker and Livingston, Feb. 17, 2023.

can't prepay for anything for next year. Not sure how we will balance this year."⁹¹⁰ Thomas did not respond to Petronio's text message, and the traffic details continued.⁹¹¹

One month later, on March 28, 2023, Correia "continue[d] to receive police detail invoices."⁹¹² Correia wrote to Thomas and Petronio: "I recommend that we terminate these details . . . the budget cannot support these additional expenditures."⁹¹³ In response, Petronio offered to contact Maker himself to terminate further details.⁹¹⁴ Thomas responded to both Petronio and Correia that, after March 31, the police details would end.⁹¹⁵

On April 2, 2023, Thomas notified Maker and Livingston that he was cancelling the details.⁹¹⁶ But even after this date, the police details did not end - - they merely slowed down.⁹¹⁷ Thomas continued to authorize details for traffic control even after Petronio and Correia made clear that the budget could not sustain the costs.⁹¹⁸ Thomas stated that he raised the police details with the Mayor and Clarkson, and they agreed to "figure out" later who would cover the expense.⁹¹⁹ In the end, BPS incurred over \$500,000 in FY23 on police details for traffic duty at various schools that BPS paid from its net school spending budget.⁹²⁰

VI. SYSTEMIC FAILURES AND ROOT CAUSES OF THE FY23 DEFICIT

Having detailed each of the major components of the FY23 deficit, our investigation sought to identify what caused these spending problems to go undetected. Our review and

⁹¹⁰ Petronio Text Message to Thomas, Feb. 27, 2023 (emphasis added).

⁹¹¹ Petronio Text Message to Thomas, Feb. 27, 2023; Correia, Petronio, and Thomas Email String, Mar. 28, 2023.

⁹¹² Correia, Petronio, and Thomas Email String, Mar. 28, 2023.

⁹¹³ Correia, Petronio, and Thomas Email String, Mar. 28, 2023.

⁹¹⁴ Correia, Petronio, and Thomas Email String, Mar. 28, 2023.

⁹¹⁵ Correia, Petronio, and Thomas Email String, Mar. 28, 2023.

⁹¹⁶ Thomas Email to Maker and Livingston, Apr. 2, 2023.

⁹¹⁷ FY23 Contract Services Report; Thomas Interviews.

⁹¹⁸ Thomas Interviews.

⁹¹⁹ Thomas Interviews.

⁹²⁰ FY23 Contract Services Report.

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analysis lead us to conclude that Brockton’s systems of checks and balances for budgeting and spending failed on multiple levels. In this section, we examine the root causes of the FY23 Budget deficit and the factors that played a substantial role leading to the deficit. As we detailed above, the School Department CFO did not follow standard budgeting practices and did not track spending relative to the budget. Yet no one questioned the CFO on his practices, instead blindly trusting - - without verifying - - that he had the School Department’s finances adequately managed and under control. There was a systemic failure by the parties responsible for overseeing and monitoring the expenditure of school funds - - from the Superintendent, to the School Committee, to the City CFO and Mayor. “Nobody was really looking closely at the budget.”⁹²¹

In this environment, Thomas’s proclivity for spending essentially went unchecked. As Superintendent, Thomas often made impulsive decisions, without sufficient planning, discussion, or financial analysis. And he received little pushback from leadership. The School Committee did not oversee Thomas’s spending and took no steps to identify, curtail, or prevent overspending of the FY23 Budget. For the City’s part, the City CFO and the Mayor - - who serves as Chair of the School Committee - - were not meaningfully involved in school budget matters. In Brockton, there is a deep divide between the City and the School Department. Over time, this divide created a level of passivity where City officials ignored clear signs that a potential FY23 School Department deficit was “brewing.”⁹²² The convergence of these factors created a perfect storm for fiscal mismanagement.

⁹²¹ Thomas Interviews.

⁹²² Clarkson Interviews.

**A. The Superintendent, School Committee,
City CFO, and Mayor Blindly Trusted the School CFO**

A substantial contributing factor to the FY23 deficit was a systemic failure to oversee CFO Petronio with respect to formulating the FY23 Budget and tracking expenses after the budget was approved. By 2023, Petronio had served as the School Department’s CFO for approximately sixteen years.⁹²³ Prior to transitioning to BPS, Petronio worked for the City Finance Department for nearly a decade.⁹²⁴ According to City CFO Clarkson, everyone accepted Petronio’s work product due to the length of his tenure.⁹²⁵ School Committee members explained that everyone believed Petronio knew what he was doing and did not question him.⁹²⁶ Superintendent Thomas likewise relied on Petronio and deferred to him on budgeting and spending.⁹²⁷ Mayor Sullivan and City CFO Clarkson also failed to question Petronio’s work.⁹²⁸ Our investigation revealed that Petronio was a revered leader perceived as a capable finance officer, and his advice was followed without question.

1. No One Questioned Petronio on Budgeting

Petronio presented the School Department’s budget to the School Committee year-after-year, seemingly without issues.⁹²⁹ Indeed, during Superintendent Kathleen Smith’s (Thomas’s predecessor) tenure, BPS confronted “tough” financial years and had to lay off employees

⁹²³ Petronio Interviews; Executive Summary by Aldo Petronio, Mar. 15, 2024.

⁹²⁴ Executive Summary by Aldo Petronio, Mar. 15, 2024.

⁹²⁵ Clarkson Interviews.

⁹²⁶ J. Sullivan Interview; Ehlers Interview; Asack Interview; Rodrigues Interview.

⁹²⁷ Thomas Interviews.

⁹²⁸ Mayor Sullivan Interview.

⁹²⁹ Thomas Interviews; Clarkson Interviews; Mayor Sullivan Interview; Correia Interviews; J. Sullivan Interview; Asack Interview; Rodrigues Interview.

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repeatedly for nearly a decade.⁹³⁰ Petronio managed BPS finances through those difficult times and, consequently, he earned the trust of the BPS community.⁹³¹

During Petronio's tenure, he routinely presented budgets to the Superintendent and the School Committee with little to no back up data explaining how he calculated his budget figures.⁹³² For years, BPS budgets contained no actual expenditure information and were merely summary in nature.⁹³³ No one asked for follow-up or detailed information, and no one questioned Petronio.⁹³⁴ BPS leadership blindly assumed that Petronio knew what he was doing.⁹³⁵ As Mayor Sullivan explained, when Petronio presented a budget, it was presumed accurate and complete.⁹³⁶ This attitude - - albeit well-meaning - - created an environment devoid of meaningful checks and balances and perpetuated a culture lacking in budget transparency.

Superintendent Thomas admitted that he did not concern himself with the details of budgeting.⁹³⁷ According to Thomas, Petronio had his own way of doing things, and everyone followed his lead.⁹³⁸ Thomas never asked Petronio what BPS actually spent to determine how

⁹³⁰ Thomas Interviews; Asack Interview; BPS FY22 Budget Cover Letter, May 27, 2021; Maria Papadopoulos, *Brockton school officials: Recalling 112 teachers with layoff notices not likely*, The Enterprise (June 3, 2010) (<https://www.enterpriseneews.com/story/news/education/2010/06/03/brockton-school-officials-recalling-112/40322691007/>); *173 layoff notices sent to Brockton teachers*, The Enterprise (May 14, 2015) (<https://www.enterpriseneews.com/story/news/politics/county/2015/05/14/173-layoff-notices-sent-to/34535802007/>); Christopher Butler, *What has contributed to the decline of Brockton schools? Here's what a state report says*, The Enterprise (May 29, 2024) (<https://www.enterpriseneews.com/story/news/education/2024/03/29/brockton-public-schools-decline-from-model-to-struggle-dese-report-2020/73130482007/>).

⁹³¹ Thomas Interviews; Mayor Sullivan Interview; Correia Interviews; J. Sullivan Interview; Asack Interview; Rodrigues Interview.

⁹³² BPS FY20 Budget; BPS FY21 Budget; BPS FY22 Budget; BPS FY23 Budget; FY23 Proposed Budget Drafts, Mar. 22 through May 17, 2022.

⁹³³ BPS FY20 Budget; BPS FY21 Budget; BPS FY22 Budget; BPS FY23 Budget; DESE Report.

⁹³⁴ Thomas Interviews; Clarkson Interviews; Mayor Sullivan Interview.

⁹³⁵ T. Sullivan Interview; Asack Interview; J. Sullivan Interview; Clarkson Interviews; Mayor Sullivan Interview; Thomas Interviews; Clarkson Interviews.

⁹³⁶ Mayor Sullivan Interview.

⁹³⁷ Thomas Interviews.

⁹³⁸ Thomas Interviews.

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much was needed for the following year.⁹³⁹ Instead, Thomas believed that Petronio based the budget figures on the previous year's budget amount with an estimated adjustment for cost-of-living increases.⁹⁴⁰

Thomas described the 2020 DESE Report, which followed a comprehensive district review, as the “guiding light,” “blueprint,” and “bible” for his tenure as Superintendent.⁹⁴¹ The DESE Report specifically criticized Brockton for not using actual expenses in the approved budget.⁹⁴² Indeed, DESE recommended that, going forward, BPS use in its budget “[a]t least two years of actual, clearly labeled expenses, the current year’s budget numbers, and the proposed budget amounts” to “allow stakeholders to make comparisons among years and recognize trends in actual and proposed spending.”⁹⁴³ When asked why this recommendation was not implemented, Thomas stated that his focus was on DESE’s academic recommendations, and he did not focus on the financial aspects.⁹⁴⁴ Thomas agreed that the inclusion and consideration of actual expenditures in the budget was fundamental, but he never had conversations with Petronio about including actual expense figures in the budget.⁹⁴⁵ For his part, Petronio never changed his budgeting practices to include actual expenditure information after the 2020 DESE Report was issued.⁹⁴⁶

⁹³⁹ Thomas Interviews.

⁹⁴⁰ Thomas Interviews.

⁹⁴¹ Thomas Interviews; DESE Report.

⁹⁴² DESE Report.

⁹⁴³ DESE Report.

⁹⁴⁴ Thomas Interviews.

⁹⁴⁵ Thomas Interviews.

⁹⁴⁶ Thomas Interviews; BPS FY21 Budget; BPS FY22 Budget; BPS FY23 Budget.

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The School Committee likewise deferred to Petronio’s budgeting methodologies.⁹⁴⁷ The Committee’s attitude was: “this is how it has always been done.”⁹⁴⁸ According to School Committee Member Judy Sullivan, the Committee trusted Petronio and relied on him because the budget had “worked out every year.”⁹⁴⁹ During budgeting, the School Committee’s Finance Subcommittee met regularly from March to May.⁹⁵⁰ At these meetings, Petronio - - or in FY23, Correia as the Interim CFO - - shared draft budgeting documents with the Committee.⁹⁵¹ These documents, like the final budget, lacked important detail and were “high level,” and the Subcommittee members asked few substantive questions about them.⁹⁵²

Kathleen Ehlers joined the School Committee in early 2022 with twenty-five years of experience in higher education, including experience reviewing academic budgets and financial statements.⁹⁵³ She explained that, when she first joined the School Committee, she was surprised that the budget information was presented at such a high level.⁹⁵⁴ Once she started digging into the numbers and asking for more specifics from the Finance Department, she realized that the

⁹⁴⁷ J. Sullivan Interview; T. Sullivan Interview; Asack Interview; Rodrigues Interview; Ehlers Interview; Mayor Sullivan Interview.

⁹⁴⁸ Rodrigues Interview.

⁹⁴⁹ J. Sullivan Interview.

⁹⁵⁰ BPS School Committee Finance Subcommittee Meetings Mar. 22 (<https://www.youtube.com/watch?v=dof3C7pr0nc&t=365s>), Mar. 29 (<https://www.youtube.com/watch?v=GcyDwsrOmZg&t=1247s>), Apr. 26 (<https://www.youtube.com/watch?v=DSJcnHc8IZU&t=577s>), May 3 (<https://www.youtube.com/watch?v=LjHZYzyIseU&t=1s>), May 17, 2022 (<https://www.youtube.com/watch?v=ccM2J5mFWrl>).

⁹⁵¹ J. Sullivan Interview; T. Sullivan Interview; Asack Interview; Rodrigues Interview; Ehlers Interview.

⁹⁵² Rodrigues Interview; Thomas Interviews; Mayor Sullivan Interview; BPS School Committee Finance Subcommittee Meetings Mar. 22 (<https://www.youtube.com/watch?v=dof3C7pr0nc&t=365s>), Mar. 29 (<https://www.youtube.com/watch?v=GcyDwsrOmZg&t=1247s>), Apr. 26 (<https://www.youtube.com/watch?v=DSJcnHc8IZU&t=577s>), May 3 (<https://www.youtube.com/watch?v=LjHZYzyIseU&t=1s>), May 17, 2022 (<https://www.youtube.com/watch?v=ccM2J5mFWrl>).

⁹⁵³ Ehlers Interview.

⁹⁵⁴ Ehlers Interview.

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budget fell apart.⁹⁵⁵ Members of the Committee did not fully understand the budget.⁹⁵⁶ Ehlers found Petronio’s systems to be antiquated and quickly learned that the Finance Department did not utilize modern accounting practices.⁹⁵⁷ According to Ehlers, because the School Committee liked Petronio and lacked a rudimentary understanding of the budget, members trusted Petronio “to make magic happen.”⁹⁵⁸

Similarly, City CFO Clarkson acknowledged that Petronio’s budgeting methods were old fashioned but “seemed to be working.”⁹⁵⁹ Clarkson admitted that he never asked Petronio how he arrived at the amounts for each budget category or why no back up data was provided.⁹⁶⁰ Clarkson also admitted that it was a huge budgeting failure to omit actual expenditures from the budget, but he never raised the issue with Petronio.⁹⁶¹ Rather, Clarkson relied on the fact that Petronio had always balanced the budget in the past.⁹⁶²

Mayor Sullivan, as the Chair of the School Committee, also deferred to Petronio’s budgeting methods.⁹⁶³ Sullivan stated that the School Committee never received actual expenditure data for the BPS budget, but instead assumed that Petronio was using that information in building the budget.⁹⁶⁴ Sullivan stated that, when he meets with City Department heads to create their budgets, his first question is: “what did you spend last year?”⁹⁶⁵ That same question

⁹⁵⁵ Ehlers Interview.

⁹⁵⁶ Ehlers Interview; Thomas Interviews.

⁹⁵⁷ Ehlers Interview.

⁹⁵⁸ Ehlers Interview.

⁹⁵⁹ Clarkson Interviews.

⁹⁶⁰ Clarkson Interviews.

⁹⁶¹ Clarkson Interviews.

⁹⁶² Clarkson Interviews.

⁹⁶³ Mayor Sullivan Interview.

⁹⁶⁴ Mayor Sullivan Interview.

⁹⁶⁵ Mayor Sullivan Interview.

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was not asked by Sullivan or any member of the School Committee during BPS budget meetings.⁹⁶⁶

Simply put, the lack of any actual expense information, and the lack of substantive detail and back up information supporting the budget, should have triggered questions from various stakeholders. But there was no oversight over Petronio's proposed budget; everyone - - from the Superintendent to the Chair of the School Committee - - blindly trusted Petronio.

2. No One Questioned Petronio's Monitoring of School Spending

After the budget was approved, no one questioned whether Petronio was tracking spending relative to the budget.⁹⁶⁷ Rather, the Superintendent, School Committee, and City CFO implicitly trusted, without verifying, that Petronio was tracking and managing school spending relative to the budget approved by the school committee.⁹⁶⁸ Petronio never provided anyone with reports reflecting actual spending relative to the approved budget categories approved by the School Committee, and neither the Superintendent nor School Committee asked for this basic information.⁹⁶⁹

Thomas stated that he relied exclusively on Petronio and Correia to monitor expenditures.⁹⁷⁰ But Thomas never received monthly reports tracking spending relative to the

⁹⁶⁶ Mayor Sullivan Interview; BPS School Committee Finance Subcommittee Meetings Mar. 22 (<https://www.youtube.com/watch?v=dof3C7pr0nc&t=365s>), Mar. 29 (<https://www.youtube.com/watch?v=GcyDwsrOmZg&t=1247s>), Apr. 26 (<https://www.youtube.com/watch?v=DSJcnHc81ZU&t=577s>), May 3 (<https://www.youtube.com/watch?v=LjHZYzyIseU&t=1s>), May 17, 2022 (<https://www.youtube.com/watch?v=ccM2J5mFWrI>).

⁹⁶⁷ Thomas Interviews; Clarkson Interviews; Mayor Sullivan Interview.

⁹⁶⁸ Thomas Interviews; Clarkson Interviews; Mayor Sullivan Interview; J. Sullivan Interview; T. Sullivan Interview; Asack Interview; Rodrigues Interview; Ehlers Interview.

⁹⁶⁹ Petronio provided the Committee with ESUM reports on three occasions during FY23, which as noted, did not track spending relative to the budget. See Executive Summary by Aldo Petronio, Mar. 15, 2024.

⁹⁷⁰ Thomas Interviews.

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Budget, nor did he ask for them.⁹⁷¹ Thomas had no idea how much was being spent for any expense category in the FY23 Budget. When confronted about this in an interview, Thomas admitted that BPS had no way to track spending relative to the budget and acknowledged that: “you wouldn’t run your household like that.”⁹⁷²

CFO Clarkson also admitted that he was aware that the School Department did not track spending relative to budget.⁹⁷³ Clarkson did not raise it as an issue because the School Department in the past had balanced its budgets and filed reports with DESE without anyone raising concerns.⁹⁷⁴ Clarkson also informally received assurances from Petronio that spending was “okay.”⁹⁷⁵ Clarkson trusted Petronio, despite knowing that his methods were outdated and did not align with how Clarkson managed and tracked spending for the City.⁹⁷⁶

During the school year, Petronio regularly attended School Committee meetings and provided information when asked.⁹⁷⁷ These instances largely pertained to specific programs or purchases and did not involve updates on overall spending.⁹⁷⁸ Because the School Committee “relied on and trusted [Petronio],” and believed he was knowledgeable and had BPS’s best interests at heart, members did not ask for actual spending information.⁹⁷⁹

When Ehlers joined the School Committee, she began to ask probative questions about spending.⁹⁸⁰ Ehlers was a member of the Accounts Review Subcommittee, which was tasked

⁹⁷¹ Thomas Interviews.

⁹⁷² Thomas Interviews.

⁹⁷³ Clarkson Interviews.

⁹⁷⁴ Clarkson Interviews.

⁹⁷⁵ Clarkson Interviews.

⁹⁷⁶ Clarkson Interviews.

⁹⁷⁷ Asack Interview; J. Sullivan Interview; T. Sullivan Interview.

⁹⁷⁸ Asack Interview; J. Sullivan Interview; T. Sullivan Interview.

⁹⁷⁹ Asack Interview; J. Sullivan Interview; T. Sullivan Interview.

⁹⁸⁰ Ehlers Interview; Ehlers, Bandis, and Correa Email String, Mar. 22-Apr. 3, 2022; Ehlers and Walker Email String, July 26, 2022.

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with reviewing BPS expenditures.⁹⁸¹ The Finance Department gave the Subcommittee limited information about already paid invoices, without any information as to how those invoices fit within the budget.⁹⁸² According to Ehlers, the information the Accounts Review Subcommittee received rendered it impossible to monitor expenditures.⁹⁸³ Perplexed with the lack of detail, Ehlers asked for reports showing the budget against actual expenditures.⁹⁸⁴ When she pressed Petronio, Correia, and members of the Finance Department for actual spending information against the budget, she was advised that Munis could not produce that data.⁹⁸⁵

By April 2023, the Finance Department was internally projecting an FY23 deficit of at least \$8 million but did not share this information with the School Committee.⁹⁸⁶ On April 4, 2023, Petronio presented an ESUM report to the Committee and explained that BPS “had spent a little more than last year at this time,” and was “running very tight on money.”⁹⁸⁷ He did not disclose the projected deficit amount.⁹⁸⁸ None of the School Committee members asked Petronio to elaborate on what he meant by “tight on the money” or on the magnitude of the spending problem.⁹⁸⁹ According to several members, the manner in which Petronio presented the

⁹⁸¹ Ehlers Interview.

⁹⁸² Ehlers Interview; Rodrigues Interview; Ehlers and Walker Email String, July 26, 2022.

⁹⁸³ Ehlers Interview; Ehlers, Bandis, and Correa Email String, Mar. 22-Apr. 3, 2022; Ehlers and Walker Email String, July 26, 2022.

⁹⁸⁴ Ehlers Interview; Ehlers, Bandis, and Correa Email String, Mar. 22-Apr. 3, 2022; Ehlers and Walker Email String, July 26, 2022.

⁹⁸⁵ Ehlers Interview.

⁹⁸⁶ Correia Email to Petronio and Thomas and Attachment, Apr. 3, 2023.

⁹⁸⁷ FY23 ESUM Report, Period 9; BPS School Committee Finance Subcommittee Meeting, Apr. 4, 2023 (<https://www.youtube.com/watch?v=oDIXMDTpmIs&t=363s>).

⁹⁸⁸ BPS School Committee Finance Subcommittee Meeting, Apr. 4, 2023 (<https://www.youtube.com/watch?v=oDIXMDTpmIs&t=363s>).

⁹⁸⁹ FY23 ESUM Report, Period 9; BPS School Committee Finance Subcommittee Meeting, Apr. 4, 2023 (<https://www.youtube.com/watch?v=oDIXMDTpmIs&t=363s>).

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information was “low drama,” and did not raise any alarms.⁹⁹⁰ The Committee assumed that Petronio had school finances under control.⁹⁹¹

Even more striking, on August 15, 2023, Petronio told the School Committee that there were deficits that BPS would not be able to cover, and that BPS would be “out of balance” for FY23.⁹⁹² Again, none of the School Committee members asked any probing questions about these statements.⁹⁹³ That night, Petronio sent a text message to City CFO Clarkson, writing: “My report went well tonight. Clear, concise,went right over their heads. Not a single question.” Clarkson responded, “Excellent. Well, done!”⁹⁹⁴

Simply put, the tracking of actual spending relative to the budget is a basic, fundamental accounting practice. There were no checks and balances to ensure that Petronio was performing this essential function. The School Committee - - even after being told that BPS could not cover its costs - - never asked for spending information. Both Superintendent Thomas and City CFO Clarkson were well aware that Petronio did not track spending relative to the budget, but they too did not ask for expense information.⁹⁹⁵ Because Petronio worked for the district for so long, everyone assumed - - without verification - - that spending was being adequately monitored and was somehow under control.⁹⁹⁶ This fundamental breakdown in oversight was a substantial contributing factor to the FY23 deficit.

⁹⁹⁰ Rodrigues Interview; Ehlers Interview; J. Sullivan Interview.

⁹⁹¹ Rodrigues Interview; Ehlers Interview; J. Sullivan Interview.

⁹⁹² BPS School Committee Meeting, Aug. 15, 2023 (<https://www.youtube.com/watch?v=7b-c0q7lvEE>).

⁹⁹³ BPS School Committee Meeting, Aug. 15, 2023 (<https://www.youtube.com/watch?v=7b-c0q7lvEE>).

⁹⁹⁴ Petronio and Clarkson Text Message String, Aug. 15, 2023.

⁹⁹⁵ Thomas Interviews; Clarkson Interviews.

⁹⁹⁶ Thomas Interviews; Clarkson Interviews; J. Sullivan Interview; Asack Interview; Ehlers Interview.

B. The Superintendent Failed to Prepare and Administer the FY23 Budget Within the Limits of the City Council’s Appropriation

Thomas was not a business or finance person and was ill-equipped to manage or oversee a quarter-billion-dollar budget. Beyond his lack of business acumen, another root cause of the FY23 deficit was Superintendent Thomas’s unbudgeted spending and impulsive decision-making. When Thomas made decisions, he did not consider the impact of those decisions on the budget.⁹⁹⁷ Nor did he spend conservatively.⁹⁹⁸ Thomas hired staff, gave out contracts, approved overtime compensation, and authorized police details without considering how such expenses would be funded.⁹⁹⁹ Thomas received little to no pushback on his rash decision-making from his leadership team.¹⁰⁰⁰ When Thomas made a decision, he was set on it, regardless of its financial implications.¹⁰⁰¹

1. The Superintendent Did Not Present a Balanced FY23 Budget to the School Committee

The Superintendent is the CEO of the school district. Brockton School Committee Policies mandate that the Superintendent has overall responsibility for the planning, preparation, and presentation of the annual budget to the School Committee.¹⁰⁰² Although the Superintendent may delegate aspects of the budget planning, preparation, and presentation to the School Department CFO, the buck stopped with Thomas.¹⁰⁰³

⁹⁹⁷ Thomas Interviews.

⁹⁹⁸ Thomas Interviews; Petronio Interviews; Correia Interviews.

⁹⁹⁹ Thomas Interviews; Petronio Interviews; Correia Interviews; Cobbs Interviews.

¹⁰⁰⁰ Correia Interviews; Cobbs Interviews; LaBillois Interviews.

¹⁰⁰¹ Correia Interviews; Cobbs Interviews.

¹⁰⁰² BPS School Committee Policies, Policy on Budget Planning, Preparation and Scheduling (<https://resources.finalsite.net/images/v1650472870/brockton/t3dkq8qaktvvgqw5p6bl/dbc.pdf>).

¹⁰⁰³ BPS School Committee Policies, Policy on Budget Planning, Preparation and Scheduling (<https://resources.finalsite.net/images/v1650472870/brockton/t3dkq8qaktvvgqw5p6bl/dbc.pdf>).

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Thomas, as Superintendent, led the budget process with Petronio and Correia.¹⁰⁰⁴ Thomas acknowledged that he was not a “numbers guy” and did not “roll up his sleeves” when preparing the FY23 Budget.¹⁰⁰⁵ Petronio prepared drafts of the budget, and Thomas deferred to his work.¹⁰⁰⁶ In hindsight, Thomas acknowledged that he should have been more involved.¹⁰⁰⁷

By law, the School Department must approve balanced budgets.¹⁰⁰⁸ Revealingly, Thomas admitted that the FY23 Budget was not actually balanced when it was presented to the School Committee.¹⁰⁰⁹ He believed that BPS would “figure it out later.” Thomas explained: “that’s how Brockton does things; we’ll figure it out.”¹⁰¹⁰ According to Vice-Chair Ehlers, the School Committee received draft budget documents from Petronio that frequently showed a shortfall between funds to be received and estimated school expenses.¹⁰¹¹ According to Ehlers, these shortfalls were downplayed by Petronio and Thomas as “not a big deal” because they anticipated receiving additional funds during the course of the year.¹⁰¹² Like Thomas, Ehlers explained that the budget was not balanced when passed, and that BPS was always waiting to receive funds to balance the budget.¹⁰¹³

For the FY23 Budget, Thomas was more concerned with retaining teachers and staff than he was with balancing the budget.¹⁰¹⁴ As Superintendent, his top priority was to avoid layoffs.

¹⁰⁰⁴ Thomas Interviews.

¹⁰⁰⁵ Thomas Interviews.

¹⁰⁰⁶ Thomas Interviews.

¹⁰⁰⁷ Thomas Interviews.

¹⁰⁰⁸ Thomas Interviews; Comprehensive Financial Management Policies for the City of Brockton, City of Brockton FY2023 Budget; M.G.L. c. 44, §31.

¹⁰⁰⁹ Thomas Interviews.

¹⁰¹⁰ Thomas Interviews.

¹⁰¹¹ Ehlers Interview.

¹⁰¹² Ehlers Interview.

¹⁰¹³ Ehlers Interview.

¹⁰¹⁴ Thomas Interviews.

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¹⁰¹⁵ When Petronio recommended 100 layoffs for FY23, Thomas refused.¹⁰¹⁶ Instead, to balance the budget “on paper,” the FY23 Budget estimated cost savings of \$2 million by reducing staff through “attrition” and “early retirement.”¹⁰¹⁷ Thomas conceded that these cost savings were a “best guess” and acknowledged that early retirement and attrition would never reduce 100 staff positions.¹⁰¹⁸ Thomas also acknowledged that, as Superintendent, he was obligated to submit a balanced budget to the School Committee.¹⁰¹⁹ But Thomas believed that he could use ESSER and school choice tuition funds later in the fiscal year to cover cost overruns that resulted from not reducing staff.¹⁰²⁰ As Superintendent, Thomas should not have submitted a budget to the School Committee that was only “balanced on paper.”¹⁰²¹ The notion that the School Department would “figure it out later” with the hope of future funds laid the ground work for the FY23 deficit. A back-up plan consisting of ESSER money or tuition to cover a shortfall was irresponsible. We believe this mindset was a contributing factor that led to the FY23 deficit.

**2. Thomas Made Unilateral Decisions in FY23
Without Considering the Financial Implications**

The Superintendent must ensure that school spending remains within the limits of the City Council’s appropriation.¹⁰²² By law, the Superintendent may not knowingly expend sums in

¹⁰¹⁵ Thomas Interviews; Correia Interviews.

¹⁰¹⁶ Thomas Interviews.

¹⁰¹⁷ Thomas Interviews; BPS FY23 Budget.

¹⁰¹⁸ Thomas Interviews.

¹⁰¹⁹ Thomas Interviews.

¹⁰²⁰ Thomas Interviews.

¹⁰²¹ BPS School Committee Policies, Policy on Budget Planning, Preparation and Scheduling (<https://resources.finalsite.net/images/v1650472870/brockton/t3dkq8qaktvvgqw5p6bl/dbc.pdf>); Massachusetts .Association of School Committees (“MASC”), *Roles & Responsibilities for School Committees and Superintendents* (<https://www.masc.org/resources/roles-and-responsibilities/>).

¹⁰²² BPS School Committee Policies, Policy on Annual Budget (<https://resources.finalsite.net/images/v1650472869/brockton/c5jupe48flbjw8vjsb52/db.pdf>); Chapter 324, Section 9.

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excess of the School Department’s appropriation.¹⁰²³ Violating this edict subjects the Superintendent to removal for cause.¹⁰²⁴ If the violation is intentional, the Superintendent may be personally liable for the “amounts expended in excess of an appropriation to the extent that the city does not recover such amounts from the person or persons to whom such amounts were paid.”¹⁰²⁵

During FY23, Superintendent Thomas failed to discharge his responsibility to administer the budget that was passed by the School Committee within the limits of the City Council’s appropriation. Thomas knew that FY23 was going to be a tight budget year.¹⁰²⁶ Thomas acknowledged that BPS needed to watch the budget closely to ensure that spending stayed within the City’s appropriation.¹⁰²⁷ But after the FY23 Budget passed, Thomas conceded that no one was in fact monitoring the budget or spending.¹⁰²⁸ With no checks and balances, Thomas continued to hire even more employees and spend school funds on unbudgeted expenditures without any consideration of the financial repercussions.¹⁰²⁹ As several members of Thomas’s Cabinet told us: when Thomas made a decision, it was final and not up for discussion.¹⁰³⁰

Thomas surrounded himself with a leadership team that he knew personally and had worked with for many years.¹⁰³¹ According to witnesses, Thomas’s leadership style was “autocratic,” and members of the leadership team were often frustrated because Thomas rarely

¹⁰²³ Chapter 324, Section 9.

¹⁰²⁴ Chapter 324, Section 9

¹⁰²⁵ Chapter 324, Section 9.

¹⁰²⁶ Thomas Interviews.

¹⁰²⁷ Thomas Interviews.

¹⁰²⁸ Thomas Interviews.

¹⁰²⁹ Thomas Interviews; Correia Interviews; Petronio Interviews; Mason Interview; FY23 Contract Services Report; Finance Position Control Report.

¹⁰³⁰ Cobbs Interviews; Petronio Interviews; LaBillois Interviews; Correia Interviews.

¹⁰³¹ BHS Administrators List, 2022-2023; LaBillois Interviews; Mason Interview; Moran Interview.

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listened to their input.¹⁰³² Cobbs explained that each member of the Cabinet had their own areas of expertise, but Thomas did not listen to their advice even when a decision concerned their particular specialty.¹⁰³³ And, when it came to the financial implications of a decision, Thomas did not listen to Petronio or Correia.¹⁰³⁴

Superintendent Thomas’s leadership style and BPS culture created an environment that allowed him to make decisions and spend school funds virtually unchecked. The following examples highlight Thomas’s unilateral decision-making that directly contributed to the FY23 deficit:

First, Thomas decided to relocate and reprogram HTDS at the end of the FY22 school year (see Section V(C)). Thomas made that decision in a short period of time without understanding the financial implications.¹⁰³⁵ When Correia and Special Education Director Mason opposed the decision, they were cut out of the decision-making process.¹⁰³⁶ And, after the decision was made, Thomas did not follow-up or monitor the fall out.¹⁰³⁷ When asked, Thomas did not know that HTDS was understaffed at the outset of the 2022-2023 school year, despite having “blue-slipped” the entire staff. He also was unaware that a group of approximately twenty students was placed out-of-district in the fall of 2022.¹⁰³⁸ Thomas did not monitor those costs or identify how they were going to be covered.¹⁰³⁹ Instead, Thomas ignored Petronio when he told Thomas that the budget could not sustain the added out-of-district tuition costs.¹⁰⁴⁰ This decision

¹⁰³² Cobbs Interviews; LaBillois Interviews; Mason Interview; Moran Interview; Correia Interviews.

¹⁰³³ Cobbs Interviews.

¹⁰³⁴ Correia Interviews; Petronio Interviews.

¹⁰³⁵ Thomas Interviews; Mason Interview; Correia Interviews.

¹⁰³⁶ Correia Interviews; Mason Interview; Thomas Meeting, May 5, 2022; Thomas Meeting, May 18, 2002; Thomas Meeting, June 15, 2022.

¹⁰³⁷ Thomas Interviews.

¹⁰³⁸ Thomas Interviews.

¹⁰³⁹ Thomas Interviews; Petronio and Thomas Email String and Attachment, Oct. 14, 2022.

¹⁰⁴⁰ Thomas Interviews; Petronio and Thomas Email String and Attachment, Oct. 14, 2022.

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alone caused BPS to spend approximately \$3.1 million more on out-of-district tuition than was budgeted.

Second, Thomas hired mentors as both employees and as independent contractors without an adequate budget and without following BPS’s hiring protocols.¹⁰⁴¹ In fact, Thomas did not know what the budget for mentors was in FY23.¹⁰⁴² He based the decision whether to hire a mentor as an employee or an independent contractor on whether the mentor had a “sketchy background.”¹⁰⁴³ Thomas paid some of the contractor mentors, whom he had known for years or had grown up with, more than double the employee mentors.¹⁰⁴⁴ Although BPS had a budget of \$225,000 for mentors in FY23, Thomas’s hiring resulted in over \$1.2 million spent on employee and contractor mentors.¹⁰⁴⁵

Third, Thomas authorized police details to cover BPS traffic duty and directed the Finance Department to pay for those police details without adequate funds to cover them.¹⁰⁴⁶ When Petronio and Correia warned Thomas that the budget could not sustain the costs, Thomas told them he would cancel the details but told Brockton police officers to continue their work.¹⁰⁴⁷ Both Petronio and Correia repeatedly told Thomas that police details were not budgeted and were straining BPS spending, but he did not listen until it was too late.¹⁰⁴⁸ BPS budgeted only \$60,000 for such details, but spent over \$500,000.¹⁰⁴⁹

¹⁰⁴¹ BPS FY23 Budget; FY23 ESUM Report, Period 12; FY23 Contract Services Report; Moran Interview

¹⁰⁴² In an interview, he stated that he thought it was \$1 million. There was only a \$225,000 budget for contractor mentors.

¹⁰⁴³ Thomas Interviews.

¹⁰⁴⁴ Thomas Interviews; e.g., Letters of Agreement Anthony Sampson, July 18, 2022, Sept. 6, 2022, and Feb. 9, 2023; Community Mentor Employee Contracts, e.g., Dajuan Riley and Jason Cameron.

¹⁰⁴⁵ BPS FY23 Budget; FY23 ESUM Report, Period 12; FY23 Contract Services Report.

¹⁰⁴⁶ Thomas Interviews.

¹⁰⁴⁷ Thomas, Maker and Livingston Email String, Jan. 31-Feb. 1, 2023; Thomas Text Message to Maker and Livingston, Feb. 17, 2023; Petronio Text Message to Thomas, Feb. 27, 2023.

¹⁰⁴⁸ Thomas Interviews; Correia Interviews.

¹⁰⁴⁹ BPS FY23 Budget; FY23 Contract Services Report.

3. Thomas Made Decisions Based on Personal Connections and Without Transparency

In addition to spending decisions that directly impacted the FY23 Budget, Thomas also hired, promoted, awarded stipends to, and created positions for friends and people he had connections to, often circumventing proper protocols.¹⁰⁵⁰

We were told by witnesses that Thomas was a “people-pleaser” and could not say “no.”¹⁰⁵¹ Having grown up in Brockton and worked for the district for nearly three decades, Thomas was well known and well liked.¹⁰⁵² As Superintendent, Thomas was accessible to the community, parents, BPS staff, the City Council, and the School Committee.¹⁰⁵³ Thomas himself acknowledged that “everybody wanted favors from him.”¹⁰⁵⁴ Against this backdrop, Thomas was often involved in decisions that were atypical for a Superintendent, such as hiring employees for union and non-senior positions, authorizing private transportation for individual students, and signing off on individual employee’s overtime requests.¹⁰⁵⁵

Moreover, we were advised by several witnesses that certain staff who worked with Thomas at BHS early in his career were given preferences for jobs, even when they were not qualified.¹⁰⁵⁶ Many of the mentors that worked for BPS were not adequately CORI-checked and were hired by Thomas as favors.¹⁰⁵⁷ Thomas hired friends or friends of friends to work in the district, such as Jason Hopkins, who was formerly his personal mechanic and friend.¹⁰⁵⁸ Hopkins

¹⁰⁵⁰ Moran Interview; Correia Interviews; LaBillois Interviews; Mason Interview; Murray Interview; Cobbs Interviews.

¹⁰⁵¹ Correia Interviews; Petronio Interviews; Murray Interview.

¹⁰⁵² Thomas Interviews; Perez Interviews; LaBillois Interviews.

¹⁰⁵³ Thomas Interviews; Perez Interviews; Murray Interview.

¹⁰⁵⁴ Thomas Interviews.

¹⁰⁵⁵ Cobbs Interviews; Correia Interviews; Petronio Interviews; Perez Interviews.

¹⁰⁵⁶ Moran Interview; Correia Interviews; LaBillois Interviews; Murray Interview.

¹⁰⁵⁷ Moran Interview; Correia Interviews; Petronio Interviews; Murray Interview.

¹⁰⁵⁸ Thomas Interviews; Cobbs Interviews; Murray Interview.

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was hired as Director of the Transportation Department at a salary of \$102,000.¹⁰⁵⁹ Thomas also hired John Williams’s wife for a position in the Transportation Department.^{1060, 1061} We also were informed that Thomas gave out stipends to certain employees with whom he was close in order to supplement their pay.¹⁰⁶²

Another example of Superintendent Thomas circumventing hiring protocols involved the hiring of former NFL player Jermaine Wiggins. In the spring 2023, Thomas hired Wiggins as the BHS Head Football Coach.¹⁰⁶³ The agreement between the BEA and Brockton School Committee established the stipend amount for coaching positions and provided that “[p]reference for Coaching positions (Appendix B) shall be given to a Unit B Member when a Unit B Member has equal or greater qualifications than another applicant.”¹⁰⁶⁴ Wiggins was not a member of the BEA.¹⁰⁶⁵ Nonetheless, Thomas offered him the position and explained that: “Coach Wiggins [is] getting the same contracted stipend that anyone that got this job would have received.”¹⁰⁶⁶ Indeed, on May 17, 2023, Thomas represented in response to a public inquiry that Wiggins was going to receive a \$15,388.61 stipend.¹⁰⁶⁷ A month earlier, on April 8, 2023, however, Thomas had sent Wiggins a draft contract to be a “Mentor and Head Football Coach” at a salary of \$100,000.¹⁰⁶⁸

¹⁰⁵⁹ Murray Interview; Cobbs Interviews; Perez Interviews; Thomas Interviews; Jason Hopkins, Employment Contract, 2022-2023.

¹⁰⁶⁰ Correia Interviews; Thomas Email to Moran and Geddes, July 27, 2023; Thomas Email to Petronio, July 27, 2023; Correia Email to Petronio, July 27, 2023.

¹⁰⁶¹ While working in the Transportation Department, no one was clear on what Maelle Williams’s role was. Murray Email to Thomas, Feb. 3, 2022; Moran Interview. After Maelle’s position was eliminated in June 2023, Thomas unilaterally hired her for part-time summer work, without previously notifying the HR Department or the Finance Department. Thomas Email to Petronio, July 27, 2023.

¹⁰⁶² Moran Interview.

¹⁰⁶³ Jermaine Wiggins, Employment Contract, 2023-2024.

¹⁰⁶⁴ BEA Agreement.

¹⁰⁶⁵ Cobbs Interviews.

¹⁰⁶⁶ Thomas Emails to Lim, May 17, 2023.

¹⁰⁶⁷ Thomas Emails to Lim, May 17, 2023.

¹⁰⁶⁸ Thomas Email to Wiggins, Apr. 8, 2023; Jermaine Wiggins, Employment Contract, 2023-2024.

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To make matters worse, Thomas sought to use grant monies to cover Wiggins’s salary.¹⁰⁶⁹ BPS applied for the Shannon Grant, which is designed to “help youth between the ages of 10 and 24 who are at risk for gang involvement.”¹⁰⁷⁰ In the grant proposal, BPS represented that Wiggins was going to mentor over 1,000 BHS students involved in sports programs.¹⁰⁷¹ Wiggins’s contract, however, did not include such mentoring services.¹⁰⁷² After Thomas went on medical leave and Cobbs took over as Acting Superintendent, Thomas reached out to the BHS Athletic Director to remind him of the grant proposal.¹⁰⁷³ Cobbs directed BPS to withdraw the grant application.¹⁰⁷⁴ Cobbs also informed Wiggins that BPS could not pay him \$100,000, but could only offer him the stipend that every other head coach received.¹⁰⁷⁵ Cobbs then negotiated with the union to allow Wiggins to stay on as coach at the stipend amount.¹⁰⁷⁶ Wiggins agreed.¹⁰⁷⁷

In short, Superintendent Thomas often did as he pleased when it came to hiring. He spent school funds without considering the impact of his spending on the budget or the rules. He made unilateral decisions, stifled opposition, and concealed the impact of his decisions from the School Committee and the public.

**C. The School Committee was Uninformed,
Unengaged, and Failed to Exercise Sound Oversight**

Another structural flaw that allowed spending to go unchecked was the lack of rigorous oversight by the School Committee. Under Massachusetts law, school committees are required

¹⁰⁶⁹ Brockton Shannon Grant Project Proposal, 2024.

¹⁰⁷⁰ Brockton Shannon Grant Project Proposal, 2024.

¹⁰⁷¹ Brockton Shannon Grant Project Proposal, 2024.

¹⁰⁷² Jermaine Wiggins, Employment Contract, 2023-2024; Wiggins Email to Moran, Sept. 7, 2023.

¹⁰⁷³ LaBillois Email to Cobbs and Moran, Sept. 13, 2023.

¹⁰⁷⁴ Cobbs Interviews.

¹⁰⁷⁵ Cobbs Interviews.

¹⁰⁷⁶ Cobbs Interviews.

¹⁰⁷⁷ Cobbs Interviews.

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to “review and approve the budgets for public education in the district.”¹⁰⁷⁸ According to the Massachusetts Association of School Committees (“MASC”), the requirement to “review and approve budgets” under M.G.L. c. 71, § 37 imposes multiple obligations on school committees. This includes “the review and passage of an annual budget before submission to the appropriating authorities.”¹⁰⁷⁹ Because an annual budget is “not simply an allocation of funds[, but also] a statement of district priorities and a plan of action,” MASC provides that, during budgeting, School Committee members “should be prepared to ask concrete questions on what the budget does for your district.”¹⁰⁸⁰ MASC even provides sample questions for school committees to ask during the budgeting process, such as how the budget was put together, the projections used for revenues and expenses, how those projections were determined, the grants the district is expecting to receive, and whether staffing levels have changed or were expected to change.¹⁰⁸¹

The Brockton School Committee did not ask substantive questions during the budgeting process.¹⁰⁸² Rather, School Committee members asked about specific programs or isolated line items, but did not probe the budget figures or the underlying assumptions in the budget.¹⁰⁸³ For example, during the FY23 budgeting process, Committee members asked questions about school clubs, substitute teachers, police and fire, the school website, legal services, and superintendent

¹⁰⁷⁸ M.G.L. c. 71, § 37.

¹⁰⁷⁹ MASC, *Frequently Asked Questions about School Committees and budgeting* (<https://www.masc.org/resources/school-budget-and-finance/frequently-asked-questions-about-school-committees-and-budgeting/>).

¹⁰⁸⁰ MASC, *Questions to ask during your budget deliberations* (<https://www.masc.org/resources/school-budget-and-finance/questions-to-ask-during-your-budget-deliberations/>).

¹⁰⁸¹ MASC, *Questions to ask during your budget deliberations* (<https://www.masc.org/resources/school-budget-and-finance/questions-to-ask-during-your-budget-deliberations/>).

¹⁰⁸² During FY23, Ehlers did ask question about revenue sources, attrition to balance the budget, and certain budget cuts. See BPS School Committee Finance Subcommittee Meeting, Apr. 26, 2022 (<https://www.youtube.com/watch?v=DSJcnHc8IZU&t=575s>).

¹⁰⁸³ BPS School Committee Finance Subcommittee Meetings, Apr. 26, 2022, May 3, 2022, May 17, 2022 (<https://www.youtube.com/watch?v=DSJcnHc8IZU&t=575s>) (<https://www.youtube.com/watch?v=LjHZYzyIseU>) (<https://www.youtube.com/watch?v=OjNPz1OU8QU&t=1864s>).

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travel.¹⁰⁸⁴ The questions did not challenge or test the assumptions or calculations built into the major budget categories. The BPS budgets provided little detail, and the School Committee did not ask tough questions about the budget or request that the Superintendent or CFO Petronio change the format or structure of the budget to include more information.¹⁰⁸⁵ Nor did the School Committee inquire as to how much was spent in FY22 for each budget category.¹⁰⁸⁶

Approving the annual budget “is among the most important functions of the School Committee,” yet the Committee’s obligation to “review and approve” did not end after the annual budget was passed.¹⁰⁸⁷ According to MASC:

[A School Committee’s] financial oversight is not a responsibility completed once a year. The approval of warrants (MGL Ch. 41, sec. 56), acceptance of grants and gifts (MGL Ch. 71, sec. 37A), and the review of monthly or quarterly financial reports all enable the expenditure of funds to be public, transparent, and have appropriate checks and balances.¹⁰⁸⁸

School committees should receive financial reports on at least a quarterly basis to satisfy their responsibilities under M.G.L. c. 71, § 37. Specifically, MASC provides that:

On at least a quarterly basis, the School Committees should receive an update from the district administration regarding the status of the budget. **This Report should be broken down at the level at which the budget was passed; that is, the Committee should receive an update on spending by cost center.**

Committee members should expect not only a record of the budget cost center as passed by the Committee and the dollars expended thus far, but also should expect an updated projection on the district administration’s expectation of what costs remain to be incurred. This last [piece] is crucial: cost centers,

¹⁰⁸⁴ BPS School Committee Finance Subcommittee Meetings, Apr. 26, 2022, May 3, 2022, May 17, 2022 (<https://www.youtube.com/watch?v=DSJcnHc81ZU&t=575s>) (<https://www.youtube.com/watch?v=LjHZYzyIseU>) (<https://www.youtube.com/watch?v=OjNPz1OU8QU&t=1864s>).

¹⁰⁸⁵ Thomas Interviews; Mayor Sullivan Interview; BPS FY23 Budget.

¹⁰⁸⁶ Mayor Sullivan Interview.

¹⁰⁸⁷ MASC, *Frequently Asked Questions about School Committees and budgeting* (<https://www.masc.org/resources/school-budget-and-finance/frequently-asked-questions-about-school-committees-and-budgeting/>).

¹⁰⁸⁸ MASC, *Frequently Asked Questions about School Committees and budgeting* (<https://www.masc.org/resources/school-budget-and-finance/frequently-asked-questions-about-school-committees-and-budgeting/>).

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particularly those of salary accounts, change over the course of the year. In order for the Committee to spend the dollars with which it is entrusted in a responsible manner, the Committee must be updated on changes and be able to transfer funds accordingly.¹⁰⁸⁹

Thus, in addition to reviewing and approving the budget at the outset of each fiscal year, the Brockton School Committee had an independent responsibility under M.G.L. c. 71, § 37 to obtain financial reports at least quarterly from BPS administration to monitor the budget spending.¹⁰⁹⁰ Regardless of how much the School Committee members trusted Petronio, the Committee had a fiduciary obligation to monitor and supervise budget spending.¹⁰⁹¹ That obligation is codified in the Brockton School Committee Policies, which provides that: “[t]he School Committee will receive periodic financial statements from the Superintendent showing the financial condition of the School Department.”¹⁰⁹² During FY23, the School Committee never received any financial reports “broken down at the level at which the budget was passed,” or “projection[s] on the district administration’s expectation of what costs remain to be incurred.”¹⁰⁹³ In short, the School Committee completely abdicated its oversight responsibilities.

¹⁰⁸⁹ MASC, *Quarterly reports* (<https://www.masc.org/resources/school-budget-and-finance/quarterly-reports/>) (emphasis added).

¹⁰⁹⁰ MASC, *Quarterly reports* (<https://www.masc.org/resources/school-budget-and-finance/quarterly-reports/>) (emphasis added).

¹⁰⁹¹ In an interview, the Mayor stated that the Brockton School Committee does not hire the CFO and thus cannot direct him to provide information to the School Committee, such as regular financial reports. However, by law, the school business administrator’s (or school CFO’s) contract is awarded by the School Committee and the School Committee has the authority to renew or terminate the contract. National School Boards Association and MASC, *Evolving Issues in School Governance* (Jan. 2017). Moreover, the Superintendent reports directly to the School Committee. See DESE, *Advisory of School Governance* (Nov. 1995) (<https://www.doe.mass.edu/lawsregs/advisory/cm1115gov.html>). The School Committee thus has two avenues to request financial information: the School CFO and the Superintendent. And, under M.G.L. c. 71, § 37, it is required to do so.

¹⁰⁹² BPS School Committee Polices, Policy on Fiscal Counting and Reporting (<https://resources.finalsite.net/images/v1650472868/brockton/15haba2fvcloouatlqat/di.pdf>).

¹⁰⁹³ MASC, *Quarterly reports* (<https://www.masc.org/resources/school-budget-and-finance/quarterly-reports/>).

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School committees also must approve all vendor and payroll warrants for school expenditures.¹⁰⁹⁴ Warrants are how school districts pay bills.¹⁰⁹⁵ It is the responsibility of the School Committee to sign and approve warrants “only after an examination to determine that the charges are correct and that the goods, materials or services charged for were ordered” and actually delivered or rendered.¹⁰⁹⁶ Moreover, the School Committee is required to sign off on payroll expenditures. The School Committee may designate one member for this role, but each member is responsible for noncompliance. In its 2012 Financial Management Review of Brockton, DOR recommended that the School Committee exercise its responsibilities to approve all payrolls and vendor warrants charged to its budget before submitting these warrants to the city auditor for payment.¹⁰⁹⁷ But this recommendation was not implemented. Instead, the Accounts Review Subcommittee of the School Committee only reviewed the School Department’s bills after they had been paid.¹⁰⁹⁸

D. The City CFO Failed to Exercise Oversight Over the School Budget and Spending as Required by Law

City CFO Clarkson did not exercise appropriate oversight over the School Department. While CFOs in other municipalities generally do not have an independent legal obligation to oversee school spending and finances, Brockton’s governmental structure is unique.¹⁰⁹⁹ The City of Brockton CFO position was created by Chapter 324, which established a City Finance Department “under the charge and control of [the CFO] who shall be appointed by the mayor for

¹⁰⁹⁴ M.G.L. c. 41, §§ 41 & 56.

¹⁰⁹⁵ MASC, *A word about warrants* (<https://www.masc.org/resources/school-budget-and-finance/a-word-about-warrants/>).

¹⁰⁹⁶ M.G.L. c. 41, § 56.

¹⁰⁹⁷ Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

¹⁰⁹⁸ Ehlers Interview; Rodrigues Interview; Boyer Email to Clarkson. April 29, 2024

¹⁰⁹⁹ Clarkson Interviews; Chapter 324.

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a period of three years.”¹¹⁰⁰ Under Chapter 324, the CFO is responsible for overseeing all of the City’s finances.¹¹⁰¹ Specifically, the special legislation provided that:

The powers and duties of the chief financial officer shall include the following:

(a) Coordination, administration and supervision of all financial services and activities together with assistance in all matters related to municipal financial affairs, and;

(b) Development and maintenance of uniform systems for all financial planning and operations in all departments, including the School Department, or boards, commissions or agencies or other units of city government, the operation of which have a financial impact upon the general fund of the city, and;

(c) Implementation and maintenance of uniform budget guidelines and procedures including direction and assistance in development and preparation of all departmental and other budgets and spending plans, and;

(d) Monitoring of the expenditure of all funds, including periodic reporting by or to the appropriate body, agency or officer of the status of accounts and including the continuing review of the spending plan for each department or activity of the city, and;

(e) Review of all proposed contracts and obligations with a term or impact in excess of one year, and;

(f) Supervision of the allotment of funds on a periodic basis as provided for herein.¹¹⁰²

Under Chapter 324, the City CFO was specifically required to oversee aspects of the School Department’s finances. After the adoption of Chapter 324, Brockton expanded the City Finance Department to specifically include the School Department’s financial services and created one consolidated Finance Department under the City CFO.¹¹⁰³ Chapter 324 further

¹¹⁰⁰ Chapter 324, Section 4.

¹¹⁰¹ Chapter 324, Sections 4 & 5.

¹¹⁰² Chapter 324, Section 5 (emphasis added).

¹¹⁰³ M.G.L. c. 71, § 37M; Brockton City Council Order (Jan. 12, 1998).

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provides that the City CFO must review and comment on the budget approved by the School Committee before submitting it to the Mayor.

In 2012, City of Brockton Mayor Linda Balzotti commissioned the DOR's Division of Local Services ("DLS") to perform a financial management review of the City.¹¹⁰⁴ DLS issued a report with the findings and recommendations to the City of Brockton in November 2012.¹¹⁰⁵ In its report, DLS noted that: "The Brockton finance department includes the office of the city auditor, treasurer/collector, assessors, and school finance offices. It was initially created by the city's special legislation (Chapter 324 of the Acts of 1990) and later expanded through the adoption of M.G.L. c. 71, §37M in 1998. A chief financial officer (CFO) is responsible for the overall budgetary and financial administration of the city, including the School Department."¹¹⁰⁶

After conducting its review, DLS made a number of recommendations to Brockton regarding the consolidated Finance Department to provide clarity on the roles and responsibilities of the operation and to ensure consistency and continuity as years passed and people left their positions.¹¹⁰⁷ DLS recommended that:

[T]he city consider . . .

Appoint[ing] the executive director of school financial services as the assistant CFO – Under the current consolidated finance department, the executive director reports to and works with the CFO on budgetary and financial matters. **If the executive director and school committee are amenable to this expanded role, this option has the potential to further strengthen and integrate the two financial operations and could potentially lead to the additional consolidation of functions (e.g., procurement, payroll and accounts payable).**

¹¹⁰⁴ Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

¹¹⁰⁵ Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

¹¹⁰⁶ Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>); Brockton City Council Order (Jan. 12, 1998).

¹¹⁰⁷ Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

We recommend that the consolidated finance department be codified in the city ordinances. The ordinance should clearly identify the CFO position, listing the duties and responsibilities of the office consistent with c. 324 of the Acts of 1990. **The ordinance should further identify the financial offices (e.g., city auditor, collector/treasurer, assessors and the school financial services) that comprise the consolidated department and the department heads that are supervised by the CFO.**¹¹⁰⁸

After the report was issued, neither of these recommendations were implemented. Brockton never appointed the executive director of school financial services (who, at the time, was CFO Petronio) to the role of assistant CFO, and never codified the City Council's and School Committee's adoption of § 37M creating a consolidated finance department.¹¹⁰⁹ As time passed and people changed positions, the School Department's financial services operated independently of the City's Finance Department.¹¹¹⁰ Although it does not appear that the adoption of § 37M was ever revoked by the City Council, the BPS Finance Department was treated as its own distinct operation, separate and apart from the City's Finance Department, with no oversight.¹¹¹¹

1. CFO Clarkson Did Not Oversee or Supervise the School Department During FY23

According to CFO Clarkson, the City and School Department were considered independent operations since he started as Brockton's CFO in 2019.¹¹¹² Clarkson shared that, when he was hired, he understood that he was responsible for the City finances and that Petronio

¹¹⁰⁸ Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>) (emphasis added).

¹¹⁰⁹ Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

¹¹¹⁰ Brockton City Council Finance Meeting, Apr. 16, 2023 (<https://www.youtube.com/watch?v=yWSDKDrress&t=1755s>).

¹¹¹¹ Clarkson Interviews; Mayor Sullivan Interview; Thomas Interviews.

¹¹¹² Clarkson Interviews.

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was responsible for the School Department’s finances. According to Clarkson, Petronio did not report to him.¹¹¹³ Clarkson did not oversee, supervise, or monitor the School Department’s budget or spending.¹¹¹⁴ Clarkson acknowledged that his failure to oversee the School Department’s finances conflicted with his obligations under Chapter 324.¹¹¹⁵ In Clarkson’s view, he reported to the Mayor, and the Mayor - - as the CEO of the City - - determined the reporting structure.¹¹¹⁶ Mayor Sullivan never directed Clarkson to exercise oversight over the School Department.¹¹¹⁷ Indeed, the Mayor was not aware that Chapter 324 imposed that obligation on the City CFO until after the FY23 deficit was revealed.¹¹¹⁸

Chapter 324 and the adoption of § 37M required Clarkson to oversee and monitor school finances that, if properly exercised, would have identified problems with the School Department’s fiscal management and likely would have prevented the FY23 deficit.¹¹¹⁹ Clarkson’s obligations fall into three categories: (i) budgeting, (ii) accounting, and (iii) spending.¹¹²⁰ As for budgeting, Clarkson was responsible for implementing uniform guidelines and assisting with the development and preparation of the school budget.¹¹²¹ For the City’s budget, Clarkson established uniform budget policies, including that all “[e]xpenditures shall be realistically budgeted and estimated revenues shall be conservatively budgeted to allow for unanticipated

¹¹¹³ Clarkson Interviews.

¹¹¹⁴ Clarkson Interviews; Mayor Sullivan Interview.

¹¹¹⁵ Clarkson Interviews.

¹¹¹⁶ Clarkson Interviews.

¹¹¹⁷ Clarkson Interviews; Mayor Sullivan Interview.

¹¹¹⁸ Mayor Sullivan Interview.

¹¹¹⁹ Chapter 324, Section 5; Brockton City Council Order (Jan. 12, 1998); M.G.L. c. 71, § 37M; Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

¹¹²⁰ Chapter 324, Section 5.

¹¹²¹ Chapter 324, Section 5.

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events.”¹¹²² But he did not impose these uniform policies on the School Department or assist with the development of the School Department’s budget to ensure such policies were followed.¹¹²³

While the Mayor and Clarkson met with Petronio, Correia, and Thomas frequently during budget season, these meetings were superficial and did not involve substantive discussions about the budget, its line items, or how it was developed.¹¹²⁴ As noted, expenditures were not realistically considered in BPS’s FY23 Budget.¹¹²⁵ Clarkson recognized that the School Department’s budget lacked detail and did not include expenditure information from prior years or employees counts.¹¹²⁶ While Clarkson included these details when preparing the City’s budget, he never insisted on these essential practices for the school budget.¹¹²⁷

Chapter 324 provides that the City CFO is also responsible for the “[d]evelopment and maintenance of uniform systems for all financial planning and operations in all departments, including the School Department.”¹¹²⁸ Both the City and the School Department used Munis for financial operations.¹¹²⁹ But Munis was not used uniformly by the City and BPS.¹¹³⁰ BPS did not enter the budget in Munis to track the budget categories approved by the School Committee and, as a result, BPS did not have a Munis report that tracked spending relative to its budget.¹¹³¹ The City, by contrast, had spending reports generated from Munis that tracked actual spending against the City’s Budget approved by the City Council.¹¹³² Had such a system been imposed on BPS,

¹¹²² City of Brockton FY2023 Budget.

¹¹²³ Clarkson Interviews.

¹¹²⁴ Clarkson Interviews; Mayor Sullivan Interview; Thomas Interviews.

¹¹²⁵ BPS FY23 Budget.

¹¹²⁶ Clarkson Interviews.

¹¹²⁷ Clarkson Interviews.

¹¹²⁸ Chapter 324, Section 5.

¹¹²⁹ Clarkson Interviews.

¹¹³⁰ Clarkson Interviews.

¹¹³¹ Petronio Interviews; Clarkson Interviews.

¹¹³² Clarkson Interviews.

overspending of the School Committee’s budget - - and the precise areas of overspending - - would have been easily identified early in FY23.

Perhaps most importantly, Chapter 324 required that the CFO “[m]onitor[] the expenditure of all funds, including periodic reporting.”¹¹³³ Clarkson did not monitor the expenditure of school funds and did not review any reports of those expenditures.¹¹³⁴ During FY23, both Petronio and Correia advised Clarkson about specific areas of concern, including Thomas’s overhiring of staff, the cost of out-of-district tuitions, and transportation costs.¹¹³⁵ But Clarkson never asked them to quantify those costs to determine the magnitude of the problem or to provide backup data.¹¹³⁶ While Clarkson met monthly with the heads of other City departments to review spending reports, he did not monitor school spending in the same manner.¹¹³⁷ If Clarkson had discharged his obligation to monitor school spending, he would have detected the FY23 overspending during the fiscal year. According to Clarkson, if he had learned of a projected deficit during FY23 (rather than after the fiscal year had closed), he could have mitigated or eliminated the deficit by, for example, transferring funds from other City departments to the School Department.^{1138, 1139}

**2. After Learning of the FY23 Deficit,
Clarkson Sought to Push FY23 Payroll Costs to FY24**

On August 8, 2023, Petronio and Correia notified Mayor Sullivan and Clarkson that they were projecting a substantial deficit for FY23, in part due to \$15 million in teacher salaries paid

¹¹³³ Chapter 324, Section 4.

¹¹³⁴ Clarkson Interviews.

¹¹³⁵ Clarkson Interviews.

¹¹³⁶ Clarkson Interviews.

¹¹³⁷ Clarkson Interviews; BPS School Committee Meeting, Jan. 3, 2024

(<https://www.youtube.com/watch?v=rVCI8RJKerw&t=5068s>).

¹¹³⁸ Clarkson Interviews.

¹¹³⁹ Chapter 324, Section 7 sets forth a mechanism if the CFO determines that a City Department (including the School Department) has or will run out of funds.

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over the summer for which BPS had no funding.¹¹⁴⁰ The next day, Clarkson contacted the City’s and BPS’s outside auditor, CliftonLarsonAllen (“CLA”), about pushing those payrolls off to FY24.¹¹⁴¹ Clarkson wrote to CLA that BPS had approximately \$15 million in teacher salaries from the prior school year and indicated that he believed that those salaries should be paid with funds from the FY24 Budget.¹¹⁴² An audit manager at CLA advised Clarkson that charging those costs to FY24 was not permissible, indicating that if “the payments are being made after 6/30/2023 but are payment for services rendered on and before 6/30/2023 then those expenses should be incurred during FY23 with a payable at year end.”¹¹⁴³

Clarkson pushed back, stating, “I mean if teachers are actually paid in July, are those costs not appropriately FY24 expenses?” The same audit manager responded again:

That depends on when the teachers performed the services that they are being paid for. **If the payment is delayed but based on their teaching performed in FY23 then those expenses were incurred by the City in FY23 and should be recorded in the correct FY. When the cash leaves the city has no[] impact on recognition of the expenses.**

Based on my review of the documentation that we received in FY21 and FY22, the teacher salaries are appropriately accrued a[s] of 6/30 for the amounts that were paid in July and August for their performance during the school year ending on 6/30. Is the City planning to change this policy?¹¹⁴⁴

Clarkson indicated that, despite this advice, BPS and the City would be changing its policy going forward and would pay those costs with FY24 funding. A Director at CLA interjected on the email exchange, informing Clarkson: “Unfortunately that policy would not be in accordance with [Generally Accepted Accounting Principles] which would not be appropriate to change . . . it

¹¹⁴⁰ Mayor Sullivan Text Message to Clarkson, Aug. 8, 2023.

¹¹⁴¹ Clarkson and CLA Emails String, Aug. 9-17, 2023.

¹¹⁴² Clarkson and CLA Emails String, Aug. 9-17, 2023.

¹¹⁴³ Clarkson and CLA Emails String, Aug. 9-17, 2023.

¹¹⁴⁴ Clarkson and CLA Emails String, Aug. 9-17, 2023 (emphasis added).

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would only be appropriate to move to FY 2024 if the costs were incurred in FY 2024.”¹¹⁴⁵ Clarkson thereafter met with CLA via Zoom, and CLA recommended that Clarkson discuss the issue with the DOR before proceeding. On August 28, 2023, DOR told Clarkson, Petronio, and Correia that carrying forward teacher payrolls to FY24, when those expenses were incurred during FY23, was not permissible.¹¹⁴⁶

3. Once Clarkson Began Overseeing the School Department Finances, He Failed to “Dig In” and Perpetuated the Lack of Transparency in School Financial Reporting

Once the FY23 deficit was publicly announced, CFO Petronio and Deputy CFO Correia were placed on administrative leave. Thereafter, CFO Clarkson oversaw school finances.¹¹⁴⁷ At this point, the Mayor and Clarkson learned for the first time that the City CFO had oversight responsibilities over the School Department under Chapter 324.¹¹⁴⁸

In December 2023, the Mayor and Clarkson appeared before the City Council and represented that Clarkson’s team had quantified the deficit amount at \$18.3 million - - \$14.4 million from the general fund and \$3.9 million from the out-of-district tuition account.¹¹⁴⁹ At this meeting, however, Clarkson was not clear about the source of the deficit or the efforts taken to determine where the FY23 overspending occurred.¹¹⁵⁰ Clarkson represented that the \$14.4 million number was from “an actual Munis report that shows how the money was spent; it was

¹¹⁴⁵ Clarkson and CLA Emails String, Aug. 9-17, 2023.

¹¹⁴⁶ Correia Interviews.

¹¹⁴⁷ Clarkson Interviews.

¹¹⁴⁸ Clarkson Interviews; Mayor Sullivan Interview.

¹¹⁴⁹ Brockton Special City Council Meeting, Dec. 20, 2023 (<https://www.youtube.com/watch?v=-zabycB3QqE&t=4576s>).

¹¹⁵⁰ Brockton Special City Council Meeting, Dec. 20, 2023 (<https://www.youtube.com/watch?v=-zabycB3QqE&t=4576s>).

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mostly spent on salaries.”¹¹⁵¹ Clarkson only provided the last page of the Munis report to the City Council.¹¹⁵²

The full Munis report that Clarkson referenced purportedly calculated that \$12 million was “overspent” on BHS teacher salaries.¹¹⁵³ This was not accurate, but was the result of the BPS Finance Department entering the wrong amounts into Munis. In the full Munis report, \$12 million of the deficit was isolated to the BHS salaries account - - which was funded nearly \$12 million less than budgeted.¹¹⁵⁴ Clarkson did not take any steps to understand this glaring \$12 million error in the BHS Munis account.¹¹⁵⁵ Clarkson stated in an interview that he accepted the Munis report numbers at “face value;” he did not undertake any efforts to understand the figures behind the overall \$14.4 million deficit.¹¹⁵⁶ The \$12 million in purported overspending isolated to one account was a red flag, but Clarkson failed to investigate or ask anyone else to examine this obvious discrepancy.

E. The Mayor Failed to Intervene

The Mayor serves as both the CEO of the City and the Chair of the School Committee.¹¹⁵⁷ As CEO, the Mayor has “limited authority” over the School Department in one respect, but quite broad in another, as the Mayor controls the School Department’s total appropriation.¹¹⁵⁸ The Mayor “can recommend a lower budget than that requested by the [S]chool [C]ommittee and limit

¹¹⁵¹ Brockton Special City Council Meeting, Dec. 20, 2023 (<https://www.youtube.com/watch?v=-zabycB3QqE&t=4576s>).

¹¹⁵² Clarkson Email to City Council Members and Attachments, Dec. 19, 2023.

¹¹⁵³ FY23 Munis YTD Report, Nov. 1, 2023.

¹¹⁵⁴ FY23 Munis YTD Report, Nov. 1, 2023; FY23 199 Account Report; BPS FY23 Budget.

¹¹⁵⁵ Clarkson Interviews.

¹¹⁵⁶ Clarkson Interviews.

¹¹⁵⁷ Brockton, Mass., Rev. Ordinances, Part I, §§ 31, 58 & 59; Massachusetts Department of Revenue, Division of Local Services, *City of Brockton Financial Management Review* (Nov. 2012) (<https://www.mass.gov/doc/brockton-financial-management-review-Nov.-2012/download>).

¹¹⁵⁸ Massachusetts Department of Revenue, Division of Local Services, *A Guide to Financial Management for Town Officials* (<https://www.mass.gov/doc/a-guide-to-financial-management-for-town-officials/download>).

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the appropriation made to the schools, subject to the minimum amounts required to be appropriated.”¹¹⁵⁹ Furthermore, under Chapter 324, the Mayor appoints, directs, and oversees the City CFO who has an obligation to oversee the School Department’s finances.

As Chair of the School Committee, moreover, the Mayor “has the same powers as any other member of the Committee to vote upon all measures coming before it, to offer resolutions and to discuss questions.”¹¹⁶⁰ Furthermore, the Chair is required to:

1. Sign the instruments, acts, and orders necessary to carry out state requirements and the will of the Committee.
2. Consult with the Superintendent in the planning of the Committee’s agendas.
3. Confer with the Superintendent on crucial matters that may occur between Committee meetings.
4. Appoint subcommittees, subject to Committee approval.
5. Call special meetings of the Committee as found necessary.
6. Be public spokesperson for the Committee at all times except as this responsibility is specifically delegated to others.
7. Be responsible for the orderly conduct of all Committee meetings.¹¹⁶¹

Although the Chair is responsible for these functions, he can delegate duties to the Vice-Chair.¹¹⁶² In practice, because the Mayor is also running the City, the Vice-Chair of the Brockton School Committee generally undertakes most of the “heavy lifting.”¹¹⁶³ The Vice-Chair serves as the point of contact for the members and takes on most of the day-to-day responsibilities.¹¹⁶⁴

¹¹⁵⁹ Massachusetts Department of Revenue, Division of Local Services, *A Guide to Financial Management for Town Officials* (<https://www.mass.gov/doc/a-guide-to-financial-management-for-town-officials/download>).

¹¹⁶⁰ Brockton School Committee Policies, Policy on School Committee Officers (<https://resources.finalsite.net/images/v1616708925/brockton/r1cmwyhnu8y5fbmexyaw/SECTIONBDBPOLICY.pdf>).

¹¹⁶¹ Brockton School Committee Policies, Policy on School Committee Officers (<https://resources.finalsite.net/images/v1616708925/brockton/r1cmwyhnu8y5fbmexyaw/SECTIONBDBPOLICY.pdf>).

¹¹⁶² Brockton School Committee Policies, Policy on School Committee Officers (<https://resources.finalsite.net/images/v1616708925/brockton/r1cmwyhnu8y5fbmexyaw/SECTIONBDBPOLICY.pdf>).

¹¹⁶³ Ehlers Interview; Rodrigues Interview; Mayor Sullivan Interview.

¹¹⁶⁴ Ehlers Interview; Rodrigues Interview; Mayor Sullivan Interview.

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The Vice-Chair creates the School Committee’s agenda and collaborates with the Superintendent to determine the Committee’s priorities.¹¹⁶⁵ And the Vice-Chair oversees the School Committee’s Finance Subcommittee meeting, which reviews the budget from March to May.¹¹⁶⁶ The Mayor is not on the Finance Committee, although he, too, votes to approve the School Department’s annual budget.¹¹⁶⁷

While the Mayor is not as involved in the day-to-day work as some of the other Committee members, and specifically the Vice-Chair, the Mayor has access to information in a way that other Committee members do not.¹¹⁶⁸ Indeed, during the FY23 Budget season, the Mayor met with CFO Clarkson, Superintendent Thomas, CFO Petronio, and/or Interim CFO Correia approximately nine times to discuss the budget and the City’s appropriation.¹¹⁶⁹ These budget meetings provided the Mayor with an opportunity to ask probing questions about BPS finances and spending, but the Mayor was complacent.¹¹⁷⁰ When asked about these recurring budget meetings with school officials, Mayor Sullivan stated that Clarkson and Petronio did most of the talking.¹¹⁷¹ These meetings focused primarily on the amount the City would appropriate to the schools and did not discuss line items of the budget, actual spending, or any budget balancing measures, such as layoffs.¹¹⁷² In our view, this inability to bridge the work of the City and School

¹¹⁶⁵ Ehlers Interview; Rodrigues Interview; Mayor Sullivan Interview.

¹¹⁶⁶ BPS School Committee Finance Subcommittee Meetings Mar. 22 (<https://www.youtube.com/watch?v=dof3C7pr0nc&t=365s>), Mar. 29 (<https://www.youtube.com/watch?v=GcyDwsrOmZg&t=1247s>), Apr. 26 (<https://www.youtube.com/watch?v=DSJcnHc8IZU&t=577s>), May 3 (<https://www.youtube.com/watch?v=LjHZYzyIseU&t=1s>) May 17, 2022 (<https://www.youtube.com/watch?v=ccM2J5mFWrI>).

¹¹⁶⁷ Special School Committee Meeting Minutes (May 24, 2022) (<https://www.bpsma.org/about/school-committee/post/~board/minutes/post/may-24-2022-public-hearing-school-budget-1677249227002>)

¹¹⁶⁸ Mayor Sullivan Interview.

¹¹⁶⁹ Mayor Sullivan Interview; Thomas Interviews; Clarkson Interviews; Clarkson Email to Chau, Feb. 2, 2022; School Finance/Budget Recurring Meeting Invitation; Meeting Cancellations, Apr. 18 and May 2, 2022.

¹¹⁷⁰ Mayor Sullivan Interview; Clarkson Interviews.

¹¹⁷¹ Mayor Sullivan Interview.

¹¹⁷² Mayor Sullivan Interview.

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Department was somewhat of a leadership failure - - the Mayor should have asked probative questions and engaged his team to work collaboratively.

The Mayor, as with other School Committee members, did not monitor school spending. Mayor Sullivan acknowledged in an interview that the School Committee had an obligation to monitor spending, but he conceded that never happened.¹¹⁷³ Mayor Sullivan did not recall anyone asking for financial updates from school finance officials.¹¹⁷⁴ On the City-side, Clarkson would provide the Mayor with regular reports to track spending, but he did not recall asking for similar reports from the School Department.¹¹⁷⁵

During FY23, and specifically in April/May 2023, Mayor Sullivan learned about overspending issues with payroll, out-of-district tuition, and transportation.¹¹⁷⁶ Correia informed him during a meeting that Superintendent Thomas was hiring “a lot of people.”¹¹⁷⁷ Around the same time, Petronio raised concerns about the costs of out-of-district tuition due to the closing of HTDS.¹¹⁷⁸ Sullivan also stated that, during the April/May 2023 period, he learned about issues with the costs of McKinney Vento transportation from Petronio, but the problem was not quantified.¹¹⁷⁹ When informed of each of these issues, Mayor Sullivan did not ask about the costs, the magnitude of the problem, or the potential impact on the FY23 Budget.¹¹⁸⁰ He did not direct Clarkson to exercise oversight in response to these concerns, nor did the Mayor follow-up to assess whether these overspending issues had been rectified.¹¹⁸¹

¹¹⁷³ Mayor Sullivan Interview.

¹¹⁷⁴ Mayor Sullivan Interview.

¹¹⁷⁵ Mayor Sullivan Interview.

¹¹⁷⁶ Mayor Sullivan Interview.

¹¹⁷⁷ Mayor Sullivan Interview.

¹¹⁷⁸ Mayor Sullivan Interview.

¹¹⁷⁹ Mayor Sullivan Interview.

¹¹⁸⁰ Mayor Sullivan Interview.

¹¹⁸¹ Mayor Sullivan Interview.

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As the Chair of the School Committee, the Mayor had an obligation to review and vote on the annual budget and monitor school spending along with the other members.¹¹⁸² The Mayor had more information than other School Committee members about both the City's and the School Department's finances.¹¹⁸³ He also knew that the City tracked its actual spending relative to its budget.¹¹⁸⁴ The Mayor set standards for the City's finances, but he did not raise concerns that those same expectations were not being met by the School Department or direct Clarkson to intervene.¹¹⁸⁵ As leader of the City and as Chair of the School Committee, Mayor Sullivan had the opportunity to do more, and stronger leadership undoubtedly would have resulted in the City and School Department working more synergistically to avoid the FY23 budget deficit.

F. There Was a Deep Divide Between the City and School Department

There was a sharp and deeply rooted divide between the City and the School Department, despite legal and common sense reasons for collaboration. In Brockton, unlike other districts, the City CFO has an affirmative obligation to oversee school finances.¹¹⁸⁶ The City and the School Department's financial functions are supposed to be consolidated, pursuant to M.G.L. c. 71, § 37M, under the supervision of the City CFO, who reports to the Mayor.¹¹⁸⁷ Nevertheless, there were two distinct governmental operations at play: (1) the City's operation, governed by the City Council, Mayor, and the City CFO; and (2) the School Department's operation, governed by the

¹¹⁸² M.G.L. c. 71, § 37.

¹¹⁸³ Mayor Sullivan Interview.

¹¹⁸⁴ Mayor Sullivan Interview.

¹¹⁸⁵ Mayor Sullivan Interview.

¹¹⁸⁶ Chapter 324, Section 5.

¹¹⁸⁷ Chapter 324, Sections 4 & 5; Brockton City Council Order (Jan. 12, 1998); M.G.L. c. 71, § 37M.

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School Committee, Superintendent, and the School CFO.¹¹⁸⁸ This sharp divide between the City and BPS has evolved over time and left each side working in silos.¹¹⁸⁹

While the School Committee has full autonomy to dictate school spending, the City may provide recommendations to the School Department, “establish reasonable standards relating to the management of financial systems and practices,” and request financial information from the School Department during the fiscal year.¹¹⁹⁰ In fact, under Chapter 324, the City CFO is required to review such financial information.¹¹⁹¹ Indeed, as the City confronted on December 20, 2023, if the School Department overspends the City Council’s appropriation, the City cannot close the fiscal year with a deficit and must come up with the funds to balance the overall budget, which includes the School Department’s budget.¹¹⁹²

The collaboration and accountability required under Chapter 324 did not occur in FY23. Rather, the City-side had its own financial policies, standards for budgeting, and a monthly tracking and reporting process.¹¹⁹³ In sharp contrast, the School Department had a questionable budgeting process, no tracking of actual expenses relative to the FY23 Budget, and no oversight.¹¹⁹⁴

City and School Department officials alike used the divide as an excuse to continue business as usual, even when it was clear that spending issues were looming within the School

¹¹⁸⁸ Thomas Interviews; Clarkson Interviews; Mayor Sullivan Interview.

¹¹⁸⁹ Thomas Interviews; Clarkson Interviews; Mayor Sullivan Interview; Correia Interviews; Petronio Interviews.

¹¹⁹⁰ M.G.L. c. 71, § 34; Massachusetts Department of Revenue, Division of Local Services, *A Guide to Financial Management for Town Officials* (<https://www.mass.gov/doc/a-guide-to-financial-management-for-town-officials/download>).

¹¹⁹¹ Chapter 324, Section 5.

¹¹⁹² Brockton Special City Council Meeting, Dec. 20, 2023 (<https://www.youtube.com/watch?v=-zabyCB3QqE&t=4576s>).

¹¹⁹³ Clarkson Interviews; Mayor Sullivan Interview; Comprehensive Financial Management Policies for the City of Brockton, City of Brockton FY2023 Budget.

¹¹⁹⁴ See Section III.

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Department.¹¹⁹⁵ For the City’s part, Mayor Sullivan and CFO Clarkson relied on the divide to overlook red flags concerning school finances.¹¹⁹⁶ With respect to budgeting, both the Mayor and City CFO knew that the structure of the School Department’s budget - - which made up almost 50% of the City’s overall budget - - was substandard and lacked detail.¹¹⁹⁷ But they did not believe it was their job to do anything to correct deficiencies within the School Department,¹¹⁹⁸ so they remained silent as fiscal problems festered. Indeed, for FY23, CFO Clarkson knew that the School Department was projecting a shortfall as the budget was being put together.¹¹⁹⁹ Mayor Sullivan also recalled that Thomas was adamant that he would not lay off employees that year.¹²⁰⁰ Neither asked how those issues would be resolved to balance the budget.¹²⁰¹ Clarkson explained it was not his job to balance the school budget.¹²⁰² Mayor Sullivan indicated that he did not weigh in on layoff decisions because they were the Superintendent’s call.¹²⁰³

When it came to spending, both Mayor Sullivan and CFO Clarkson admittedly asked no meaningful questions when they were advised by Petronio and Correia in April/May 2023 that the School Department was confronting three major areas of overspending (i.e., overhiring, out-of-district tuitions, and transportation).¹²⁰⁴ During an interview, the Mayor acknowledged that these issues had the potential to cause a deficit.¹²⁰⁵ Clarkson stated that he sensed that something was “brewing” with school finances for some time.¹²⁰⁶ Neither of them asked the one question

¹¹⁹⁵ Thomas Interviews; Clarkson Interviews; Mayor Sullivan Interview.

¹¹⁹⁶ Clarkson Interviews; Mayor Sullivan Interview.

¹¹⁹⁷ Clarkson Interviews; Mayor Sullivan Interview.

¹¹⁹⁸ Clarkson Interviews; Mayor Sullivan Interview.

¹¹⁹⁹ Petronio Email to Clarkson and Attachment, Apr. 20, 2022.

¹²⁰⁰ Clarkson Interviews; Mayor Sullivan Interview.

¹²⁰¹ Clarkson Interviews; Mayor Sullivan Interview.

¹²⁰² Clarkson Interviews.

¹²⁰³ Mayor Sullivan Interview; Clarkson Interviews.

¹²⁰⁴ Mayor Sullivan Interview.

¹²⁰⁵ Mayor Sullivan Interview.

¹²⁰⁶ Clarkson Interviews.

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that would have given them the information they needed: “What is the magnitude of the problem?”¹²⁰⁷ In their view, school finances were the responsibility of the School Department.¹²⁰⁸ Clarkson specifically said that he relied on the School Department’s “ability to solve its own problems.”¹²⁰⁹

Thomas, Petronio, and Correia all insisted that they told CFO Clarkson and Mayor Sullivan about a nearly \$8 million deficit in April 2023.¹²¹⁰ Thomas asserted that the deficit amount was not disclosed to the School Committee or City Council at the Mayor’s direction.¹²¹¹ According to Thomas and Petronio, the Mayor expressed concern that it was an election year and directed Clarkson, Petronio, and Correia to work on the deficit problem and “figure it out.”¹²¹² Mayor Sullivan and CFO Clarkson each emphatically denied that this conversation ever happened or that they were ever told of a deficit amount in April 2023.¹²¹³ Our review of documents shows that a meeting occurred in April 2023, but there were no contemporaneous documents to verify what was discussed in this meeting.¹²¹⁴ In interviews, each side blamed the other for not acting sooner to solve the deficit.¹²¹⁵ Again, the divide between the City and the School Department contributed to the failure to confront the deficit early on in FY23.

When the deficit was revealed to the public in August 2023, Mayor Sullivan and CFO Clarkson blamed the School Department for not providing them with information about the deficit

¹²⁰⁷ Clarkson Interviews; Mayor Sullivan Interview.

¹²⁰⁸ Clarkson Interviews; Mayor Sullivan Interview.

¹²⁰⁹ Clarkson Interviews; Mayor Sullivan Interview.

¹²¹⁰ Thomas Interviews; Correia Interview; Petronio Interviews.

¹²¹¹ Thomas Interviews.

¹²¹² Thomas Interviews; Petronio Interviews.

¹²¹³ Mayor Sullivan and Clarkson Interviews.

¹²¹⁴ Clarkson, April 24, 2023 Calendar Entry

¹²¹⁵ Thomas Interviews; Correia Interview; Petronio Interviews; Mayor Sullivan Interview; Clarkson Interviews.

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during the fiscal year.¹²¹⁶ In their interviews, both Clarkson and the Mayor were adamant that they were not told about any deficit figure until after FY23 had already closed.¹²¹⁷ Mayor Sullivan and Clarkson both stated that school officials never quantified the problems they shared and did not relay how those issues would “affect the bottom line.”¹²¹⁸ Mayor Sullivan stated that “you only know what you are told,” and indicated that he could not ascertain what was going on because the School Department was not sharing information.¹²¹⁹ Both the Mayor and City CFO insisted that, if they had been told about the FY23 deficit during the fiscal year, there were steps they could have taken to address it, including transferring City funds to the School Department and requesting additional funds from the Legislature.¹²²⁰

The Mayor noted that there has always been a split between the City and Schools, but in hindsight, he acknowledged that the relationship should have been more collaborative.¹²²¹ Clarkson also stated that if the perceived divide between the City and School Department did not exist, or he had been directed to exercise oversight, he would have been more active as it related to the School Department.¹²²² Both the Mayor and Clarkson miss the point: Clarkson as the City CFO was required under Chapter 324 to exercise oversight over the School Department; and the Mayor, as Chair of the School Committee, should have been more actively involved in the budgeting and monitoring of the School Department’s spending.

¹²¹⁶ Clarkson Interviews; Mayor Sullivan Interview; BPS School Committee, Feb. 27, 2024 (<https://www.youtube.com/watch?v=9iLzxWrFlyo>).

¹²¹⁷ Clarkson Interviews; Mayor Sullivan Interview.

¹²¹⁸ Clarkson Interviews; Mayor Sullivan Interview.

¹²¹⁹ Mayor Sullivan Interview.

¹²²⁰ Clarkson Interviews; Mayor Sullivan Interview.

¹²²¹ Mayor Sullivan Interview.

¹²²² Clarkson Interviews.

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For the School Department’s part, Superintendent Thomas and CFO Petronio took advantage of the separate City and School Department silos. Petronio had been using his accounting methods for decades and was well aware that the school budget was not as detailed as the City’s budget.¹²²³ Petronio also knew that the City employed far superior tracking and reporting practices.¹²²⁴ Indeed, Clarkson and Petronio commented that Petronio’s methods were outdated.¹²²⁵ If not directed to change his practices, Petronio was not going to do so on his own. Indeed, the 2020 DESE Report specifically recommended that BPS include two years of actual expenses in its budget to provide transparency, but Petronio simply ignored DESE’s recommendations.¹²²⁶

When it came to transportation spending, the divide gave both the City and School Department an excuse to point the finger at each other. Thomas, in an interview, stated that the school transportation budget was always underfunded by the City by approximately \$2 to \$4 million.¹²²⁷ When asked why the City underfunded transportation, Thomas stated that it “was always a shell game.”¹²²⁸ The City would give BPS a certain amount of transportation funds and then would want to “wait and see” what happened during the year.¹²²⁹ The City, for its part, blamed the School Department for spending the transportation budget irresponsibly.¹²³⁰ Clarkson consistently recommended underfunding the transportation budget based on this belief, without

¹²²³ Clarkson Interviews; Response to Open Architects Report by Aldo Petronio, Mar. 15, 2024, Mar. 15, 2024.

¹²²⁴ Clarkson Interviews.

¹²²⁵ Clarkson Interviews.

¹²²⁶ DESE Report; BPS FY23 Budget.

¹²²⁷ Thomas Interviews.

¹²²⁸ Thomas Interviews.

¹²²⁹ Thomas Interviews; Correia Interviews.

¹²³⁰ Clarkson Interviews.

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reviewing what was actually spent by the Transportation Department the prior year.^{1231, 1232} This deep divide between the City and the Brockton School Department was not productive, efficient, or beneficial for Brockton.

Had Brockton adopted a more open and collaborative approach to school finances, it would have identified that BPS spending was headed for a massive deficit long before the close of FY23. In interviews, both Mayor Sullivan and CFO Clarkson - - to their credit - - agreed that the split between the City and the School Department was partially to blame for the FY23 deficit.¹²³³ Clarkson believed that the “siloes nature” of the School Department and the City contributed to the FY23 deficit. The Mayor, likewise, conceded that the divide between the two did “not create a healthy relationship for success.”¹²³⁴

VII. RECOMMENDATIONS

As part of our mandate, we were asked to provide recommendations for BPS and the City to ensure that a similar deficit or financial crisis does not happen again. As discussed above, there were a myriad of individual, organizational, and systemic failures that contributed to the FY23 deficit. The recommendations that follow are not controversial, radical, or unnecessarily costly. We focus on practical and financially feasible suggestions to address the problems that we identified during our investigation. Some of our recommendations are actually required under

¹²³¹ Clarkson Interviews.

¹²³² During the FY24 budgeting process, Clarkson reduced the amount requested by the School Committee for transportation costs by \$3.5 million - - making the total transportation request for FY24 approximately \$11 million. He did so without considering that the Transportation Department had spent over \$19 million in each of the two prior fiscal years. Clarkson and Petronio authored a joint letter to the City Council noting that the “[t]he funding [fell] below what was requested by the School Department.” See Joint Letter to City Council, June 12, 2023. Clarkson stated that he decided to reduce the transportation appropriation request to force the Transportation Department to spend more efficiently and responsibly. Notably, this resulted in an FY24 transportation budget that did not have sufficient funding to cover expected expenses.

¹²³³ Clarkson Interviews; Mayor Sullivan Interview.

¹²³⁴ Clarkson Interviews; Mayor Sullivan Interview.

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Massachusetts law, Brockton's own policies, guidance from leading sources, fundamental accounting principles, and common sense.

Going forward, we recommend the following corrective actions:

A. The School Finance Department Should Build Its Budget Based on Actual Expense Information From Prior Years

It is a fundamental and critical accounting practice to build a budget based on the prior year's actual expenses and then to track expenses to the budget throughout the fiscal year. Reviewing what was spent in prior years, combined with planned adjustments, is the best predictor of spending needs for the upcoming fiscal year. The School Department's budgets, year after year, included no actual expenditure information or detail explaining how major budget categories were calculated. The School Department must build its budget based upon actual expenses from prior years with detailed back-up information supporting its budget amounts. Further, as DESE recommended in 2020, the School Department should include these actual expenses in its public-facing budget documents to reflect how public funds were spent in prior years and to show how that spending compares to the proposed budget. And all stakeholders in the budget process - - from the School Finance Department to the School Committee to the City CFO and Mayor - - should have readily available, detailed expense information as the budget is being prepared, considered, and approved.

B. The School Finance Department's Budget Must Be More Detailed and Transparent

The FY23 Budget was broken down into the following four broad categories with minimal detail: (i) personal services (certified); (ii) personal services (non-certified); (iii) ordinary maintenance; and (iv) travel out of state. The "Personal Services" category - - school payroll - - makes up 80% of the total budget. But the FY23 Budget and related budget preparation

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documents did not include any employee information and were not broken down by school, department, or position. Consequently, the School Committee could not assess how funds were distributed between different schools, departments, and positions or whether there were increases in employee counts or payroll increases from prior years. Going forward, the School Department’s budget must clearly show where public funds are allocated within the School Department by employee, school, department, and position. The school budget should follow the same uniform guidelines and procedures utilized in formulating the City budget, with a sufficient level of detail and back-up information.

C. The School Department Should Maintain a Human Resources/Personnel System That Accurately Tracks Employees by Location, Position, and Funding Source

As Brockton’s Financial Policies aptly state: the “failure to accurately monitor the personnel budget can lead to errors in budgeting, over or under-staffing.”¹²³⁵ We agree that it is critical for BPS to be able to track staffing levels by various categories (e.g., position and funding sources) to assess whether levels deviate meaningfully from the budget during the year. The School Department used two different personnel tracking systems, which were inconsistent and not updated. We recommend that the Finance and Human Resources Departments work to develop a single system to ensure that personnel information is accurate, current, and included in the budget.

D. The School Finance Department Must Track Spending Relative to the Budget Approved by the School Committee

It is essential that BPS monitor spending for each budget category on a regular basis and compare spending relative to each budget category. This information should be shared with all

¹²³⁵ Comprehensive Financial Management Policies for the City of Brockton, City of Brockton FY2023 Budget.

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budget and financial stakeholders. Without tracking actual spending relative to budget, the School Finance Department could not properly identify whether certain budget categories were exceeding budget amounts during the fiscal year and where the specific cost overages were occurring. The regular reports should match the detailed budget categories and include updated projections of the anticipated costs that remain to be incurred.

E. The School Department's Accounting System, Munis, Must Match the School Department's Budget Categories

The accounts listed in BPS's Munis system did not match the categories in the School Department's budget, and the amounts that the Finance Department entered for certain budget categories in Munis differed from the budget voted on by the School Committee. It was therefore impossible for the Finance Department to accurately track spending relative to the budget. The School Department's accounting system must align category by category with the detailed budget approved by the School Committee.

F. The School Department Must Share Key Data Throughout the Fiscal Year

The School Department should share financial reports that track actual spending to budget on a monthly or quarterly basis with the School Committee, the City CFO, the Mayor and Chair of the School Committee, and the public. BPS never shared this type of data with key stakeholders, thereby preventing anyone from identifying and curtailing overspending in FY23. The regular sharing of this information is crucial for oversight and transparency in the spending and protection of public funds.

G. The School Committee Members Should Undergo Annual Budget and Finance Training

The School Committee is elected to protect the best interests of the School Department and oversee the expenditure of public funds. Our investigation revealed that members of the

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School Committee lacked a rudimentary understanding of budgeting, school finances, and accounting. School Committee members are currently only required to undergo a one-day training conducted by the Massachusetts Association of School Committees when they are first elected, and there is no annual training requirement. We recommend that the City and School Department engage a certified public accounting (“CPA”) firm to conduct annual training for School Committee members on proper standards and best practices for budgeting, tracking of spending, and financial management, and to be available as a resource should members have questions. All School Committee members should be required to undertake this training. The School Committee must act like a board of directors responsible for overseeing budgets, spending, and overall fiscal policy to provide the necessary checks and balances.

**H. The School Committee Must, as Required
by Massachusetts Law, Approve Vendor and Payroll Warrants**

By law, the School Committee is required to review and sign vendor warrants after examining all school bills to ensure “that the goods, materials or services charged for were ordered” and actually delivered and/or rendered.¹²³⁶ Moreover, the School Committee is required to sign off on payroll expenditures. Currently, the School Committee does not collectively do either. Instead, a subcommittee of the School Committee reviews the School Department’s bills after they have been paid. We recommend that the School Committee review and approve all School Department bills and payroll. The law allows the School Committee to designate a single member of the Committee to do so, but given the importance of this responsibility, we recommend that at least two members be designated to sign and approve bills and payroll.

¹²³⁶ M.G.L. c. 41, §§ 41 & 56.

I. The School Department Should Be Led by a Superintendent With a Financial Background and Prior Experience Managing a Large-Scale Organization

BPS is one of the largest school districts in the Commonwealth with a budget in excess of \$200 million. Going forward, BPS should be led by a superintendent with experience in budgeting, financial management, and proven fiscal responsibility. We also recommend that the BPS Superintendent undergo annual training on proper standards and best practices for budgeting, tracking of spending, and financial management.

J. The School and City Finance Departments Should be Consolidated

The School and the City Finance Departments should be consolidated pursuant to M.G.L. 71, § 37M, under the charge and control of the City CFO. Under Chapter 324, the City CFO has oversight responsibilities over all City finances, including the School Department. In 1998, the City Council and School Committee voted to consolidate the budgetary and financial functions of the City and School Department, but this organizational structure was not in place in FY23. We recommend that the financial functions be consolidated going forward. Specifically, as recommended by DOR in 2012, we recommend that the School Department's CFO report directly to the City CFO. The City CFO must oversee all City finances, including the School Department, as required under Chapter 324.

K. The School Department and City Must Bridge the Artificial Divide Between the Two Systems and Work Collaboratively on School Finances

The divide between the City and the School Department does not best serve the City's financial health or the education of Brockton's students. Though legally drawn lines empower the School Committee to make policy decisions on school spending, the City has a vested interest in monitoring the School Department's spending and financial practices. Comprising nearly half

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of the City's overall budget, the School Department's fiscal stability is the City's fiscal stability. Not only must the City CFO exercise oversight under Chapter 324, but we also recommend that City officials, including the City Council, establish a collaborative working relationship with the School Committee, Superintendent, and School CFO to oversee school finances. To this end, we recommend that the City Council and School Committee form a joint committee to meet quarterly during the fiscal year to review financial reports comparing actual expenses to the budget and to discuss developing issues affecting the School Department's financial health.

**L. The Chair of the School Committee Should be
Someone Other Than the Mayor, With Reporting Obligations to the Mayor**

By ordinance, the Mayor of the City also serves as the Chair of the School Committee. This model gives the appearance that the Mayor is involved in school issues and represents the interest of the School Department when making large-scale decisions for the City. This system does not work in Brockton. We were advised repeatedly in interviews, including by the Mayor himself, that the Mayor was too busy running the City to be intricately involved in the School Committee. We recommend that the City amend its ordinances to remove the Mayor as Chair of the School Committee. Instead, we recommend that the Chair of the School Committee be appointed by and report to the Mayor.

**M. The City Should Engage a Certified Public Accounting Firm to
Conduct a Periodic Review of the School Department's Processes,
Protocols, and Internal Controls**

A substantial factor leading to the FY23 deficit was the lack of oversight over the School Department's financial management and internal controls, which created complacency, stagnancy, and allowed the Finance Department to deviate from fundamental accounting principles without detection. In order to prevent problems in future, we recommend that the City engage a CPA firm

to periodically review the School Department's financial processes, protocols, and internal controls and confirm that the School Department's budget is being properly accounted for in Munis and spent in the manner approved by the School Committee. We do not see this as a significant undertaking, but a prudent, modest step to ensure that outside consultants are keeping an eye on what is happening on the ground and advising the School Committee and other BPS leaders about budgeting, finance, and internal controls.

N. The City Should Appoint an Ombudsman to Allow City Employees, School Department Employees, and Members of the Public to Anonymously Report Issues Affecting the Financial and Organizational Health of the City

During the investigation, many witnesses explained that they had identified issues with certain School Department decisions, practices, or expenditures, but did not feel comfortable raising those concerns to leadership. For many reasons, including fear of retribution and a sense of futility, witnesses expressed hesitancy to speak up. As Brockton learned after this financial crisis, a system where issues are kept in the dark prevents timely and transparent resolutions in the light of day. We recommend that the City appoint an ombudsman to receive anonymous reports regarding information that affects the School Department's or the City's financial and organizational health to bring light to developing issues.

O. Outside Consultants Should Reassess Whether BPS Should Maintain an In-House Transportation Department

Outside transportation consultants should be retained to critically review the BPS Transportation Department to assess whether the in-house operation should continue and to identify and implement cost-saving measures. BPS appears to be struggling to operate its in-house operation in a cost effective and efficient manner, including with respect to its use of private

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van companies. An objective third party transportation consultant should be hired to evaluate best practices and whether BPS should continue its in-house transportation operation.

EXHIBIT A



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August 14, 2024

Mr. Michael Paris
Partner
Nystrom, Bechman & Paris, LLP
One Marina Park Drive, 15th Floor
Boston, MA 02210

Re: File Name: **BROCKTON PUBLIC SCHOOLS**
Baker Tilly File No.: 2356069

Dear Mr. Paris:

Baker Tilly Advisory Group, LP (“Baker Tilly,” “we,” “our,” “us”) is pleased to submit the following preliminary report (“Report”) evaluating the above-captioned matter and presenting the results of our analysis to date.

We have limited our analysis to the scope of work outlined by you and to the pertinent books, records, and information made available to us. Our review included tests and procedures deemed appropriate under the circumstances.

Use of this report is limited to you and your principals involved in this matter. The following comments relate to the extent of our work and the results of our analysis to date, including the attached Exhibits. This report and all attachments included are preliminary in nature.

EXECUTIVE SUMMARY

Baker Tilly was engaged to obtain and analyze the information available pertaining to the revenue amounts as well as the budgeted and actual expenditures for the Brockton Public School District (“Brockton,” “District,” “BPS”), located in Brockton, Massachusetts (“City”), during the period of July 2020 to April 2024 (“Relevant Period”).

As a result of our analysis to date, we found the following:

- While we note that in Fiscal Year (FY) 2021 and 2022, Brockton Public Schools’ actual expenditures were less than budget, in FY 2023 the District’s actual expenditures exceeded the budgeted amount by approximately \$14 million.

- In FY 2023, a total of \$3,869,656 of expenses were incurred and recorded in a fund outside of the General Fund without a noted revenue source. This results in an increased deficit in FY 2023 totaling approximately \$18 million.
- In FYs 2021 and 2023, BPS did not follow best practices when entering the City's and District's approved budgets, with respect to the Original Appropriation amounts, into their financial software.
 - In FY 2021, \$177 million of Appropriations were recorded in two (2) accounts (or categories) while the Revised Budget (Original Appropriations plus Transfers/Adjustments) consisted of approximately 620 individual accounts.
 - In FY 2023, \$218 million of Appropriations were recorded in twenty-one (21) individual accounts while the Revised Budget (Original Appropriations plus Transfers/Adjustments) included entries in 610 accounts.
- Additional funding of \$10.3 million received in April of FY 2021 was recorded in one (1) account and later transferred to other accounts.
- While FY 2021 and FY 2022 show consistent amounts between the City's and District's approved budgets, FY 2023 and FY 2024 show differences, some significant, between the two budgets.
- Incorrectly entering budgeted amounts did not allow for adequate controls at the department or object level, as is normally expected to avoid incurring a budget deficit.

Based upon our findings summarized above and explained in further detail in the following sections of this report, we suggest that BPS develops and implements improvements to its budget process and budget monitoring, including detailed timelines and responsibilities to ensure future budgets are entered in sufficient detail to allow for effective budget to actuals monitoring to help prevent overspend to the best extent possible.

BACKGROUND

Through a report¹ from Open Architects, a third-party commissioned by the Commonwealth of Massachusetts, it was determined the Brockton Public School District exceeded its General Fund budgeted spending for the FY 2023.² We were asked to review data available in MUNIS, Brockton's financial software, to determine if budgeted amounts during the Relevant Period were exceeded, and if so, to what extent.

SCOPE OF WORK

The scope of our work was outlined in three (3) separate phases, the scope of which is outlined below.

Phase 1: Data Services

- Coordinate with Client IT personnel to understand the structure of the financial data within MUNIS.
- Determine the best method(s) of extraction, file type(s), and secure delivery to Baker Tilly.
- Extract financial data from Client's MUNIS system for the period 2021 to current.

¹ "Final Report: Financial Overview of the Brockton Public Schools" – February 2024

² FY 2023 includes the calendar months of July 1, 2022, through June 30, 2023

- Prepare data for analysis (e.g., check completeness of data extraction against source data, ensure consistent formatting, structure data for ease of analysis, etc.)

Phase 2: Data Analysis

- Identify and quantify total revenue and expenditures for each year within the Relevant Period.
- Compare the total revenue and expenditures to budgeted totals for each year within the Relevant Period.

Phase 3: Targeted Analysis

- Perform targeted analysis on specific categories of revenue or expenditures as directed by counsel.

As of the date of this Report, we have been instructed to perform Phases 1, 2 and 3 of the Scope of Work outlined above.³ Work performed for Phase 3 included testing and analysis of specific expenses, which were identified in Phase 2, and budgeting processes utilized by the District. Should any additional targeted analysis be necessary and requested by counsel, we will supplement this Report and any attachments included herein.

COMMON BUDGETING PROCESSES

A budget process needs to be well-defined and implemented to ensure an effective plan for allocating resources for the upcoming fiscal year is developed. Development of the budget needs to encompass a broad range of stakeholders throughout the organization so that the plan for the subsequent fiscal year is as accurate as possible related to the amount, timing, and type of both revenues and expenditures. Without a well-defined budget and budget process, evaluating whether an organization is performing as planned and expected is a difficult endeavor, at best.

Budgeting processes will differ by state and district, but ultimately should include many of the same steps and a consistent approach to creating a well-defined budget for the year. These steps may include, but are not limited to, the following items:

Connection to Long-Range Plans:

When planning the budget for the upcoming fiscal year, it is important to consider any strategic plans and/or facility plans for capital improvements that are either in development or have been prepared in prior years. Overlooking these 'bigger picture' aspects may result in missing major initiatives associated with significant expenditures that can create errors from the beginning of the budgeting process.

Other items like enrollment projections and any financial forecasts also play an important role. These items will help determine service levels that are needed based on the number of students and also help determine the amount of available resources to allocate, respectively. Evaluating long-range plans for the district is critical when determining financial budgets.

³ Limited targeted analyses on specific accounts were requested by counsel and performed.

Development of Revenue Estimates

Revenue estimates are an important part of the budgeting process. Determinations of expected revenues begin by having conversations with the city to discuss any long-range plans for the district that may drive the need for revenue enhancements, such as new programming, capital needs, etc. All other funding sources should be part of these estimates, including state funding, federal title grants and other competitive grants. These other funding sources provide significant support for key service areas and may offset the need for additional revenue from the city.

Development of Expenditure Estimates

To properly budget for the upcoming year and develop a comprehensive budget for the district, many key steps need to be included, such as:

1. Examine spending from the prior year. A good indication of what can be expected in the year to come lies in the financial results from the previous year. Those in charge of budgeting can analyze the prior year's over/underspend, by account, location, etc. to determine the anticipated results of the upcoming year. Spending from prior years, combined with any long-range plans previously discussed, will provide a good initial estimate of the upcoming year's budget.
 - a. In addition to prior year spend, a district should examine any automatic increases that are likely to impact the upcoming year's budget. This is primarily driven by any collective bargaining agreements which usually contain annual salary increases. Also, the district should be aware of any other long-term contract(s) for services or goods provided on an annual basis that may build in increases.
2. Understand any changes in the upcoming year's revenue estimates and how this impacts the upcoming year's ability to spend. If revenues are down, the district will need to consider reductions. If revenues are flat to stable, the status quo may be more appropriate. And if revenues are increasing, what additional strategic priorities or needs can be funded by the district?
3. Develop a process for school sites and departments to submit budget requests/budget estimates for the upcoming year. To better determine potential expenditures in a given school year, ask leaders and individuals working within the departments for expenditures they expect to incur. Likely, those with firsthand knowledge will have a better understanding of what is necessary.
 - a. Provide those individuals with budget instructions and a calendar/timing for submission. Best practice dictates including broader timing related to legal requirements/needs and better outlining of how decisions will be made.
4. Budget requests are then aggregated and analyzed by the district's business/finance office to determine accuracy and validity of requests. Often, a back and forth between the schools and departments is needed to determine the most accurate budget estimate.
5. Senior leadership then evaluates the aggregated requests or draft budget to make decisions in working toward a balanced budget. This is done while prioritizing any requests for new expenditures based upon specific criteria, including the district's strategic plan and goals.
6. All of those involved are ultimately working towards a "Superintendent's" or proposed budget that will be submitted for School Committee/City Council consideration. The budget submitted may also include several options, particularly if the district is looking for revenue increases and how this may support new spending to achieve specific goals, needs, etc.

Budget Approval

If the steps outlined in previous sections are executed well, the budget approval process should be more of a formality. During the approval process, the School Committee/Council may either call for adjustments to the allocation amounts or decide to approve the proposed budget. If the School Committee/Council adjusts the allocation amounts, the district needs to go back to the table and develop a revised budget that incorporates the School Committee/Council's feedback.

Conversely, if the School Committee/Council approves the budget as presented, this then becomes the 'adopted' budget, setting the appropriation levels for the upcoming fiscal year. Budgets can be approved on an aggregate basis, by fund, by object, or even by program, depending on state and/or organizational practices.

Post Approval

The adopted budget and any adjustments should be well-communicated to the school and department leadership responsible for operationalizing or spending down the budget in the upcoming fiscal year (i.e. those who developed the aforementioned budget estimates/requests). The approved budget will then need to be 'loaded' into the financial system in a timely enough fashion to ensure spending can occur readily at the start of the fiscal year. The financial system utilized should contain the appropriate controls to ensure overspend does not occur and that the approved budget/appropriation cannot be exceeded (often known as a 'funds check'). The level of control will vary by organization – but can be at multiple levels, including funding source and the school site/department level. Some organizations will also have restrictions at the personnel versus non-personnel object/account code level to prevent increasing headcount.

Budget Monitoring

After completing the load of the budget file, a regular schedule of how budget to actual spend is progressing needs to be developed, such as monthly or quarterly. The district's business/finance office should produce a budget to actuals report and include any performance metrics as well. This report should be disseminated to schools and departments so they can see their progress on spending down of the current year budget. This information should also be regularly discussed between the district's business/finance office and the respective school/department, involving senior leadership and/or superintendent as needed if any major concerns are identified. This analysis and discussions should then be used to help inform the development of the following year's budget as well.

BROCKTON PUBLIC SCHOOL BUDGET APPROVAL

We reviewed the FY 2021 through 2024 Net School Spending and Non-Net School Spending voted upon by the School District, as well as the approved amount voted by the City, according to information available on the City of Brockton's website,⁴ we show the following:

⁴ FY 2021: <https://brockton.ma.us/wp-content/uploads/2020/06/FY-21-Budget-FINAL-061220.pdf>;
FY 2022: <https://brockton.ma.us/wp-content/uploads/2021/11/FY-22-Adopted-Budget-FINAL.pdf>;
FY 2023: <https://brockton.ma.us/wp-content/uploads/2022/05/FY-2023-Budget.pdf>;
FY 2024: <https://brockton.ma.us/wp-content/uploads/2023/08/FY-24-Adopted-Budget.pdf>

Brockton School District - Approved Budget

Description	FY 2021	FY 2022	FY 2023	FY 2024
Brockton School District Approved Budget				
Net School Spending	\$ 165,927,020	\$ 198,627,523	\$ 206,317,562	\$ 219,868,010
Non-Net School Spending	11,553,365	10,000,000	12,145,147	14,778,712
Total	\$ 177,480,385	\$ 208,627,523	\$ 218,462,709	\$ 234,646,722

City of Brockton - Approved Budget

Description	FY 2021	FY 2022	FY 2023	FY 2024
City of Brockton Approved Budget				
Net School Spending	\$ 165,927,020	\$ 198,627,523	\$ 206,318,562	\$ 219,868,010
Non-Net School Spending	11,553,365	10,000,000	12,145,147	11,245,147
Total	\$ 177,480,385	\$ 208,627,523	\$ 218,463,709	\$ 231,113,157
<i>City Approved (Over) / Under District Budget</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ (1,000)</i>	<i>\$ 3,533,565</i>

The City’s approved budget amounts in FY 2021 and FY 2022 reconciled to the amounts included in the School District’s approved budgets, as shown. However, the City’s budgeted amounts for FY 2023 and FY 2024 differ from the School District’s budgeted amounts by \$1,000 and \$3,533,565, respectively. As the City’s approved budget does not contain detailed amounts by account, we are unable to determine the reason for the discrepancies noted between the budgets.

When we attempted to trace the appropriated funds through MUNIS, the District’s financial software, we noted the “Original Appropriation” amounts reconciled to the budget approved by the District and not the amount approved by the City of Brockton. See below for the treatment of the budget once within the MUNIS software.

MUNIS – Calculation of the “Revised Budget”

Within MUNIS, we identified three main categories when analyzing the budgeted amounts:

- 1) Original Appropriation,
- 2) Transfers/Adjustments, and
- 3) Revised Budget

The Original Appropriation plus any Transfers/Adjustments results in the Revised Budget amount. Prior to considering any Transfers/Adjustments, the Original Appropriation amount should reconcile with the City’s approved budget. However, the amounts entered in MUNIS reflect the amounts included on the budget documents voted on by the Brockton School Committee, not by the City of Brockton.



After the Original Appropriation amounts are loaded into MUNIS, three (3) steps take place. First, any Encumbrances⁵ that carry over from the prior year are added. Second, any 1-to-1 transfers (transfers of funds from one account to another) are accounted for to ensure the correct budget amount is matched to the correct account. And finally, adjustments are recorded that serve to either increase or decrease the budget amount. See the chart below. (We note that the FY 2024 Transfers/Adjustments eliminate most of the \$3.5 million discrepancy noted between the City’s approved budget and the School District’s approved budget mentioned previously).

Description	FY 2021	FY 2022	FY 2023	FY 2024
Original Appropriation	\$ 177,480,385	\$ 208,627,523	\$ 218,462,709	\$ 234,646,722
Plus: PY Encumbrance Carry Forward	3,962,351	10,760,728	1,756,514	65,926
Plus: Transfers / Adjustments (+ / -)	10,317,704	(1,260,768)	(601,073)	(3,562,533)
Total Revised Budget	\$ 191,760,441	\$ 218,127,482	\$ 219,618,150	\$ 231,150,115

Notable Issues with MUNIS Budget

We note a significant issue and inconsistency with how the budgeted amounts were loaded into the MUNIS software. In FY 2021, the entirety of the \$177,480,385 approved appropriation is recorded in only two (2) accounts (or categories). Transfers from one account to another are then executed to distribute budgeted amounts to specified accounts/departments. A total of 627 separate accounts are impacted by these transfers to distribute the approved appropriations, with a net transfer in or out ranging from \$500 to over \$17 million. Additionally, we observed transfers going into one account at the beginning of the fiscal year to establish the Revised Budget, only to have 70% of the Revised Budget transferred out before the end of the fiscal year.

FY 2022 appropriations were loaded into MUNIS with more detailed information. The FY 2022 Original Appropriation amount of \$208,627,523 was loaded into 580 separate accounts. FY 2023, however, shows experiences similar to FY 2021. While more than two accounts were utilized when the budget was loaded into MUNIS, only twenty-one (21) separate accounts comprise the entire \$218,462,709 of Original Appropriations. 610 separate accounts are impacted by these transfers, with a net transfer in or out ranging from \$500 to \$6.9 million. These transfers then re-allocate the Original Appropriation amounts into individual spending categories forming the Revised Budget.

As we have not completed any interviews with City or School District officials/personnel, we are unaware as to who is responsible for loading the budgeted amounts into the MUNIS software. It is apparent that the initial loading of the approved budgets is not occurring as anticipated. As mentioned in our previous discussion of how budgets should be developed and monitored, inaccurate input of budgeted amounts into the MUNIS software may make it difficult for schools/departments to accurately track their respective areas of spending. The inability to properly track spending can lead

⁵ According to the Division of Local Services in the Commonwealth of Massachusetts, “Encumbrances are an accounting device to ensure that municipalities do not close out operating appropriation balances against which vendors and employees may have enforceable contractual claims at the end of the fiscal year.”

to cost overruns, particularly if coupled with a lack of good internal controls and well-defined processes and procedures.

Use of Encumbrances

While the use of Encumbrances is a normal and necessary part of the budgetary process, we found that Encumbrances for certain accounts were carried over to the following year, while spending in the current year for that specific account exceeded the budgeted amount, prior to the consideration of Encumbrances (This is also explained in more detail in subsequent sections of this report). To illustrate this point, we show the following example for the Building and Grounds Department.

Building & Grounds (BLD)			
Description	FY 2021	FY 2022	FY 2023
Revised Budget*	\$ 3,256,193	\$ 3,027,792	\$ 4,467,656
Actual Expenditure	\$ 3,537,605	\$ 3,846,473	\$ 3,570,586
Budget (Deficit) / Surplus	\$ (281,412)	\$ (818,681)	\$ 897,069
Encumbrance Carryover	\$ 685,386	\$ 185,472	\$ 21,053
Remaining Budget	\$ (966,798)	\$ (1,004,153)	\$ 876,016

**Please note, the Revised Budget includes Transfers, Adjustments, and Encumbrance Carryover amounts from the prior fiscal year.*

In FY 2021, the department shows a Revised Budget of \$3.2 million with actual expenditures of \$3.5 million, resulting in a budget deficit of \$281,412. However, we note an Encumbrance carried forward to the following year of \$685,386, resulting in overspending of this account’s budgeted amount by nearly \$1 million. Further, in FY 2022, we see no notable increase to the budgeted amount and that another \$800,000 of budget deficit occurs in FY 2022 with an additional \$185,000 Encumbrance carried forward to FY 2023. It is not until FY 2023 that we see an increase in the Revised Budget, that provides for a budget surplus.

ANALYSIS OF REVENUE/FUNDING SOURCES

We understand that all BPS revenue received from sources outside of the City is classified within MUNIS with a fund code beginning with “2”. This revenue would include funding received from federal and state grants as well as other competitive grants (collectively “grant funding”).

We further understand that unique funds are set up within MUNIS for any grant funding received by BPS for a particular year. If the funding relates to a grant received annually, a new fund code is established within MUNIS for each grant year. Actual revenue and expenditure activity, related to a particular grant and funding year, is recorded to that fund code regardless of the fiscal year in which the cash is received and expenses are allocated.

Based on our review, it is clear that the total amount of funding received for certain grants is sometimes budgeted over multiple years within MUNIS. As such, comparisons of Brockton’s annual



spend to grant funding cannot be performed based upon the MUNIS budget, due to the manner in which the annual budget was entered into the software.

To analyze BPS' spend of grant funding, we identified the grant funding BPS received for each fiscal year during the period of FY 2021 through FY 2023 (the "Grant Review Period"). These amounts were determined from three individual sources:

1. The Massachusetts Department of Elementary and Secondary Education's ("DESE") annual "Grants Reported on End of Year Financial Report,"⁶
2. The State and Federal Entitlement and Allocation Grants by District⁷ website, and
3. Circuit Breaker Reimbursement Payments worksheets.⁸

Based on our review, we identified \$122,881,202 in federal and state grant funding during the Grant Review Period.

It is important to note that as of the date of this report the FY 2024 Grants Reported on End of Year Financial Report was unavailable, which limited our review for FY 2024. Additionally, MUNIS data for FY 2020 was not included within the scope of our review, which prevented us from verifying any funding BPS carried forward from FY 2020 into FY 2021. Also, we were unable to verify the accuracy of the MUNIS budget amounts for any competitive grant funding as documentation supporting these grants was not provided for our review. We reserve the right to update this report pending an expansion in the scope of our work and the receipt of additional documentation.

We compared the grant funding identified during the Grant Review Period to actual revenue and expenditures recorded within MUNIS from FY 2021 through 2024. As shown in the chart below, we were able to reconcile all grant funding identified during the Grant Review Period to the actual revenue recorded within MUNIS.

Fiscal Year	Grant Award	Munis Information (A)		Balance
		Revenue	Expenditures	
2021	\$ 41,564,060	\$ 41,668,883	\$ 41,599,420	\$ 69,463
2022	\$ 57,756,556	\$ 57,756,556	\$ 57,589,183	\$ 167,373
2023	\$ 23,560,586	\$ 23,560,586	\$ 23,660,199	\$ (99,613)
Grant Review Period Total	\$ 122,881,202	\$ 122,986,025	\$ 122,848,802	\$ 137,223

Note (A) - inclusive of fiscal year 2021 through 2024

Revenues recorded for these grants were compared to the expenditures allocated to the grant during the Grant Review Period. Based on our review, we identified five (5) grants for which the actual expenditures allocated to the applicable MUNIS fund exceeded the total revenue recorded for the grant (overspend) by \$161,511. We also identified 27 grants for which the actual expenditures allocated to the applicable MUNIS fund were less than the total revenue recorded for the grant

⁶ <https://www.doe.mass.edu/finance/accounting/eoy/>

⁷ <https://www.doe.mass.edu/grants/entitlement-allocation.aspx?view=district>

⁸ <https://www.doe.mass.edu/finance/circuitbreaker/payments/default.html>



(underspend) of \$298,734. Combined, this results in a net amount of unallocated funds (underspend) totaling \$137,223 for the Grant Review Period.

ANALYSIS OF BUDGET AND ACTUAL SPENDING

We analyzed the budgeted amounts included within MUNIS and compared this to the total expenditures incurred for FY 2021 through FY 2023. When we consider Encumbrances and adjustments, we found the District spent less than the budgeted amount in FY 2021 and FY 2022. Prior to Encumbrances carried forward to the next fiscal year, a budget surplus was reflected in FY 2021 and FY 2022 of \$10,829,201 and \$1,902,763, respectively. In FY 2023, however, the District sustained a budget deficit of \$14,318,273, as shown below.

Description	FY 2021	FY2022	FY 2023
<i>District Approved Budget</i>	\$ 177,480,385	\$ 208,627,523	\$ 218,462,709
<i>City Approved Budget</i>	\$ 177,480,385	\$ 208,627,523	\$ 218,463,709
MUNIS Budget (with Adjustments)	\$ 191,760,441	\$ 218,127,482	\$ 219,618,150
Less: Actual Spending	\$ 180,931,240	\$ 216,224,719	\$ 233,936,423
Amount (Over) / Under Budget (before Encumbrance Carry Forward)	\$ 10,829,201	\$ 1,902,763	\$ (14,318,273)
Encumbrances Carried Over to Next Fiscal Year	\$ 10,760,728	\$ 1,756,514	\$ 65,926
Amount (Over) / Under Budget	\$ 68,473	\$ 146,249	\$ (14,384,199)

Tracking of expenditures relies upon consistency in practice and process to help better understand trends and cost drivers across organizations. This is especially needed when expenditures are increasing to identify and better understand areas that are significant cost drivers to try to rein in costs.

When examining the Original Appropriation, Revised Budget and Expenditures (actual), the increase over the last 3 years has been substantial.

Year	Original Appropriation		Revised Budget		Actual Expenses	
	Amount	% Increase	Amount	% Increase	Amount	% Increase
FY 2021	\$ 177,480,385		\$ 191,760,441		\$ 180,931,240	
FY 2022	\$ 208,627,523	17.5%	\$ 218,127,482	13.7%	\$ 216,224,719	19.5%
FY 2023	\$ 218,462,709	4.7%	\$ 219,618,150	0.7%	\$ 233,936,423	8.2%

The Original Appropriation – or amount of maximum authorized spend within the fiscal year - increased substantially from FY 2021 to FY 2022. This was further exacerbated by the increase in expenditures with a near 20% increase from FY 2021 to FY 2022. As mentioned above, in each of the last three (3) fiscal years, the District’s expenditures has substantially exceeded its Original Appropriation. The Revised Budget, which includes any adjustments to the Original Appropriation as well as Encumbrances carried forward from the prior year, did give the District sufficient capacity for its ultimate total expenditures in FY 2021 and FY 2022; however, neither the Original Appropriation nor the Revised Budget was sufficient enough to cover the District’s total expenditures in FY 2023.

The Original Appropriation reflects the amount submitted to the City for approval. The level of detail reflected in MUNIS has varied widely from FY 2021 to FY 2023 with the detail, particularly at the department/school level, being minimal, at best. Please see Exhibit A attached.

Looking at the department level detail is important as this typically represents a key level of control for school districts (See Exhibit B for Revised Budget amounts included in MUNIS, by department/school). Department heads and school principals generally have substantial influence on how and where their funds are spent. A lack of sufficient detail at the department/school level at the time the Original Appropriation is entered may reflect a lack of planning and communication that can then hinder the ability to appropriately plan for the upcoming fiscal year. In addition, this lack of detail also may prevent the School Committee/Council from making more informed decisions or from making inquiries into key areas of planned expenses by the school district.

While the Revised Budget does remedy some of these issues for FY 2021, the upward adjustments to FY 2023 were not nearly sufficient to give adequate budgetary capacity for the ultimate year end expenditures.

Description	Amount
Original Appropriation	\$ 218,462,709
<u>Plus: Adjustments / Transfers</u>	
Prior Year Encumbrance Carried Forward	1,756,514
Adjustments (+ / -)	(601,073)
Subtotal - Adjustments / Transfers	1,155,441
Revised Budget	219,618,150
Less: Actual Expenditures	233,936,423
Less: Encumbrance Carry Forward to FY 2024	65,926
<u>Budget Surplus / (Deficit)</u>	<u>\$ (14,384,199)</u>

The lack of detail prevented better tracking and understanding of key cost drivers that ultimately led to an overspend of the Revised Budget of over \$14 million in FY 2023.

Out-of-District Tuition

During FY 2023, \$10,568,438 was budgeted for out-of-district tuition, of which \$8,568,438 was to be locally funded and \$2,000,000 to be Circuit Breaker funded⁹. (It is our understanding that \$2,000,000 of the District’s budget for out-of-district tuition that was to be Circuit Breaker funded was never allocated to out-of-district tuition. Instead, the Circuit Breaker funding received was utilized for transportation costs, which were designated as “out-of-district” within MUNIS.) Encumbrances totaling \$28,006 were carried forward resulting in a total revised General Fund budget of \$8,596,444, as shown in the chart below. Actual FY 2023 General Fund expenditures for out-of-district tuition were equal to \$9,875,807, resulting in a General Fund overspend of \$1,279,363. It is important to note that the General Fund overspend is included in the FY 2023 overspend discussed in the previous section and throughout this report.

⁹ Brockton Public Schools FY 2023 Budget Net School Spending



We understand that an additional \$3,869,656 of FY 2023 out-of-district tuition expenses were recorded to the “OOD Tuitions” fund (# 2495) and not to the General Fund. These additional expenditures were not included in the General Fund analysis of budget and actual spending. Additionally, as this fund had no revenue source in FY 2023, it was not included in our analysis of grant funding discussed previously. Inclusion of this amount in our noted FY 2023 deficit of \$14,384,199 results in a total deficit of \$18,253,855 in FY 2023.

Description	Original Appropriation	Encumbrance Carry Forward	Revised Budget	Actual Spend	(Over) / Under Budget
<i>General Fund</i>					
Other Public Schools: Collaborative Programs	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 2,127,995	\$ 372,005
Private Day School	2,500,000	-	2,500,000	3,811,082	(1,311,082)
Residential School Placement	1,600,000	21,611	1,621,611	2,427,439	(805,828)
Nursing Home And Hospital	260,000	6,395	266,395	469,552	(203,158)
Occupational Education *	1,688,438	-	1,688,438	1,023,050	665,388
BHS - Evening School Tuition	20,000	-	20,000	16,689	3,311
Total General Fund	\$ 8,568,438	\$ 28,006	\$ 8,596,444	\$ 9,875,807	\$ (1,279,363)
OOD Tuitions Fund No. 2495	\$ -	\$ -	\$ -	\$ 3,869,656	\$ (3,869,656)
Total	\$ 8,568,438	\$ 28,006	\$ 8,596,444	\$ 13,745,463	\$ (5,149,019)
* Please note: The "Occupational Education" Account within Munis includes the following Out-of-District Tuition categories per the District's budget: After Dark Program, Occupational Education, Gateway to College Program, Virtual Academy (Greenfield), Independence Academy (460 Belmont Street)					

During a special meeting of City Council on December 20, 2023, a transfer totaling \$9,947,925 was authorized to “balance the appropriation, assist in satisfying the FY23 Brockton Public School deficit, and also reduce the tax levy for FY24.”¹⁰ It is our understanding that the \$3,869,656 out-of-district tuition fund deficit was considered as part of the noted FY 2023 deficit. In total, out-of-district tuition expenses appear to have been over budget by \$3,177,025 in FY 2023. However, when considering that \$2 million of the budgeted costs were to be Circuit Breaker funded but were never actually allocated to out-of-district tuition, the actual overspend is equal to \$5,149,019.

School/Department Analysis

The overruns in expenditures in the General Fund occur across numerous schools/departments and are apparent at both the department/school level as well as the object level, as shown in Exhibits C and D, respectively. When analyzing the schools/departments where expenditures exceeded the budgeted amounts, we find Brockton High School (“BHS”) and Transportation to have the highest General Fund overspend amounts of \$13,011,908 and \$2,852,803, respectively, as shown on Exhibit C.

Brockton High School

As discussed previously, due to the fact that the Original Appropriation amounts were not correctly entered, the FY 2023 Revised Budget amount for BHS consisted of a small amount of Encumbrances and \$24 million of transfers from other departments/accounts. The total Revised Budget of \$23,931,805 was not adequate to account for the \$36,943,714 of actual expenditures, which resulted in an overspend of \$13,011,908 for BHS alone.

¹⁰ Special City Council Minutes for December 20, 2023.

When analyzing the School District’s approved budget in FY 2023, the “High School” budget totaled \$35,271,676.¹¹ Yet, the Revised Budget for the Brockton High School in MUNIS only totaled \$23,931,805.

BROCKTON PUBLIC SCHOOLS SUPERINTENDENT’S RECOMMENDED FY2023 BUDGET						
IA. IA. PERSONAL SERVICES - CERTIFIED	FY2022	FY2022	FY2023	+/- From Budget		FY23
	Non-Local Financing Sources	Local Budget	Local Budget Requested	FY2022 +/-	FY2023 +/- %	Local Funded
1 HIGH SCHOOL		34,498,427	37,271,676	2,773,249	8.0%	35,271,676
2 MIDDLE SCHOOL		32,216,640	37,016,255	4,799,615	14.9%	36,616,255
3 ELEMENTARY		55,317,415	59,844,515	4,527,100	8.2%	53,844,515
4 ADDITIONAL PERSONNEL	2,241,342	4,642,078	750,000	-6,133,420	-132.1%	450,000

It is clear the approved budget was not appropriately categorized in MUNIS, which did not allow for accurate tracking of expenses throughout the fiscal year.

In analyzing the historical BHS budget, we note actual expenditures ranging from \$31.8 million in FY 2021 to \$36.9 million in FY 2023. In the chart below, budgeted amounts in prior years are commensurate with the anticipated and actual spending for BHS. This further supports a breakdown in the budgeting allocation of funds in FY 2023.

Brockton High School					
Fiscal Year	Original Appropriations	Transfers / Adjustments	Revised Budget	Actual Expenditures	Budget Surplus / (Deficit)
FY 2021	\$ -	\$ 32,489,582	\$ 32,489,582	\$ 31,800,438	\$ 689,144
FY 2022	34,974,132	37,367	35,011,499	33,754,507	\$ 1,256,992
FY 2023	-	23,931,805	23,931,805	36,943,714	\$ (13,011,908)
FY 2024	34,304,726	(2,097,395)	32,207,331	25,293,469	\$ 6,913,862

Although expenditures are increasing year over year for BHS, the issue in FY 2023 appears to be related to the budgeting processes. However, the under allocation of funds within the MUNIS BHS budget leads to an overallocation of funds in other department(s), which could allow a department to spend more than was actually planned – as the total budget for the district increased substantially from FY 2022 to FY 2023 (as previously shown). A detailed analysis, by account, would need to be completed to determine the true source of overspending.

Transportation

Beginning in the FY 2022 budget, a major change to the District’s transportation begins to take place. According to FY 2022 District budget documents provided, busing for the District would be brought “in-house” over the next few years. The District ordered 64 buses and planned on acquiring a building to house the new buses. In FY 2022, we see a total of \$5.4 million was spent on purchasing buses to “build their own fleet.”

Although the Brockton School Committee states they “anticipate millions in savings over the next several years,” we noted Transportation expenditures in Non-Net School Spending consistently

¹¹ Fiscal Year 2023 Budget voted by Brockton School Committee 24 May 2022.

increased year to year. In addition to the rising costs, the actual expenditures incurred for Transportation are well in excess of the budgeted amounts. Contract services, bus drivers and other administrative salaries account for the largest portion of expenditures in exceeding budgeted amounts.

Transportation					
Fiscal Year	Original Apporpiations	Transfers / Adjustments	Revised Budget	Actual Expenditures	Budget Surplus / (Deficit)
FY 2021	\$ -	\$ 5,500,042	\$ 5,500,042	\$ 4,465,588	\$ 1,034,454
FY 2022	9,260,085	700,255	9,960,340	12,627,843	\$ (2,667,503)
FY 2023	12,439,139	(1,838,650)	10,600,489	13,453,293	\$ (2,852,803)
FY 2024	14,435,564	(2,864,818)	11,570,746	14,677,538	\$ (3,106,792)

Similar to the budgeting practices seen in FY 2023 for Brockton High School, in FY 2022 through FY 2024 the Transportation Department is in a budget deficit. As the actual expenditures are relatively stable from 2022 through 2024, we question why the amounts allocated to Transportation were adjusted downward from the Original Appropriation amounts. Again, the amounts transferred out of the Transportation Department led to a budget deficit in this department. In addition, as the total budget did not decrease, the decrease in the Transportation Department essentially led to an increase in the Revised Budget in other departments leading to further misalignment and difficulty for proper budget monitoring.

Unfortunately, as of the writing of this report, financial data for 2024 is incomplete. Of the information provided, we appear to have the majority of costs incurred through period 10 in FY 2024, or April 2024 (This would need to be confirmed by reconciling to the complete information through the end of FY 2024). With additional time remaining in the fiscal year, the District is already \$3.1 million over budget for this department according the data included in MUNIS.

IMPACT OF ENCUMBRANCES ON BUDGET SURPLUS / DEFICIT

As illustrated in previous sections of this report, the use of Encumbrances is a normal and necessary part of the budgetary process. However, when analyzing the actual spend at the department level, if not treated appropriately, Encumbrances can further complicate the tracking of expenditures to limit overspending.

In FY 2022 we noted the revised budget included encumbrance carry forwards totaling \$10,760,728. It is our understanding that \$5,483,564 of this carry forward was utilized by the district for the purchase of school buses. Considering a substantial remaining encumbrance carry forward of \$5,277,164, we investigated the use of Encumbrances at the Organization (ORG) and Object level to better understand the process utilized by the District. For this exercise, the “Other Charges & Expenditures” Object (570000) in the “Capital & New Equipment” Organization (16343003) was chosen. Please see the chart below.



Description	FY 2021	FY 2022	FY 2023
Original Appropriation	\$ -	\$ -	\$ -
Plus: PY Encumbrance Carry Forward	1,503,127	591,530	59,616
Plus: Transfers / Adjustments (+ / -)	(47,221)	(128,210)	-
Total Revised Budget	\$ 1,455,906	\$ 463,320	\$ 59,616
Actual Spending	\$ 1,500,000	\$ 1,615,551	\$ 200,743
Encumbrance Carry Forward to Next FY	591,530	59,616	15,817
Budget Remaining	\$ (635,624)	\$ (1,211,847)	\$ (156,943)

We can see that for this account, no amount is included in the Original Appropriation from FY 2021 through FY 2023. In each year, the entirety of the Revised Budget is determined by the Encumbrance carry forward from the prior year and any transfers/adjustments. In FY 2021, the Revised Budget totals \$1,455,906. When compared to actual expenditures of \$1,500,000, a budget deficit of \$44,094 is noted. However, we then see that \$591,530 is an Encumbrance amount that is carried forward to the next fiscal year, resulting in a budget deficit of \$635,624 in FY 2021. It is important to note that even though actual expenditures exceeded the Revised Budget amount, resulting in a budget deficit, additional amounts (Encumbrances) were still planned to be carried over to the next fiscal year, resulting in an additional overspend and increase to the deficit.

Due to the overall budget deficit in FY 2023, Encumbrances and spending for this account was analyzed on a transaction basis to better understand the use of Encumbrances. At first glance, when viewing pre-built reports within MUNIS, it appears that FY 2023 experienced a budget deficit of \$156,943, which is calculated by comparing the Revised Budget to Actual Expenditures. It is only when we analyze the line-item transactions where we see the true results and overspend for this account.

As shown in the chart above, \$59,616 of Encumbrances are carried forward from FY 2022 into FY 2023, which accounts for the entire Revised Budget in FY 2023 (We note that all of the \$59,616 has been carried over from periods prior to FY 2022, with some carried over from periods prior to FY 2021). What is not outlined in the chart above or the account-level analysis, are the cancelation of Purchase Orders totaling \$43,799 included in the \$59,616 Encumbrance. These Purchase Orders were canceled on June 30, 2023, the last day of the fiscal year. The remaining Encumbrance of \$15,817 (\$59,616 - \$43,799 = \$15,817) is carried forward to FY 2024, which indicates that none of the \$200,743 of actual expenditures were related to any amounts budgeted for the year. Therefore, the demonstrated budget deficit of \$156,943 is incorrect. A more accurate budget deficit amount would be the entire \$200,743, as none of the amounts were related to amounts budgeted in FY 2023 or any prior fiscal year.

While we have not completed this analysis for every account, we question if Encumbrances are being properly utilized within the budgeting process. If similar treatment of Encumbrances is occurring in other accounts, it is even more difficult for District personnel to understand where cost overruns are occurring and why. This issue may be further exacerbated by the fact that in FY 2022, over \$10 million of Encumbrances are carried forward from the prior year. As mentioned previously, without these Encumbrances, the District would have incurred a budget deficit for the fiscal year 2022.

DISCLAIMER

Any unauthorized use, disclosure, or further disbursement of this Report, its attachments, or any portions thereof without Baker Tilly's express written permission is strictly prohibited. We do not assume any responsibility or liability for any costs, damages, losses, liabilities, or expenses incurred by any third-party due to circulation, publication, reproduction, use of, or reliance upon this Report or excerpts from this Report.

This Report and the procedures we performed, which are limited to those described herein, are not intended to be, nor should they be, considered an audit, review, compilation, or agreed-upon procedures, in accordance with generally accepted auditing standards ("GAAS"). The AICPA defines the "objective of the ordinary audit of financial statements by the independent auditor is the expression of an opinion on the fairness with which they present, in all material respects, financial position, results of operations, and its cash flows in conformity with generally accepted accounting principles."¹²

Documents or information obtained after this writing may affect our analysis, and this effect may be significant and material. Baker Tilly explicitly reserves the right to supplement or update this Report or any subsequent report and all related components upon learning additional information for a fee.

SUMMARY

As mentioned previously, we were engaged to obtain and analyze the information available pertaining to the revenue amounts as well as the budgeted and actual expenditures for the Brockton Public Schools during the period of July 2020 to April 2024. Please note, this report and all attachments included are preliminary in nature.

As a result of our analysis to date, we found the following:

- While we note that in Fiscal Year (FY) 2021 and 2022, Brockton Public Schools' actual expenditures were less than budget, in FY 2023 the District's actual expenditures exceeded the budgeted amount by approximately \$14 million.
- In FY 2023, a total of \$3,869,656 of expenses were incurred and recorded in a fund outside of the General Fund without a noted revenue source. This results in an increased deficit in FY 2023 totaling approximately \$18 million.
- In FYs 2021 and 2023, BPS did not follow best practices when entering the City's and District's approved budgets, with respect to the Original Appropriation amounts, into their financial software.
 - In FY 2021, \$177 million of Appropriations were recorded in two (2) accounts (or categories) while the Revised Budget (Original Appropriations plus Transfers/Adjustments) consisted of approximately 620 individual accounts.
 - In FY 2023, \$218 million of Appropriations were recorded in twenty-one (21) individual accounts while the Revised Budget (Original Appropriations plus Transfers/Adjustments) included entries in 610 accounts.
- Additional funding of \$10.3 million received in April of FY 2021 was recorded in one (1) account and later transferred to other accounts.

¹² American Institute of Certified Public Accountants AU-00110 Responsibilities and Functions of the Independent Auditor, revised March 2006, at 1.

- While FY 2021 and FY 2022 show consistent amounts between the City's and District's approved budgets, FY 2023 and FY 2024 show differences, some significant, between the two budgets.
- Incorrectly entering budgeted amounts did not allow for adequate controls at the department or object level, as is normally expected to avoid incurring a budget deficit.

Based upon our findings summarized above, we suggest that BPS develops and implements improvements to its budgeting process and budget monitoring, including detailed timelines and responsibilities to prevent future lapses in entering sufficiently detailed budgeted amounts. This will provide for effective budget to actuals monitoring and will help prevent overspending to the best extent possible.

As mentioned above, as of the date of this Report, we have only been instructed to perform Phases 1 and 2 of the Scope of Work. Should Phase 3 be necessary and requested by counsel, we will expand the project to perform in-depth and targeted analyses of specific departments/accounts to answer any further questions on why variances from expectations were realized.

We trust the foregoing comments are clear. If you have any questions or comments, please contact the undersigned at **312 251 4502** at your convenience.

Sincerely,

BAKER TILLY ADVISORY GROUP, LP



Timothy J. Voncina, CPA, CMA, CGMA, CFF, CFE
Principal
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Enclosure

ORIGINAL APPROPRIATION AMOUNT RECORDED IN MUNIS

EXHIBIT A

School / Department	FY 2021	FY 2022	FY 2023	FY 2024
Net School Spending				
Adult Learning Center	\$ -	\$ 479,941	\$ -	\$ 373,623
Art	-	255,821	-	161,262
Athletics	-	1,047,587	535,000	1,142,673
Attendance	-	301,806	-	386,726
Bilingual	-	999,961	-	1,579,721
Building and Grounds	-	2,737,000	2,402,500	4,050,500
Business Office	37,580,893	6,472,316	7,123,080	8,409,677
Community	-	315,281	-	395,838
Curriculum	-	350,000	203,489	393,000
Custodians	-	2,460,484	-	2,983,289
Data Services	-	2,262,469	1,466,000	2,165,012
Deputy Superintendent	-	276,093	-	535,500
Early Childhood	-	-	-	132,047
Elementary Education	-	585,575	-	986,945
Equity, Diversity & Inclusion	-	-	-	458,931
Facilities	-	515,125	-	461,526
Guidance	-	270,004	-	261,637
Health Education	-	180,900	-	174,116
Health Services	-	17,000	-	-
Human Resources	-	1,037,653	-	1,574,706
IT	-	67,377	-	66,100
Library Books	-	-	-	90,000
Math	-	196,785	-	373,528
Misc.	-	-	-	-
Music	-	127,573	-	112,591
Operations	-	1,157,240	2,252,750	1,555,237
Parent Information Center	-	915,668	-	1,050,735
Physical Education	-	348,607	-	322,682
Psychology	-	1,060,439	-	994,430
Pupil Services	-	2,028,779	-	1,951,515
Reading	-	335,137	-	439,727
REFERENCE MATERIALS	-	-	-	-
Rentals and Leases	-	103,000	553,000	751,000
School Committee	-	137,800	-	205,000
School Police	-	975,031	-	1,492,300
Special Education	-	4,856,845	-	6,247,992
Substitutes	-	1,751,485	-	2,881,434
Superintendent	-	2,067,346	20,000	2,493,707
Systemwide	139,899,492	11,788,221	174,219,813	8,498,774
Technology	-	3,593,797	1,724,500	6,117,012
Tuition	-	8,452,438	8,568,438	12,184,866
Utilities	-	1,185,051	6,955,000	5,556,500
Angelo School	-	6,289,088	-	6,139,468
Arnone School	-	6,419,125	-	6,477,170
Ashfield Middle School	-	4,893,795	-	4,764,067
Baker School	-	6,156,022	-	6,992,076
Barrett Russell Early Childhood Center	-	3,145,849	-	2,911,014
Brockton High School	-	34,974,132	-	34,304,726
Brockton Therapeutic Day School ("Huntington")	-	2,579,376	-	1,869,286
Brockton Virtual Learning Academy	-	-	-	653,570
Brookfield School	-	4,679,834	-	4,916,292
Champion	-	1,676,350	-	2,535,541
Downey School	-	6,191,978	-	6,338,961
East Middle School (East Junior High)	-	6,289,002	-	5,485,892
Edgar B. Davis K-8 School	-	6,396,079	-	7,209,804
Edison Day Academy At Brockton High School	-	1,096,721	-	985,581
Frederick Douglas	-	1,568,788	-	852,972
Gilmore Elementary School	-	3,613,130	-	3,161,350
Hancock School	-	4,111,376	-	4,860,379
Kennedy School	-	4,561,218	-	4,667,419
Manthala George, Jr. Global Studies School ("George")	-	6,150,393	-	5,725,910
North Middle School ("North Junior High")	-	1,909,519	-	3,619,183
Plouffe Middle School	-	6,113,619	-	5,922,534
Promise School	-	154,000	-	1,847,979

ORIGINAL APPROPRIATION AMOUNT RECORDED IN MUNIS

EXHIBIT A

School / Department	FY 2021	FY 2022	FY 2023	FY 2024
Raymond School	-	6,118,363	-	6,126,684
South Middle School ("South Junior High")	-	5,830,696	-	5,892,898
West Middle School ("West Junior High")	-	5,822,383	-	5,083,812
UNKNOWN	-	2,000	-	-
Net School Spending Total	\$ 177,480,385	\$ 198,456,471	\$ 206,023,570	\$ 219,356,427
Non-Net School Spending				
Community	\$ -	\$ 307,707	\$ -	\$ 208,343
Community Engagement	-	10,000	-	60,000
Traffic	-	585,200	-	586,388
Transportation	-	9,260,085	12,439,139	14,435,564
Non-Net School Spending Total	\$ -	\$ 10,162,992	\$ 12,439,139	\$ 15,290,295
UNKNOWN				
UNKNOWN	-	8,060	-	-
UNKNOWN Total	\$ -	\$ 8,060	\$ -	\$ -
Grand Total	\$ 177,480,385	\$ 208,627,523	\$ 218,462,709	\$ 234,646,722

REVISED BUDGET AMOUNT RECORDED IN MUNIS

EXHIBIT B

School / Department	FY 2021	FY 2022	FY 2023	FY 2024
Net School Spending				
Adult Learning Center	\$ 275,694	\$ 480,189	\$ 341,352	\$ 377,123
Art	252,348	257,388	258,383	239,762
Athletics	968,666	1,869,182	1,256,896	1,216,073
Attendance	180,148	301,896	307,720	387,226
Bilingual	894,448	1,102,872	1,378,802	1,758,174
Building and Grounds	3,256,193	3,027,792	4,467,656	4,048,750
Business Office	5,385,337	5,165,163	7,900,904	7,557,797
Community	311,727	316,193	549,900	395,838
Curriculum	386,992	404,206	360,227	394,750
Custodians	-	2,460,484	3,323,116	1,483,289
Data Services	1,544,843	2,373,169	2,683,660	2,165,012
Deputy Superintendent	255,976	277,331	305,583	589,206
Early Childhood		-	151,620	132,047
Elementary Education	250,011	594,998	807,743	986,945
Equity, Diversity & Inclusion		7,500	571,814	623,931
Facilities	329,248	516,092	411,441	491,526
Guidance	215,970	287,311	283,618	284,337
Health Education	177,159	180,913	194,673	209,116
Health Services	18,332	22,783	20,973	65,000
Human Resources	1,031,520	1,037,653	1,312,197	1,782,206
IT	65,465	67,377	68,039	66,100
Library Books			100,000	90,000
Math	192,050	208,814	492,392	373,528
Misc.		-	-	-
Music	126,204	127,668	144,236	123,591
Operations	2,358,539	1,733,303	1,582,689	2,110,613
Parent Information Center	938,262	916,709	962,181	1,058,735
Physical Education	263,441	348,972	352,800	324,682
Psychology	1,040,711	1,060,439	1,134,038	994,430
Pupil Services	1,711,003	2,234,189	2,401,659	2,332,965
Reading	324,347	337,294	569,428	439,727
REFERENCE MATERIALS			10,000	3,000
Rentals and Leases	104,890	104,890	554,890	751,000
School Committee	139,094	139,094	152,800	400,000
School Police	959,079	1,052,715	1,059,485	1,568,300
Special Education	4,564,497	4,938,157	5,604,836	6,746,042
Substitutes	520,420	1,751,485	1,785,100	2,622,434
Superintendent	2,130,471	2,073,555	2,446,796	3,878,707
Systemwide	3,564,378	11,768,221	7,802,219	3,834,350
Technology	1,742,953	3,932,046	4,060,004	6,451,012
Tuition	9,005,411	9,801,845	8,576,444	15,824,866
Utilities	5,634,409	1,640,991	5,365,224	5,480,644
Angelo School	5,710,580	6,290,816	6,594,787	6,498,878
Arnone School	6,253,123	6,421,660	6,891,733	6,347,210
Ashfield Middle School	4,854,084	4,894,997	5,162,748	4,768,757
Baker School	5,781,703	6,158,938	7,461,711	7,090,416
Barrett Russell Early Childhood Center	3,150,247	3,147,445	3,371,854	2,873,184
Brockton High School	32,489,582	35,011,499	23,931,805	32,207,331
Brockton Therapeutic Day School ("Huntington")	2,468,011	2,579,506	3,054,755	1,831,627
Brockton Virtual Learning Academy		1,000	271,363	1,500,650
Brookfield School	4,358,870	4,681,041	4,803,260	4,921,652
Champion	1,546,124	1,676,350	1,994,023	2,156,541
Downey School	5,589,651	6,193,934	6,220,536	6,721,811
East Middle School (East Junior High)	5,933,752	6,292,035	6,509,866	5,491,192
Edgar B. Davis K-8 School	6,227,529	6,406,936	7,357,862	7,220,204
Edison Day Academy At Brockton High School	1,068,624	1,096,889	1,203,616	1,148,931
Frederick Douglas	1,488,490	1,568,788	1,542,153	151,972
Gilmore Elementary School	3,408,185	3,615,381	3,832,373	3,081,610
Hancock School	4,024,665	4,112,711	4,890,637	4,868,119
Kennedy School	4,160,343	4,562,218	4,673,885	4,693,519
Manthala George, Jr. Global Studies School ("George")	5,762,559	6,151,754	6,275,892	5,934,650
North Middle School ("North Junior High")	1,818,653	1,932,375	3,174,937	3,665,193
Plouffe Middle School	5,484,062	6,115,701	6,815,026	6,024,304
Promise School		154,000	1,259,892	1,859,979

REVISED BUDGET AMOUNT RECORDED IN MUNIS

EXHIBIT B

School / Department	FY 2021	FY 2022	FY 2023	FY 2024
Raymond School	6,079,318	6,120,702	6,204,421	6,135,854
South Middle School ("South Junior High")	5,414,458	5,833,420	6,466,264	5,878,518
Special Education	-	-	-	-
West Middle School ("West Junior High")	5,628,477	5,822,604	6,054,867	4,989,702
UNKNOWN	464	2,348	3,000	-
Net School Spending Total	\$ 179,821,789	\$ 201,765,927	\$ 208,136,803	\$ 218,724,638
<u>Non-Net School Spending</u>				
Community	\$ 349,773	\$ 307,707	\$ 202,343	\$ 208,343
Community Engagement	10,000	10,000	10,000	60,000
Traffic	587,208	586,388	585,200	586,388
Transportation	5,500,042	9,960,340	10,600,489	11,570,746
Non-Net School Spending Total	\$ 6,447,023	\$ 10,864,435	\$ 11,398,032	\$ 12,425,477
<u>UNKNOWN</u>				
District Capital	\$ 5,483,564	\$ 5,483,564	\$ -	\$ -
UNKNOWN	8,065	13,557	83,315	-
UNKNOWN Total	\$ 5,491,628	\$ 5,497,121	\$ 83,315	\$ -
Grand Total	\$ 191,760,440	\$ 218,127,482	\$ 219,618,150	\$ 231,150,115

BUDGET AMOUNT VS. ACTUAL EXPENDITURES, BY DEPARTMENT / SCHOOL - FY 2023

EXHIBIT C

School / Department	Original Appropriations	Revised Budget	Actual Expenditures	Budget Remaining	Encumbrances
Summary					
Net School Spending	\$ 206,023,570	\$ 208,136,803	\$ 219,649,608	\$ (11,512,805)	\$ 65,926
Non-Net School Spending	12,439,139	11,398,032	14,204,062	(2,806,030)	-
Unknown	-	83,315	82,752	563	-
Total	\$ 218,462,709	\$ 219,618,150	\$ 233,936,423	\$ (14,318,273)	\$ 65,926

Net School Spending

Adult Learning Center	\$ -	\$ 341,352	\$ 354,259	\$ (12,907)	\$ -
Art	-	258,383	236,624	21,759	-
Athletics	535,000	1,256,896	1,029,213	227,683	-
Attendance	-	307,720	383,130	(75,410)	-
Bilingual	-	1,378,802	1,864,747	(485,945)	-
Building and Grounds	2,402,500	4,366,675	3,504,140	862,536	21,053
Buildings & Grounds	-	100,981	66,447	34,534	-
Business Office	7,123,080	7,900,904	7,515,685	385,219	4,070
Community	-	549,900	167,422	382,478	-
Curriculum	203,489	360,227	149,667	210,560	-
Custodians	-	3,323,116	3,075,601	247,515	-
Data Services	1,466,000	2,683,660	1,930,520	753,140	-
Deputy Superintendent	-	305,583	441,459	(135,875)	-
Early Childhood	-	151,620	150,070	1,550	-
Elementary Education	-	807,743	1,007,753	(200,011)	-
Equity, Diversity & Inclusion	-	571,814	456,028	115,786	-
Facilities	-	411,441	466,768	(55,327)	-
Guidance	-	283,618	289,366	(5,748)	-
Health Education	-	194,673	202,585	(7,912)	-
Health Services	-	20,973	13,152	7,821	-
Human Resources	-	1,312,197	1,605,702	(293,505)	-
IT	-	68,039	69,356	(1,317)	-
Library Books	-	100,000	-	100,000	-
Math	-	492,392	432,726	59,666	-
Misc.	-	-	101,860	(101,860)	-
Music	-	144,236	138,893	5,343	842
Operations	2,252,750	1,582,689	1,346,571	236,118	15,817
Parent Information Center	-	962,181	1,094,298	(132,117)	-
Physical Education	-	352,800	303,996	48,804	-
Psychology	-	1,134,038	1,115,363	18,675	-
Pupil Services	-	2,401,659	2,043,984	357,675	-
Reading	-	569,428	499,496	69,932	-
REFERENCE MATERIALS	-	10,000	1,397	8,603	-
Rentals and Leases	553,000	554,890	82,611	472,279	-
School Committee	-	152,800	111,545	41,255	-
School Police	-	1,059,485	1,550,340	(490,855)	-
Special Education	-	5,604,836	6,225,722	(620,886)	-
Substitutes	-	1,785,100	1,490,209	294,891	-
Superintendent	20,000	2,446,796	2,191,502	255,294	-
Systemwide	174,219,813	7,802,219	6,751,808	1,050,411	-
Technology	1,724,500	4,060,004	3,689,357	370,647	-
Tuition	8,568,438	8,576,444	9,859,119	(1,282,675)	-
Utilities	6,955,000	5,365,224	6,568,770	(1,203,546)	24,144
Angelo School	-	6,594,787	6,618,843	(24,055)	-
Arnone School	-	6,891,733	6,950,349	(58,616)	-
Ashfield Middle School	-	5,162,748	5,075,785	86,963	-
Baker School	-	7,461,711	7,396,269	65,442	-
Barrett Russell Early Childhood Center	-	3,371,854	3,075,426	296,428	-
Brockton High School	-	23,931,805	36,943,714	(13,011,908)	-
Brockton Therapeutic Day School ("Huntington")	-	3,054,755	2,013,600	1,041,155	-
Brockton Virtual Learning Academy	-	271,363	686,114	(414,751)	-
Brookfield School	-	4,803,260	5,326,327	(523,067)	-
Champion	-	1,994,023	2,679,329	(685,306)	-
Downey School	-	6,220,536	6,858,438	(637,902)	-
East Middle School (East Junior High)	-	6,509,866	5,776,682	733,184	-
Edgar B. Davis K-8 School	-	7,357,862	7,865,122	(507,261)	-
Edison Day Academy At Brockton High School	-	1,203,616	1,043,535	160,081	-
Frederick Douglas	-	1,542,153	830,219	711,934	-
Gilmore Elementary School	-	3,832,373	3,333,233	499,140	-
Hancock School	-	4,890,637	5,195,098	(304,461)	-
Kennedy School	-	4,673,885	5,016,898	(343,013)	-
Manthala George, Jr. Global Studies School ("George")	-	6,275,892	6,063,066	212,827	-
North Middle School ("North Junior High")	-	3,174,937	3,855,137	(680,200)	-
Plouffe Middle School	-	6,815,026	6,363,380	451,646	-
Promise School	-	1,259,892	1,831,019	(571,127)	-

BUDGET AMOUNT VS. ACTUAL EXPENDITURES, BY DEPARTMENT / SCHOOL - FY 2023
EXHIBIT C

School / Department	Original Appropriations	Revised Budget	Actual Expenditures	Budget Remaining	Encumbrances
Raymond School	-	6,204,421	6,626,991	(422,570)	-
South Middle School ("South Junior High")	-	6,466,264	6,293,986	172,279	-
West Middle School ("West Junior High")	-	6,054,867	5,348,499	706,368	-
UNKNOWN	-	3,000	3,290	(290)	-
Net School Spending Total	\$ 206,023,570	\$ 208,136,803	\$ 219,649,608	\$ (11,512,805)	\$ 65,926
Non-Net School Spending					
Community	\$ -	\$ 202,343	\$ 174,022	\$ 28,321	\$ -
Community Engagement	-	10,000	-	10,000	-
Traffic	-	585,200	576,748	8,452	-
Transportation	12,439,139	10,600,489	13,453,293	(2,852,803)	-
Non-Net School Spending Total	\$ 12,439,139	\$ 11,398,032	\$ 14,204,062	\$ (2,806,030)	\$ -
UNKNOWN					
UNKNOWN	-	83,315	82,752	563	-
UNKNOWN Total	\$ -	\$ 83,315	\$ 82,752	\$ 563	\$ -
Grand Total	\$ 218,462,709	\$ 219,618,150	\$ 233,936,423	\$ (14,318,273)	\$ 65,926

BUDGET AMOUNT VS. ACTUAL EXPENDITURES, BY OBJECT - FY 2023
EXHIBIT D

School / Department	Original Appropriations	Revised Budget	Actual Expenditures	Budget Remaining	Encumbrances
FULL-TIME SALARIES	\$ -	\$ 12,062,925	\$ 11,387,341	\$ 675,584	\$ -
ADMINISTRATR/SUPERVISR/DIRECTR	-	15,201,637	16,938,534	(1,736,897)	-
TEACHERS	174,219,813	109,984,893	120,274,135	(10,289,242)	-
SUBSTITUTES	-	1,544,000	1,191,722	352,278	-
OTHER SALARIES	-	1,099,704	1,640,854	(541,150)	-
COMMUNITY MENTORS	-	718,301	792,635	(74,334)	-
P/T INSTRUCTIONAL SUPPORT	-	20,200	5,883	14,317	-
COMMUNITY SCHOOL TEACHERS	-	464,566	167,422	297,144	-
PART-TIME SALARIES	-	593,391	612,343	(18,952)	-
TEMPORARY/SEASONAL	-	278,450	193,091	85,359	-
ELECTED/APPOINTED	-	71,000	84,307	(13,307)	-
NURSES P/S SCHOOL	-	3,404,740	3,466,608	(61,868)	-
ATTENDANCE P/S SCHOOL	-	307,120	382,903	(75,783)	-
CUSTODIANS	-	7,857,952	8,198,746	(340,794)	-
SECURITY P/S SCHOOL	-	1,003,989	1,454,017	(450,028)	-
PRINTING SPECIALIST	-	-	52,499	(52,499)	-
BUS DRIVERS	7,663,247	3,807,859	5,967,727	(2,159,868)	-
CLERICAL / SECRETARY STAFF	-	7,163,446	7,998,757	(835,311)	-
PARAPROFESSIONALS	-	11,275,302	12,583,270	(1,307,968)	-
OUTREACH SPECIALIST	-	361,156	397,286	(36,130)	-
SECURITY GUARDS	-	148,146	636,504	(488,358)	-
DISPATCHER	-	63,345	238,124	(174,779)	-
MECHANIC	-	148,240	88,434	59,806	-
PROJECT MANAGER	-	195,314	125,099	70,215	-
EARLY COLLEGE MANAGER	-	149,072	112,272	36,800	-
OVERTIME	-	692,812	763,265	(70,453)	-
WEEKEND DIFFERENTIAL	-	-	6,148	(6,148)	-
WORKERS COMPENSATION	-	900,000	930,289	(30,289)	-
UNEMPLOYMENT INSURANCE	-	600,000	292,335	307,665	-
ELECTRICITY	3,325,000	3,207,069	4,475,061	(1,267,993)	24,144
ENERGY (GAS,OIL,DIESEL)	2,590,000	1,036,115	1,113,168	(77,053)	-
SEWER & WATER CHARGES	540,000	544,992	505,558	39,433	-
BUILDING/GROUNDS REPAIR/MAINT	900,000	3,194,625	2,599,765	594,860	19,253
VEHICLE REPAIR/MAINTENANCE	-	202,717	88,701	114,016	500
DEPART EQUIP REPAIR/MAINT	-	32,205	14,636	17,569	-
BUILDING RENT/LEASE	553,000	955,547	638,912	316,636	-
DEPARTMENTAL EQUIP RENT/LEASE	-	55,280	42,688	12,592	-
LEGAL	-	368,273	303,765	64,508	-
OTHER CONTRACT SERVICES	6,639,090	7,574,677	7,025,845	548,832	4,070
COLLABORATIVE PROGRAMS	-	2,500,000	2,127,995	372,005	-
DAY SCHOOL	-	2,500,000	3,811,082	(1,311,082)	-
RESIDENTIAL PLACEMENT	8,568,438	1,621,611	2,427,439	(805,828)	-
HOME AND HOSPITAL	-	266,395	469,552	(203,158)	-
OCCUPATIONAL ED. DAY	-	1,688,438	1,023,050	665,388	-
PUPIL CONTRACT SERVICE INSIDE	4,775,892	2,284,861	2,884,908	(600,046)	-
PUPIL CONTRACT SERVICE OUTSIDE	-	1,723,098	1,190,217	532,881	-
TELEPHONE	500,000	577,048	474,982	102,066	-
FREIGHT AND DELIVERY SERVICE	-	45,000	45,600	(600)	-
LAUNDRY AND CLEANING	-	500	304	196	-
PRINTING	90,897	91,747	58,827	32,920	-
OTHER SERVICES	-	90,384	3,625	86,759	-
REFERENCE MATERIALS	-	35,441	6,504	28,937	-
OFFICE SUNDRIES/SUPPLIES	-	188,302	237,586	(49,284)	-

BUDGET AMOUNT VS. ACTUAL EXPENDITURES, BY OBJECT - FY 2023
EXHIBIT D

School / Department	Original Appropriations	Revised Budget	Actual Expenditures	Budget Remaining	Encumbrances
DATA PROCESS SOFTWARE & SUPP	1,466,000	1,460,000	580,991	879,009	-
BUILDING SUPPLIES	-	202,338	160,760	41,578	1,200
PLUMBING SUPPLIES	-	178,094	114,871	63,224	100
TOOLS & HARDWARE SUPPLY	1,502,500	60,439	43,628	16,811	-
ELECTRICAL SUPPLIES	-	100,981	66,447	34,534	-
JANITORIAL SUPPLIES	-	226,171	360,162	(133,992)	-
LANDSCAPING	-	76,967	30,777	46,190	-
GASOLINE	-	764,345	739,927	24,418	-
PARTS/ACCESSORIES/LUBE	-	100,155	73,448	26,707	-
COMMUNITY ENGAGEMENT	-	10,000	-	10,000	-
MEDICAL SUPPLIES/DRUGS	-	20,973	13,098	7,875	-
INSTRUCTIONAL SUPPLIES	2,849,332	1,048,876	253,922	794,954	139
STAFF SUPPLIES	-	469,778	210,227	259,551	-
TESTING SUPPLIES	-	200,959	142,622	58,338	-
TEXTBOOKS	-	261,965	117,511	144,454	703
TECHNOLOGY HARDWARE	1,724,500	1,225,874	727,514	498,360	-
TECHNOLOGY SOFTWARE	-	661,151	517,662	143,489	-
ATHLETIC SUPPLIES	-	154,920	103,473	51,447	-
HIGH SCHOOL GRADUATION	-	105,744	52,466	53,278	-
LIBRARY BOOKS	-	100,000	-	100,000	-
AUDIO VISUAL SUPPLIES	-	9,304	-	9,304	-
PURCHASE OF CLOTHING	-	2,500	-	2,500	-
OTHER CHARGES & EXPENDITURES	535,000	861,923	869,716	(7,792)	15,817
IN STATE TRAVEL	-	145,391	29,577	115,814	-
OUT OF STATE TRAVEL	20,000	20,000	590	19,410	-
REG/MEMBERSHIPS/SUBSCRIPTIONS	-	86,818	42,146	44,672	-
OTHER INSURANCES	-	6,000	4,750	1,250	-
DEPARTMENT EQUIPMENT	-	129,597	127,815	1,782	-
VEHICLES	-	25,000	-	25,000	-
Total	\$ 218,462,709	\$ 219,618,150	\$ 233,936,423	\$ (14,318,273)	\$ 65,926