



Halton District School Board

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Date: July 12, 2010

TO: Efficiency and Effectiveness Committee

FROM: Steven Parfeniuk
Superintendent of Business Services,
Halton District School

RE: **Cashless Schools Project**

BACKGROUND

Throughout Ontario schools collect payments from parents and students for activities, which include, but are not limited to:

- Year-books;
- Field Trips;
- Fundraising (Terry Fox, Jump Rope for Heart);
- Curricular Enhancements (oak wood as opposed to pine); and
- Student Activities (dances, plays, concerts)

Across the province it is estimated that \$567 million is annually raised by schools and school councils as a result of these activities (Jill Mahoney, May 10, 2007 Globe and Mail – see Appendix A). However, unlike Ministry funds that are generally managed through electronic means (payroll, purchasing, accounts payable), these funds are managed quite manually from collection, to counting, to deposit to purchasing to payment.

Auditors across the Province have indicated that these funds represent “significant risk” to school boards in terms of fraud and public confidence.

Recognizing the challenges of managing these funds using manual processes, in 2007, the Efficiency and Effectiveness (E and E) committee requested proposals to review and assess the efficacy of “cashless” payment systems in Ontario schools.

Halton District School Board together with the York Catholic District School Board and Peel District School Board submitted a proposal to test a cashless product in four schools. This project included three secondary schools and one elementary school.

The project was accepted and began in earnest in September of 2007. Following the prescribed Ministry process to review cashless systems two products were assessed. The first system reviewed was First National Technologies (FNT) - “Cashless Schools”. The second system reviewed was a debit/impact-based technology.

From the committee’s review the FNT system was chosen as the superior of the two systems available. FNT’s software provide users three options with respect to payments:

1. E-cheque;
2. Direct Debit/Interac (available in September 2010); and
3. Creation of an account at FNT from which payment could be made (similar to impact card).

In 2008/2009 the pilot program was expanded to include the Ottawa Carleton District School Board, the London Catholic District School Board, the Halton Catholic District School Board and the Kawartha Pine Ridge District School Board. In addition, the pilot was expanded, by the Halton District School Board, to 8 schools in 2008/2009 and 23 schools in 2009/2010.

SITUATION

Year One

The first year of the pilot created the largest learning curve for school and administrative staff. While the system certainly assisted in the ease of deposits and counting, it none-the-less added administrative time. The addition came from the addition of a payment stream and reconciliation stream – particularly when class list were involved (field trips).

The system also suffered through programming “glitches” which created frustration by all users. Finally FNT began to partner with KEV Software to provide a complete system. This enhancement added to the strength of the software. However the addition of KEV created a challenge with respect to service.

On several occasions the two vendors blamed each other for the program glitches and fixes took too long. At the end of 2008/2009, in a meeting with both vendors, it was agreed that there needed to be one point person for the solution and that between KEV and FNT a solution needed to be developed.

Costs for year-one were also borne by the E and E and vendor. As a result as a part of the review of the year one-experience parents were asked to assess the system and provide feedback on a “pay for use” (parent pay) basis. In all cases the majority of parents recognized the benefits of the system but were also emphatic that they saw the largest benefit to the Board. Consequently they felt that they would not want to pay for the cashless option.

Year Two and Three

Given that funding from the E and E was not available and that parents had emphatically told the boards that they would not pay for the cashless option, in year two the boards absorbed the costs of the software. For the HDSB, the cost was set at \$7.50 per student per school regardless of the use of the program. In addition, the HDSB developed a cashless policy/procedure, which requires that all student payments have a cashless option. (Appendix B). Schools were also given the option, of becoming entirely “cashless”. This latter option was only available if approved by the School Council.

Clearly based on the data in Appendix C1 and C2 it is clear that the success was related to the payment options that were available to parents. In the case of those schools that, together with their school councils, chose the cashless options the use and implementation of the system proved to be greatest.

Another observation from the project was that the timing of the implementation and orientation was also critically important to use of the system. Those schools that provided cashless orientation to new secondary school students and parents prior to the start of a school year had greater success than those who chose a less invasive implementation process. This observation was also true of elementary schools.

In addition, early adopters seemed to be younger families and Grade 9 students as opposed to families with senior secondary school students.

Software Challenges

In 2009/2010, KEV and FNT also chose to part ways and dissolve the partnership. This resulted in the need to re-tender a software solution for 2010/2011. This re-tendering process took place in June 2010. Three companies were invited to bid including KEV, FNT and AXES Education.

FNT was the only company to bid on the tender. FNT was chosen to deliver the solution for the HDSB for 2010 and beyond.

The FNT bid included the following costs:

1. An upfront payment of \$7.50 per student to use the FNT system in schools where more than 50 per cent of the students used the system;
2. An upfront payment of \$4.50 per student to use the FNT system in schools where less than 50 per cent of the students used the system;

3. An additional parental cost of \$0.15 to use the e-cheque process; and
4. An additional parental cost of \$0.18 to use debit/interact.

FNT also agreed to provide the Board \$10,000 to support cashless implementation.

COMMENTS ON THE PILOT

While the benefits of a “cashless” school system has been previously discussed at both COSBO and the E and E Committee, in an effort to understand, more comprehensively, the benefits and challenges of “cashless”, a meeting was held on April 17, 2010, with the Halton District School Board Principals, business managers and head secretaries of the 23 participating schools.

In addition to the formal meeting, the Superintendent of Business met with the school council chair and school administrative team at Joshua Creek P.S. to also assess the effectiveness of the system. The following represents the information that was provided to board staff at these meetings:

BENEFITS

- Foremost, it was recognized by elementary school principals that teachers have 15 minutes more instructional time each day as a result of the implementation of “cashless”. Previous to the implementation of cashless teachers spent this early day class time collecting funds and forms (pizza, hot dog, picture) from students.
- Younger students have taken greater leadership in fundraising activities since handling of cash is no longer a responsibility. Pedagogy/learning to manage money is undertaken in the classroom using cash alternatives.
- School administrative staff in both elementary and secondary schools has recognized greater time to work on other activities in the school.
- There is improved security - funds are not carried to school by students and are not stored in classrooms.
- School staff are not making daily/weekly trips to the bank. In some cases two to three trips per week has been replaced with one to two trips per month.
- Coaches and parents are no longer expected to collect, count and deposit funds on behalf of the board/school council (where the council has used “cashless”).
- NSF cheques have been eliminated in cash or “cashless” only schools. Managing the process with respect to NSF cheques was incredibly time-consuming for school staff.
- Cashless has resulted in improved tracking of funds and reporting

- Schools and School Council members have noticed significant time savings in administering fundraising events. For example:
 - 1 elementary school with more than 800 students has reduced an 80-hour collection process for the lunch program down to less than 4 hours
 - Payfast feature used at 1 high school's registration saved the Business Manager 15 hours of overtime plus eliminated the hiring of a supply secretary for 1 week to assist with the recording, categorization and deposit process.
 - At one elementary school, no parent could be found to run the pizza day since no one wanted to handle the cash-collection part of the process. One parent volunteered to run if it was mandatory payment on cashless since they didn't have time to count cash and cheques. The pizza days restarted as cashless only and the same number of students participated in the program as in prior years.
- More environmentally friendly than cash/cheques method of payment since less paper used to print order forms, receipts, etc.
- Schools have noticed an increase in overall cash collected
- System makes the payment process convenient, and since it is real time, last minute payments can be easily accommodated.
- Parents at JK/SK registration usually have a high sign up and usage rate (100%)
- Endorsed by our Internal Auditor due to improvements in internal controls
- Parents can pay school fees for fieldtrips, yearbooks, student pictures etc. 24 hours per day, 7 days per week.
- Fewer disputes over whether or not a student paid a fee.
- There is a belief amongst some school staff that their health has been better this year because of not counting dirty money.
- Some schools reported saving on banking fees.
- Decrease in financial risk to the Board and schools if funds are administered electronically.

CHALLENGES

- Some schools have noticed a reduction in fundraising receipts, especially when funds coming from other than parents.
- Parents have not completed the full payment process and have reported the check-out as cumbersome.
- Some schools continue to allowed alternative forms of payment (including cheques). Combined with “cashless” workload in these cases has tended to increase
- Language barriers have prevented some parents from using the program.
- It is more difficult to get older students’ parents using the program since parents of the high school age group are not as involved with school activities.
- There are some software limitations (i.e. if fees are complicated system is slow, periodic bugs in program, etc.)
- At some schools, difficult to get staff compliance with Cashless Schools Administrative Procedure.
- Service levels and responsiveness of 2 vendors who support the program has been inconsistent.
- Some schools feel that the Administrative Procedure is too weak. Requiring fees be set up by schools yet allowing parents to pay by alternative forms of payments has resulted in limited success of the program.
- Start up of the Cashless School Program can be time consuming (ie training staff and parents, change management, etc.)
- Language Barrier – the system is an English based system.

ANALYSIS

The consensus among the 23 schools in Halton was that the Cashless School Software should continue to be used at the Board. Peel DSB schools concurred with this statement. Several principals discussed the positive impact that the program had on school staff and learning.

Overall the benefits of the program were seen to have exceeded the cost of the program.

As a best practice, Alexander’s P.S. and L. B. Pearson High School discussed the importance of the “cashless only” option and teacher/coach training on the use of the system. While in both cases there are exceptions granted the schools for the most part are cashless.

In addition, a staff resource to assist with the rollout of the technology and training was essential to the successful implementation. This resource can be certainly shared with the vendor and can be reduced over time as the product becomes more pervasive in the fiscal management of schools.

It is therefore recommended based on the findings of the pilot that if cashless technology is to be used that:

- It is made mandatory that cashless be an available payment option for all school payments;
- A facility be provided to allow for parents and students to “use the system” where they family does not have direct access to technology; and
- Cashless be designated as the preferred option – if not the only option.

With respect to the cost of the system, in the new RFP the vendor has agreed to reduce the price to \$4.50 per students and hold the price until 50 per cent of the school had adopted the cashless option. Subsequent to hitting this target the fee would rise to \$7.50 per student.

COLLECTION OF FEES FOR BEFORE AND AFTER SCHOOL PROGRAMS

In addition to the use for student/parent payment of school fees the FNT cashless option will be used by the Halton District School Board in the fall of 2010 to collect payments from parents who have children enrolled in the board’s before and after school programs.

This will be a mandatory payment option used by the board and will be used to minimize administrative costs of fee collection. In this case the cost of the system will be part of the total cost of the before and after program and will be collected from parents as part of the administration fee of the program.

CONCLUSION

It is clear that school boards need to more effectively manage the more than \$500 million which school annually receive from parents and students. Electronic Funds Transfers (EFT) is now a regular part of e-commerce. Boards need to embrace this technology and use it to reduce the administrative burden on school teams.

While the initial costs may seem prohibitive, it is further recommended that the Ministry provide start up grants to school boards, which would provide ½ of the annual costs of the system.

These funds would be used to implement a cashless product and train staff and parents on its use.

Over time the product should pay for itself through the reduction in administrative burden on school secretaries and administrative staff. In addition it is also felt that vendors can contribute to the costs of the system through fees. For example, each year school hire photographers who in turn charge parents for student pictures.

If the payments for these pictures were electronic the photographer could be paid in a more timely fashion and there would be no concerns with the cost of credit cards or NSF cheques. This would also be true for other school based programs (year books, fundraising orders (scholastic books).

Finally the committee would like to thank the E and E for its support of this program. It is clear that the pilot was a success and that cashless is an e-commerce program which needs to be continued in the sector.

APPENIDX A



School fundraising reaches \$567-million

Parents worry that classrooms in rich neighbourhoods will become better equipped

JILL MAHONEY

From Thursday's Globe and Mail May 10, 2007 at 4:22 AM EDT

Ontario school boards generated more than half-a-billion dollars in fundraising in the last school year, in a practice that is becoming increasingly important to the cash-strapped public education system but may be creating disparities between rich and poor, according to a new report.

The figure, which is to be released today by the parents' group People for Education, marks the first provincial tally of so-called school-generated funds, a wide-ranging category that includes chocolate bar sales, school fees, pop machine profits, charitable donations, cafeteria proceeds and school-based fundraising campaigns.

"We were amazed by how much it was," said Annie Kidder, the group's executive director. "That is a fundamental shift in Ontario in our way of thinking about public education that we're going to assume now that there's going to be hundreds of millions of dollars of private money within the public system."

In the 2005-2006 school year, the first full year in which boards were required to report all money received by schools in their financial statements, school-generated funds totalled \$567-million.

The information is contained in the parent group's annual report on Ontario's public schools, which was obtained by The Globe and Mail. The report also found that elementary class sizes are smaller, fewer students are on waiting lists for special education and more elementary schools have physical-education teachers. However, it noted that many schools lack English-as-a-second- language teachers and funding for library and arts programs.

Given what many see as inadequate government funding, money-raising activities have taken on increased importance. In many cases, charity often pays for what some consider essentials: library books, computers and classroom supplies.

The Peel District School Board recently adopted a policy that will allow parents to raise money for large projects, such as labs, additions to buildings and pools.

Some parents worry that fundraising creates widening disparities in the public system, since schools in well-off neighbourhoods can marshal more money than those in disadvantaged areas.

"It really is sort of stigmatizing lower-income families who don't have those kind of resources," said Adonis Huggins, a Toronto parent.

Rick Johnson, president of the Ontario Public School Boards' Association and a trustee with the Trillium-Lakelands District School Board, argued that fundraising helps parents get involved in their children's education. In his area, parents raised about \$2.5-million to build a performing arts centre at a new high school. But he said that boards should be cautious.

Classroom Cash

From chocolate-bar sales to pop-machine revenue, public school fundraising in Ontario has become significant.

Region	Average per student	Total amount raised (millions)
South-western Ontario	\$357	\$131.4
Northern Ontario	\$331	\$37.1
Eastern Ontario	\$317	\$106.1
GTA less Toronto	\$310	\$181.5
Central less GTA	\$297	\$47.2
Toronto	\$210	\$63.8

Source: People for Education

Appendix B – Administrative Procedure

Halton District School Board *Administrative Procedure*

NUMBER:	<i>to be determined</i>
TOPIC:	Cashless Schools
EFFECTIVE:	August 1, 2009
CROSS-REFERENCE:	
REVISION DATE:	
RESPONSIBILITY:	Superintendent of Business Services

Intended Purpose:

The Halton District School Board is committed to ensuring

- efficient processes are in place to receive payment for goods, services, student fees, field trip, fundraising activities, etc.
- security of funds collected.
- opportunities exist for potential future streamlining of cash receipts processes.

Therefore, at schools where the Board has implemented the Cashless School Software, the Board will ensure all fees or other charges are available for payment on line. The Board will encourage parents, guardians and students (if over 18) to pay all fees and other charges online, however, schools may continue to accept cash, cheques and money orders as payment of these fees.

Procedure:

1. Consistent Availability of Fees for Payment Online

The Cashless School Software will be implemented at all Halton District School Board schools from August/09 to September/12.

Once the software is implemented at a school, the school must ensure all fees and other charges are set up in the Cashless School software and available for payment online.

Schools must ensure fees are available online prior to any communications with parents, guardians or students (if over 18) to ensure the fee is immediately available for payment online once communication of the new fee is received (ie the fee must be set up prior to any field trip forms/permission forms being sent home).

Payments can be accepted:

- On-line by the Cashless Software
- For goods and services purchased in the school cafeteria or tuck shops, by swipe card at point of sale terminals.
- For miscellaneous events, through Payfast machines or other similar technologies that integrate with the Cashless Software.

2. Preferred Method of Payment

Parents, guardians and students (if over 18) are encouraged to pay all fees and other charges online through the Cashless School Software. Therefore, in all correspondence sent home on behalf of the Board or in any other form of communication, online payment should be clearly communicated as the preferred method of payment.

3. Inclusions

The availability of online payments include:

- School Generated Funds
- School Councils
- Home & School Associations (where Board staff would normally be expected to handle the collection of funds)
- Certain third-party vendors where arrangements have been made through Business Services (i.e photography groups, book groups, etc.)

4. Exclusions/Exceptions

Online payment is not available to members of the community (excluding parents and guardians of students) and Board staff members (using personal funds) in the following circumstances:

- Fundraising initiatives
- Sale of goods and services (i.e. from tech departments such as auto shops, hair dressing, food schools, etc)

Principals may exempt entire activities/events and not setup the fees online for one-time, non- recurring activities/events when the total amount collected from a student is under \$5. (Note: “Non-recurring” means the event occurs once during the school year and is not ongoing.)

Any other exceptions to the Cashless Schools Administrative Procedure must have **prior** written approval from the Superintendent of Business Services. A “Request for Cashless School Exemption – School Activity/Event” Form must be completed (see next page).

**REQUEST FOR CASHLESS SCHOOL EXEMPTION
SCHOOL ACTIVITY/EVENT**

PLEASE PRINT

FORWARD COMPLETED FORM TO THE SUPERINTENDENT OF BUSINESS SERVICES A MINIMUM OF 2 WEEKS PRIOR TO THE ACTIVITY/EVENT

APPROVED FORM TO BE FILED IN SCHOOL OFFICE.

School Name: _____

Principal's Name: _____

Activity/Event Name: _____

Activity/Event Dates: _____

Activity/Event

Description: _____

Please exempt the above activity/event from using the Cashless School Software for the following

reason(s): _____

The school/Board can do the following to prevent the above exemption being necessary in the

future: _____

Signature of Principal

Date

Signature of Superintendent of Business Services

Date

APPENDIX C1

CASHLESS SCHOOLS SOFTWARE

CURRENT SUCCESS OF PROGRAM BY MONTH AUGUST 1/09 TO APRIL 12/10

Period	Active Student Enrolment	Total Students Registered	% Students Registered	Total # of Fee Payments	Total Fee Payments	# of Point of Sale Payments	Point of Sale (POS) Payments	Total # of Fees & POS	Total fees & POS
August 2009 Totals	15,737	3,809	24%	1,810	\$65,212	0	\$0	1,810	\$65,212
September 2009 Totals	15,737	7,638	49%	19,577	\$349,495	4,264	\$14,661	23,841	\$364,155
October 2009 Totals	15,737	8,131	52%	7,164	\$154,538	6,217	\$20,565	13,381	\$175,103
November 2009 Totals	15,737	8,370	53%	10,358	\$168,634	5,726	\$18,640	16,084	\$187,274
December 2009 Totals	15,737	8,454	54%	4,781	\$98,459	3,717	\$12,362	8,498	\$110,821
January 2010 Totals	15,737	8,617	55%	7,504	\$180,321	3,942	\$13,479	11,446	\$193,800
February 2010 Totals	15,745	8,783	56%	6,200	\$136,184	5,104	\$17,745	11,304	\$153,929
March 2010 Totals	15,745	8,868	56%	6,588	\$86,177	4,999	\$16,506	11,587	\$102,683
April 12, 2010 Totals	15,747	8,902	57%	1,546	\$37,960	1,432	\$4,914	2,978	\$42,874
Aug 01, 2009 - April 12, 2010 Totals			57%	65,528.00	\$1,276,981	35,401	\$118,871	100,929.00	\$1,395,852

APPENDIX C2

CASHLESS SCHOOLS SOFTWARE

CURRENT SUCCESS OF PROGRAM BY SCHOOL AUGUST 1/09 TO APRIL 12/10

Location Name	Active Student Enrolment per School	Total Students Registered	% Students Registered	Total # of Fee Payments	Total Fee Payments	# of Point of Sale Payments	Point of Sale (POS) Payments	Total # of Fees & POS	Total Fees & POS
Alexander's	1003	981	98%	8252	\$156,673	0	0	8,252	\$156,673
Brant Hills	363	134	37%	1046	\$6,948	0	0	1,046	\$6,948
Chris Hadfield	933	231	25%	601	\$10,335	0	0	601	\$10,335
Escarpment View	378	161	43%	122	\$1,048	0	0	122	\$1,048
Frontenac	487	256	53%	1463	\$45,196	0	0	1,463	\$45,196
Harrison	262	199	76%	4207	\$28,883	0	0	4,207	\$28,883
Joshua Creek	799	782	98%	17332	\$182,623	0	0	17,332	\$182,623
Kilbride	307	281	92%	3733	\$82,432	0	0	3,733	\$82,432
Lakeshore	210	141	67%	1983	\$15,707	0	0	1,983	\$15,707
Linbrook	402	389	97%	2284	\$81,188	0	0	2,284	\$81,188
Lorne Skuce (Palmero)	153	95	62%	184	\$4,949	0	0	184	\$4,949
Pineland	603	478	79%	1755	\$44,202	0	0	1,755	\$44,202
PL Robertson	547	196	36%	275	\$2,865	0	0	275	\$2,865
Sir Ernest McMillan	456	147	32%	1050	\$20,250	0	0	1,050	\$20,250
Sunningdale	561	472	84%	6051	\$51,163	0	0	6,051	\$51,163
West Oak	883	865	98%	6185	\$139,489	0	0	6,185	\$139,489
Total Elementary	8347	5808	70%	56523	\$873,950	0	0	56,523	\$873,950
Aldershot	735	373	51%	2207	\$64,764	2732	10,559	4,939	\$75,322
Burlington Central	898	505	56%	1157	\$46,835	3592	9,401	4,749	\$56,236
E.C Drury	832	101	12%	56	\$2,827	1309	2,806	1,365	\$5,632
Lester B. Pearson	704	460	65%	1605	\$81,319	5394	17,252	6,999	\$98,572
MM Robinson	1206	304	25%	339	\$15,538	3001	10,903	3,340	\$26,441
Robert Bateman	1268	382	30%	473	\$17,774	4258	12,354	4,731	\$30,128
White Oaks	1757	969	55%	3170	\$173,976	15115	55,595	18,285	\$229,571
Total Secondary	7400	3094	42%	9007	\$403,031	35401	118,871	44,408	\$521,902
Total all schools	15747	8902	57%	65530	\$1,276,981	35401	118,871	100931	\$1,395,852