

OVERRIDE STUDY COMMITTEE INTERIM DRAFT FINDINGS

PRESENTATION TO THE ADVISORY COMMITTEE

APRIL 2, 2014

Override Study Committee

- ONLY vote of full OSC is to send CPA to Board of Selectmen for consideration
 - Other topics to be discussed are subcommittee or task force recommendations or options merely under consideration
 - Slides are DRAFT findings
 - Slides include addenda not presented on April 2 due to time constraints
- Committee Members
 - Cliff Brown
 - Alberto Chang
 - Chad Ellis
 - Janet Gelbart
 - Michael Glover
 - Carol Kamin
 - Kevin Lang
 - Carol Levin
 - Sergio Modigliani
 - Lee Selwyn
 - Lisa Serafin Sheehan
 - Jim Stergios
 - Beth Jackson Stram
 - Tim Sullivan
 - Ann Connolly Tolkoff
 - Susan Wolf Ditkoff and Dick Benka, co-chairs
- About ½ currently or previously elected office (TMM, SC, BOS); about ½ new participants; about ½ currently have children in the schools

FY05 to FY15 Changes

CPI-U Boston-Brockton-Nashua	<u>July '04</u>	<u>Jan '14</u>	<u>Change</u>	<u>% Change</u>
	208.9	253.1	44.2	21.2%

SCHOOL

	<u>FY05</u>	<u>FY15</u>	<u>\$ Change</u>	<u>% Change</u>
Appropriation	55,817,215	86,750,987	30,933,772	55.4%
Pers Benefits	9,786,307	21,609,770	11,823,463	120.8%
IT Funds in Town Budget	0	75,000	75,000	-
<u>Bldg Dept Exp's</u>	<u>3,130,387</u>	<u>4,557,039</u>	<u>1,426,652</u>	<u>45.6%</u>
TOTAL	68,733,909	112,992,796	44,258,886	64.4%
Total School Population	5,775	7,243	1,468	25.4%
Elementary School Population	3,886	5,366	1,480	37.3%

TOWN

	<u>FY05</u>	<u>FY15</u>	<u>\$ Change</u>	<u>% Change</u>
Town Dept's	53,897,274	67,632,027	13,734,753	25.5%
Less IT Funds in Town Budget	0	(75,000)	(75,000)	-
<u>Less Sch Dept Exp in Bldg Bgt</u>	<u>(3,130,387)</u>	<u>(4,557,039)</u>	<u>(1,426,652)</u>	<u>45.6%</u>
Net Town Dept's	50,766,887	63,074,989	12,308,101	24.2%
<u>Pers Benefits</u>	<u>17,460,693</u>	<u>29,893,475</u>	<u>12,432,782</u>	<u>71.2%</u>
TOTAL	68,227,580	92,968,463	24,740,883	36.3%

FY05 to FY15 Changes

- Growth related to inflation and population growth
 - (School Population Growth) x (CPI-U Growth) is 51.2% from FY05 to FY15
 - Demands on certain Town services (e.g., Recreation, Library) also affected by growth in school-age population

Average per pupil inflation-adjusted expenditures including CIP remain steady through FY14

Table 2
BROOKLINE PUBLIC SCHOOLS
CHANGE IN ENROLLMENT AND TOTAL COST
 FY06-FY14 – Adjusted for Inflation to 2013 dollars

Fiscal Year	Enrollment	Pct increase since FY06	Total Expense	Pct increase since FY06	Average Cost per pupil
FY06	5,775		\$104,398,366		\$ 18,078
FY07	5,766	-0.16%	\$105,238,246	0.80%	\$ 18,252
FY08	5,883	1.87%	\$107,644,872	3.11%	\$ 18,298
FY09	5,906	2.27%	\$112,942,096	8.18%	\$ 19,123
FY10	6,072	5.14%	\$116,687,964	11.77%	\$ 19,217
FY11	6,217	7.65%	\$114,020,745	9.22%	\$ 18,340
FY12	6,378	10.44%	\$115,847,882	10.97%	\$ 18,164
FY13	6,604	14.35%	\$119,560,569	14.52%	\$ 18,104
FY14	6,841	18.46%	\$123,676,890	18.47%	\$ 18,079

Town & School Efficiencies – FY05 to FY15

Town Efficiencies and Cuts – FY05 to FY15

<u>Dept.</u>	<u>Item</u>	<u>FY</u>	<u>\$ Savings</u>
DPW	Elimination of 0.3 FTE Working Foreman Carpenter	FY05	12,658
Recreation	Recreation Clerical re-org (-1.6 FTE)	FY05	57,000
HR/YR	Elimination of PT Events Coordinator	FY05	10,000
Townwide	Elimination of General Clerical Pool	FY05	10,000
Assessor	Interest on Abatements (improvements to assessment practices)	FY05	100,000
Assessor	Reduction in Assessing (PT staff, reval changes)	FY06	36,600
DPW	Reduction in Contractual Services (leaf collection and streetlight maint.)	FY06	45,000
Selectmen	Reduction in Contractual Services (consulting)	FY06	15,513
Selectmen	Elimination of 0.53 FTE Recording Secretary	FY07	14,000
Assessor	Elimination of Deputy Chief Assessor	FY07	58,000
DPW	Position reductions (Laborer, Craftsman, Civil Engineer III)	FY08	138,000
Purchasing	Elimination of Telephone Operator	FY08	36,000
Library	Elimination of Library Asst. II	FY08	36,000
Recreation	Elimination of Rec Supervisor	FY08	61,000
DPW	Outsourced all School Grounds Maintenance	FY08	44,000
Finance	Consolidation of Town/School Payroll Functions	FY09	62,500
DPW	Reduced Solid Waste Haul & Disposal Rates	FY09	125,000
DPW	Re-Organized Sanitation / Leaf Collection Operations	FY09	200,000
HR/YR	Consolidation of Health and Human Service Clerical Support	FY10	38,000
DPW	Consolidation of Arborist / Conservation Administrator Functions	FY10	66,000
Building	Reduction of Part-Time Data Entry Clerk	FY10	15,000
Fire	Reduction and Civilianization of Firefighters assigned to Fire Prevention	FY10	78,000
Fire	Reduction of Suppression Staffing by 4	FY10	295,000
Fire	Merger of Fire and DPW Wires / Signals Divisions	FY10	102,000

Town Efficiencies and Cuts – FY05 to FY15 - continued

Police	Civilianization of Parking Meter Collections	FY10	56,000
Police	Reduction of Police Non-Patrol Staffing by 4	FY10	195,000
DPW	Reduction in Street Sweeping Personnel (MEO 2)	FY10	44,000
DPW	Addl. Reduction in Street Sweeping (MEO 2)	FY13	45,000
Assessor	Elimination of Sr. Clerk Typist	FY10	40,000
COA	Part-Time Position Reductions	FY10	25,000
Library	Library Materials reduction	FY10	20,000
Planning	Elimination of Zoning Administrator	FY10	78,000
Selectmen	Reduction of Full-Time Position to Non-Bene Part-Time	FY10	21,000
Library	Elimination of Library Asst. II (RFID)	FY11	38,000
Police	Reduction in Clerical Staff- Traffic Division (Handhelds)	FY11	38,000
Building	Energy Savings - Renovation of Town Hall	FY11	170,000
DPW	Consolidation of DPW / ITD Positions	FY11	70,000
DPW	Outsourced Custodial Services at Municipal Service Center	FY11	12,000
DPW	Elimination of one Motor Equip Repairman (Fleet Services)	FY12	51,000
Comptroller	Elimination of Senior Account/Audit Clerk	FY12	37,000
Recreation	Golf staff Re-organization	FY13	48,000
HR/YR	Human Relations - Youth Resources Reorganization	FY14	42,000
IT	Investment in VoIP (Telecomm budget)	multiple FY's	145,000
Recreation	Recreation Cost Recovery	multiple FY's	227,000
Building	Insourced HVAC Services (savings used to augment R&M)	FY15	83,000
Finance	MUNIS Payroll	FY15	55,000

TOTAL

3,125,613

School Efficiencies and Cuts – FY08 to FY15

- Active management of special ed has “bent the curve” on costs while improving ed outcomes (more than \$1m annually)
 - Restructure home-based services / BCBA’s (\$500k annually)
 - Team facilitator model (strengthened management/centralized decision making)
 - BHS special education model (educating students from higher cost private placements in Brookline)
- Other cost reductions since 2008 override (and annual savings, ~\$1.5m excluding class size)
 - Increase average class size by 1.5 students (see later for cost estimates)
 - Eliminate library assistants (\$226k)
 - Consolidate METCO counselors (\$64k)
 - Consolidate curriculum coordinator roles (\$165k)
 - Eliminate administrative positions (courier@\$30k, BHS clerical@\$95k, special ed clerical @\$47.5k, central office clerical @\$48.8k)

School Efficiencies and Cuts – FY08 to FY15 (continued)

- Other cost reductions since 2008 override (and annual savings, ~\$1.5m excluding class size)
 - Contract out custodial services (\$50k)
 - Consolidate payroll with the Town (\$62k) and reorganize HR function (\$19.8k)
 - Restructure Brookline Adult & Community Education (removed ~\$300k OH costs from FY08-11)
 - Raise fees: tripled athletic fees (\$100k) and raised school lunch by 50 cents (\$300k)
 - Raise non-resident tuition from \$12k to \$16k and Materials Fee from \$2k to \$2.5k
- FY15: immediately implement measures suggested by the OSC
 - Increase BEEP fees (2-3% annually and 6% for FY15)
 - Begin to charge rent for building use (budget \$120k for FY15)
 - Centralizing registrar and fee collection functions
 - Continue discussions about the impact of high cost programs

Potential Operating Override

	<u>New \$ (in millions)</u>				
	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>		<u>TOTAL IMPACT ON BASE</u>
School Structural Deficit *	\$0.24	\$0.13	\$0.33		\$0.70
<u>Enrollment</u>	<u>\$0.68</u>	<u>\$0.86</u>	<u>\$0.77</u>		<u>\$2.31</u>
Sub-Total	\$0.93	\$0.98	\$1.10		\$3.01
Old Lincoln School	\$0.68	\$0.00	\$0.00		\$0.68
Pre-K Leases	\$0.55	\$0.00	\$0.00		\$0.55
Program Catch-Up	\$2.29	\$0.51	\$0.65		\$3.45
Enhancement	\$1.35	\$0.90	\$0.39		\$2.63
<u>Info Tech</u>	<u>\$0.80</u>	<u>\$0.57</u>	<u>\$0.60</u>		<u>\$1.97</u>
Sub-Total	\$5.67	\$1.97	\$1.64		\$9.27
TOTAL @ 1% Collective Barg*	\$6.59	\$2.95	\$2.74		\$12.29
TOTAL @ 2% Collective Barg	\$7.32	\$3.69	\$3.50		\$14.50

Operating Override Assumptions

- Base case assumes no policy or practice changes or service cuts
- 1%/yr wage adjustment
- Net Steps = \$675K (FY16), \$700K (FY17), \$750K (FY18)
- Special Ed = \$750K (FY16), \$775K (FY17), \$800K (FY18)
- Health Insurance rate increase of 5%/yr
- \$225K/yr Inflation/misc increase
- ~\$400K/yr increase in State Aid (2.5%)
- ~\$350K/yr increase in Local Receipts (1.5%)
- Includes redevelopment of Red Cab (property tax of \$325,000 in FY16 during build-out and \$650,000 in FY17 and thereafter) and 2 Brookline Place (property taxes during build-out of \$460,000 in FY17 and \$920,000 in FY18; build-out continues in FY19 with property taxes in excess of \$2 million annually after completion of build-out in FY20)
- Operating override to cover 3-year period
 - Simplifying assumption; period could be longer at increased override amount

Debt Exclusion Override

- Assumptions
 - Devotion at \$110m; CIP Driscoll at \$42m; High School at \$75m
 - MSBA 30% of Devotion; 35% of Driscoll and HS
 - Devotion debt exclusion frees up debt capacity within CIP for Driscoll and High School with “run-off” of some existing debt
 - Provides no capacity for Pierce renovation, Coolidge Corner Library renovation, possible Baker or other expansion
 - \$77 million (70% of \$110 m); 25-year level-payment at 4.75%

- Annual Debt Service \$5.3m

Override Tax Impact

- Assumptions
 - \$17.6 m total of Operating plus Debt Exclusion at 1% collective bargaining; \$19.8 million at 2%
 - \$1 million approx 0.57%
 - FY14 valuations; tax rates (FY15 unknown)
 - Residential exemption on SF, Condo
- Override Amounts (\$17.6 million)

– Typical SF Home (\$1,114,000)	\$1,071	10%
– Typical Condo (\$447,000)	\$310	10%
– Typical Commercial Property	\$2,171	10%
- Override Amounts (\$19.8 million)

– Typical SF Home (\$1,114,000)	\$1,204	11.3%
– Typical Condo (\$447,000)	\$349	11.3%
– Typical Commercial Property	\$2,443	11.3%

Total Tax Impact

- Assumptions
 - Override and Debt Exclusion at 10% to 11.3%
 - Assume regular year-to-year increase at 2.5% (actual will depend on changes in assessed values; tax classification shift from residential to commercial)
- Approx. Total FY16 Tax Increase Amounts (12.5% to 13.8%)

– Typical SF Home (\$1,114,000)	\$1,340 - \$1,470
– Typical Condo (\$447,000)	\$390 - \$425
– Typical Commercial Property	\$2,600 - \$2,860

OSC Subcommittees

- Demographics
- Fiscal Policies
- Pensions/Benefits
- Municipal
- Revenue
- Schools
 - School Programs Task Force
 - Special Education and Population Task Force (charge from Selectmen includes non-mandated programs, including BEEP (for non-IEP), Soule Early Education (Recreation Dept), Baldwin day care/early education; Extended Day; METCO; Materials Fee)
- Capital

Demographics Subcommittee

- Subcommittee expressed a lack of confidence in MGT April, 2012 methodology; however, final numbers were fairly accurate
 - e.g., MGT states “Cohort Survival model” loses predictive capacity in districts experiencing rapid growth, then assigns 85% weight to the model
 - e.g., other models dismissed on basis of unknown qualitative factors
 - Written critique on MGT on or about May 1
- Working with Task Force from MIT Sloan School in effort to develop predictive model
 - Hypotheses including changes in housing stock, changes in birth trends (ages of mothers, size of families), immigration patterns (students entering Brookline from any other location)
 - Presentation on or about May 7
- Written conclusions at end of June

Fiscal Policies Subcommittee

- Continue Town-School Partnership Agreement
 - Originated in 1995 to enhance predictability
 - Costs of items viewed as outside Town or School control are shared (e.g., non-appropriated expenses such as MBTA, Norfolk County; special education costs)
 - Remaining revenues split 50/50 with Town and Schools responsible for costs under their control
 - Formula applied flexibly – School % has increased
 - Formula for dealing with enrollment growth accounts for initial classroom teacher costs
 - True cost of enrollment growth should be understood -- future steps-and-lanes salary growth, classroom supports, materials

Fiscal Policies Subcommittee

- Coordinate pension and OPEB liabilities with CIP and debt service policies
 - Town borrows in tax-exempt market at lower rates; pension and OPEB funds can be invested in taxable markets at higher returns
 - Increase the debt-financed (borrowed) portion and reduce the pay-as-you go portion of the CIP
 - Estimated \$3 million/year could be debt-financed
 - Use the \$3 million to increase OPEB funding (current unfunded liability of \$183 million)

Fiscal Policies Subcommittee

- One-time revenue sources (e.g., taxi medallion sales) should be used to increase OPEB funding
- Level debt service (all payments equal) vs. level principal payments (payments decline over time)
 - Continue to use level debt service for debt exclusions
 - Consider using level debt service for future large-size borrowings
 - Will result in greater payments over time, but payments are deferred to “cheaper” future dollars

Pension & Benefits Subcommittee

Health Insurance

- Town, as early participant in Group Insurance Commission, is governed by G.L. c. 32B, Sec. 19. Section 19 constraints should be eliminated; requires legislative action supported by Town's representatives
 - Section 19(g) does not allow any “grandfathering” of Town's premium share within same plan
 - Municipal Health Reform allows later entrants to GIC to “grandfather” rates for different employees (i.e., existing vs. new employees)
- Reduce Town share of health premiums
 - Savings \$270K per 1% reduction in Town share (proportionally less if grandfathered)
 - Town's share of HMO and PPO premiums is 83%
 - Mass Municipal Association reports statewide average municipal contribution of 70%
 - Brookline employees are actually paying lower premium amounts than they were paying in FY10, despite increases in health care costs
- Incentivize selection of HMO's over PPO's
 - PPOs represent 42% of enrollment and 59% of Town's costs
 - Savings \$30K per 1% shift from PPO to HMO

Pension & Benefits Subcommittee

Other Post-Employment Benefits (OPEBs)

- Currently, anyone who works half-time (e.g., 18.75 hours per week on Town side) is eligible for health insurance. If they have worked 10 years, they are eligible for health insurance for themselves and spouses (and for surviving spouses) for the rest of their lives from age 55
- Current OPEB liability is \$183 million
- Pro-rate the OPEB vesting period for part-time employees
 - E.g., require 20 years of service for half-time employee
 - Would equalize total hours of service between full-time and part-time employees
 - Town Retirement Board can make the change; has declined to do so
- Support OPEB reforms – legislative action supported by State representatives
 - Special State Commission (legislature, executive office, labor unions) has recommended reform – 20 years of service; age 60; pro-rate benefits based on years of service
- Decouple participation health insurance from retirement system
 - GIC regulations tie health insurance to retirement system participation
 - Decoupling would permit increased hours for retirement eligibility, reducing OPEB liability for part-time employees without impacting active employee health insurance

Municipal Subcommittee

- Fire
 - Reduce minimum staffing from 4 to 3 (\$2.9m)
 - Reduce fire companies from 7 to 6 (\$1.7m)
- Police
 - Modify requirements for Details on Town projects
 - Hire 9 PT crossing guards to increase parking meter ticketing
- DPW
 - Outsource maintenance for parks and grounds (\$45k-73k)
- HHS
 - Reduce BCMHC grant (\$168k)
 - Community Health Services (\$37k)
 - Local inspection of daycares (\$25k)

Municipal Subcommittee

- Library
 - Reduce operating hours
 - Putterham branch (\$300k excluding utilities and materials)
 - Pay rate for Sunday workers
 - Reduce library budget (currently \$500k)
- IT
 - IT training for administrative positions
 - Outsource help desk or reduce staffing

Revenue Subcommittee

- Parking
 - Increase hourly fees by 25 cents (\$850k)
 - Increase parking fines (\$150k)
 - Increase commercial permit rates and daily Temp fees (\$140k-\$200k)
- Increase refuse fees to \$225-\$275 (\$330k-\$990k)
- Actively pursue PILOTs (\$500k-\$1m)
- Other (increase Rec fees, library fines)
- Adopt CPA (\$2m-\$3m)
- Adopt Real Estate Transfer Tax (\$800k-\$1.5m)

School Program Task Force

- Context
 - 35% enrollment growth since FY06 at the elementary level; moving up to the high school
 - Structural deficit due to special education, steps and lanes, 2% exceeding the Prop 2.5 limits
 - Uptick in state mandates (Common Core/PARCC, bullying prevention, English language learners, Educator Evaluation)
 - Active cost management of special ed
 - Other cost cutting measures (library assistants)
 - Immediately implement some (FY15) measures suggested by the OSC
- Significant budgeting uncertainty
 - Kindergarten enrollments
 - Collective bargaining
 - Special Education
 - GIC, Local Aid, Circuit Breaker, METCO can experience swings (level funding is a cut)

School Program Task Force

- Nine areas identified
 - Manage personnel costs to sustainable levels (\$750k/year per 1%)
 - Increase average class size (\$98K-136K per classroom)
 - Phase in / reduce classroom supports
 - Scale back High School Tutorial program (\$1.2m)
 - Change / eliminate Elementary World Language program (\$100k - \$1.2m)
 - Phase in / reduce technology plan
 - Eliminate computer labs
 - Clarify IT governance
 - Other technology savings

Special Education and Population Task Force -- Brookline Early Education Program (BEEP)

- Schools required to provide early education to children with IEPs
- In BEEP, 2 typically developing for each child with IEP. Charges for typically developing children for AM and extended day for all.
- Total population approximates 300 per year, with deficit exceeding \$3 million per year
- Revenue opportunities exist: BEEP morning fees are approximately 17% to 42% below fees of comparable programs on an hourly basis
- Pricing tiers for BEEP and its extended day options should reflect market, and should be increased at a rate of 10% per annum until such time as they equal or exceed the market average, on a per hour basis, for programs of similar duration, nature, quality and location
- There is reason to price BEEP at higher levels that reflect the premium quality of the services it provides.
- Incremental income of \$250,000 (at 17%) to \$615,000 (at 42%) provides opportunity to fund scholarships for low-income while yielding net revenue

Soule Early Education

- Early Education program run by Rec. Dept. for children aged 12 months to 5 years
- Rec rates substantially below market rates
 - 50% +/- of market
 - Rec. Dept. is increasing substantially at 20% per year for FY15 to FY 17
 - Focus on increasing rates faster
 - Grandfather old and increase per Rec schedule
 - Admit new students at 'market' rates
 - Examine price points, especially half-day pricing
- If Schools could operate
 - Evaluate benefits and costs of merging program into BEEP

Facilities Use

- **BALDWIN:** Former Baldwin School on Heath Street used for staff day care/early education, free of charge
 - Charge rent of \$25,000 per year to program. This amounts to an increase ranging from 3.7% for full day infant to 7.1% for half-day pre-school.
 - Explore whether the space should be given to BEEP.
- **EXTENDED DAY:** Currently run by 501(c)(3)s
 - Devotion ED currently paying \$5,000 per classroom at KI; seven of eight use Town buildings rent free Recommendation: implement space utilization charge of \$24,500 per program in Town buildings
 - Would represent \$171,500 of revenue; incremental cost of approximately \$18 per child per month
- **GYMS:** Are, or could be, open late most evenings and weekends
 - Currently used but not revenue optimized
 - Opportunity for significant revenue if managed centrally and appropriate fees implemented
 - One analysis indicates as much as \$200,000-\$400,000 during basketball season alone; this number is currently speculative and would need to be tested
- School FY15 budget assumes \$120,000 from space rentals.
- Schools are centralizing scheduling.

Initial estimates of capital needs

Context (1)

- BSPACE report
 - Assumed 630 students per grade for next few years and 600 thereafter; assumed 21 students per classroom = 30 classrooms
 - Assumed no change in class size
 - Considered and rejected change in METCO or Materials Fee practices; no change in assignment practices to optimize classroom use and reduce classroom demand (e.g., change neighborhood school model or delay in assignments)
- OSC Analysis
 - Class size and changes to admissions policies for non-resident programs are the only identified near-term ways to impact demand for classroom space
 - Adherence to existing policies of 'space available,' 'grade and seat availability,' and 'grade level openings' for non-resident children would have impact
 - Combination of modifications to class size and admissions policies may have meaningful impact without eliminating any program.

Context (2)

- Experiment with 2012-13 K class
 - 32 Classrooms actually used
 - Brookline resident students could be placed (with perfect knowledge) in 26 classrooms at 24 students per class, or in 28 classrooms at 22 students per class
 - METCO and Materials Fee equivalent to 2 classrooms, or increasing class size by about 1.5 per classroom
 - This experiment does not account for siblings being placed in the same school, placement based on language needs, placement based on special needs, or parent requests. However, 199 of 610 resident students are in buffer zones.
- Historical practice
 - Admissions of METCO and Materials Fee historically in February
 - Many assignments by April in last two years
 - Assignments of buffer students before knowledge of ultimate enrollment
- School Year 2014-15
 - Resident enrollments running ahead of last year
 - 22 METCO and 20 Materials Fee (Unit A teachers only) admitted by March 25
 - Assignments to schools are being delayed

KINDERGARTEN ENROLLMENT COMPARISONS - BY MONTH - SY 2011-12, 12-13, 13-14

SCHOOL	FEB 2011	APRIL 2011	SEPT 2011	FEB 2012	APRIL 2012	SEPT 2012	FEB 2013	APRIL 2013	AUG 1, 2013	SEPT 30 2013
BAKER	56	67	85	50	75	98	43	59	73	78
DEVOTION	50	68	104	85	104	115	75	90	101	108
DRISCOLL	48	50	66	47	57	64	29	46	55	59
HEATH	36	37	58	47	63	69	22	40	54	57
LAWRENCE	65	75	85	67	74	85	53	74	79	87
LINCOLN	54	58	69	58	73	75	46	58	64	66
PIERCE	54	60	79	80	80	91	87	104	105	110
RUNKLE	34	38	56	50	63	69	46	59	66	65
METCO	22	22		20	3		21	14		
STAFF	23	22		29	3		21			
TOTAL	442	497	602	533	595	666	443	544	597	630
RESIDENT (TOTAL-[FEB METCO + STAFF])	397	452	557	484	546	617	401	502	555	588
RES. % OF SEPT RES.	71%	81%	100%	78%	88%	100%	68%	85%	94%	100%
RES. % OF FEB RES.	100%	114%	140%	100%	113%	127%	100%	125%	138%	147%

SOURCES: February 2011 to August 2013 data from Attachment O to memo transmitted to OSC by P. Rowe by 10/18/13 email; September 30, 2013 from attachment to 10/30/13 P. Rowe email to R. Benka

Context (3)

- METCO Policies
 - Applications forwarded “to school districts with openings for the particular grade level needed”
 - Placement decisions based on, among other issues, “district grade and seat availability”
- Brookline School Department Policy Manual
 - “All new non-resident students will be admitted ... on a space available basis and will be charged full tuition” (except that tuition may be waived for METCO students or children of non-resident employees, among others) §J.1.c. (discussion of all new-nonresident students including METCO in section where heading refers to children of employees)
 - New METCO students admitted “subject to the School Committee’s guidelines for class size and subject to the availability of funds for the METCO program.” §J.1.b.
 - For children of non-resident employees (including teachers): “All staffing will be done on the basis of tuition paying or resident students.” §J.1.c.4.
 - For children of non-resident employees (including teachers): “The cost of special education services connected to Chapter 766 and any other Massachusetts or federal statute will have to be borne by the employee’s town or city of residence, or by the individual.” §J.1.c.6.
 - Where space available for employee children, priority to children of teachers prior to children of other Town and School employees
 - Teachers notified no later than June 1; other employees no later than June 20
- Class size policy (FY11 Budget)
 - “....support, whenever possible, historical class size limits of 22-24 in grades K-3 and no more than 25 in grades 4-12”

Materials Fee & METCO Background

- Materials Fee program stated goal is to enhance recruitment and retention of high quality staff
 - Applies to teachers (Unit A), other School employees, Town employees
 - Growth exceeds 50% since FY2008 and is not capped
- METCO program stated goal is to alleviate racial imbalance in sending districts and racial isolation in receiving districts
 - Income not a consideration – 60% of METCO students are not low-income
 - Entire Brookline K-12 student growth derived from minority populations over past 20 years (2/3 non-Asian)
 - Program currently at approx. 300 students; has been at 230 in past
- Suspension/reduction would reduce demand and space needs
 - Approximately 1 classroom per year for each program (assuming 20 students)
 - For SY2014-15, Materials Fee already at 20 students just for teachers (Unit A)

Long-Run Incremental Cost (LRIC) Analysis

- Brookline bears costs of some special education services
- Funding from Department of Education does not fully cover METCO costs
- Non-resident students would impose only short-run out-of-pocket costs only if the Brookline School Department were strictly adhering to the Policy Manual guidelines
- Because guidelines are not being followed non-resident students impose the same types of long run costs as resident students except to the extent that non-residents' use of specific services differs materially from that of resident students.
- The policy costs to Brookline taxpayers arising from non-resident student admissions is best estimated by use of long run incremental cost methodology.
- Provides data regarding long-run impacts, thereby informing policy decisions

Table 5
LONG RUN INCREMENTAL COST PER STUDENT
ADJUSTED TO REFLECT RELATIVE USE OF
SPECIAL EDUCATION SERVICES

Category	LRIC per student		
	Base estimate	Lower bound	Upper bound
Brookline resident	\$15,939	\$14,939	\$16,939
METCO	\$17,112	\$16,112	\$18,112
Materials Fee	\$16,341	\$15,341	\$17,341
Overall average	\$16,000	\$15,000	\$17,000

Long-Run Incremental Costs (+/- 8%)

- One Year FY-14 Costs of Non-Resident Students
 - METCO: \$4.1m for 297 students; Materials Fee: \$2.2m for 178 students
 - Total: \$6.3 million for 475 students
- 13-year Cost of 9/14 Entering Cohort
 - METCO: \$3.9m for 22 students; Materials Fee: \$3.2m for 20 students
 - Total: \$7.1 million for 42 students over 13 years
- Long-term Cost over 13 years for Programs
 - Retain existing students; suspend new admissions: \$47 million (METCO: \$29m; Materials Fee: \$18m)
 - Maintain programs in current format: \$94 million (METCO: \$53m; Materials Fee: \$41m)

METCO Options

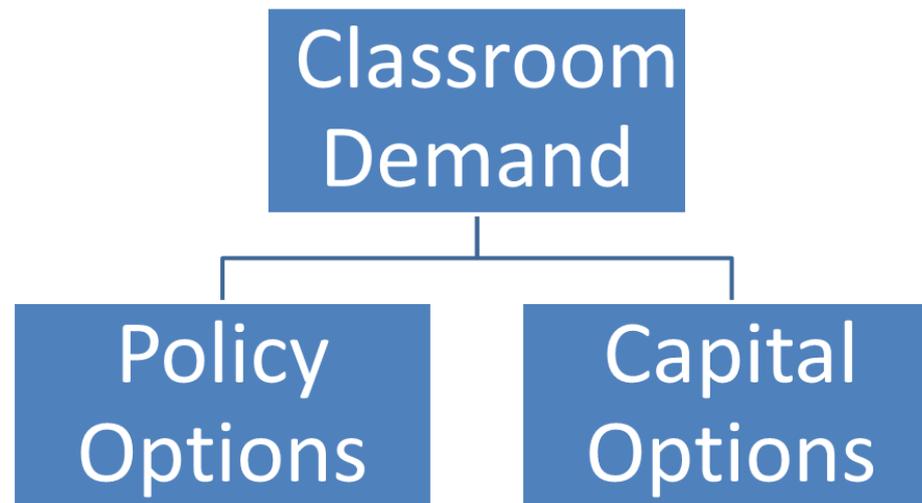
- Do Nothing but continue lobbying efforts.
- Reduce or suspend participation in METCO:
 - Make admissions a function of resident enrollment at particular calendar dates and enforce admission and allocation policies to maximize classroom optimization
 - Lower the target METCO population from 300 to 200. This would result in a hiatus for several years as additional options are considered. Would lead to reduced demand for a period of time.
 - Suspend or reduce participation in METCO until the Legislature funds the program on a basis equal to 1. The amount of money that Boston would pay if these children went to a charter school in Boston, 2. the ‘high point’ of 2008 (or some other defined level) adjusted for inflation plus funds some reimbursement for the special needs services provided to the METCO population or 3. A sum equal to what would be paid assuming a ‘school choice’ program were available, plus the cost of transportation. Continued adjustments for inflation would also be necessary.
 - Suspend indefinitely future METCO participation

Materials Fee Options

- Do nothing
- Reduce, suspend or eliminate enrollment:
- Make function of resident enrollment at particular calendar dates; adhere to “space available” policy -- existing School Department policies provide for admissions of children of teachers to be decided no later than June 1, rather than in February as is now the case, and of children of other Town and School employees to be decided no later than June 20.
- Identify priorities
 - Town staff
 - Non-teacher PSB staff
 - Full-time Teachers
 - Vesting period
 - Income test
 - Distance test
 - Tough to hire educational specialties
- Overall cap on allowed population
- Investigate higher fees (inter-district rate, inclusion of facility fee)
- The school department should better understand whether program has its desired effect, in attracting ‘best’ candidates and retaining ‘best’ employees. Should also take steps to understand why, when offers are given and turned down, applicants determine to not accept a position in Brookline.
- Make allocations to individual schools as late as possible

Capital Subcommittee Purpose and Approach

1. Test “Expand in Place” Capital Costs
2. Daylight Capital and Cost Implications of Policy Choices
3. Identify/Evaluate Value of Unexplored Options



See 3/12/14 Capital Subcommittee Presentation on OSC website for full SubCommittee Report Out

Capital Track:

- K-8 Expand in Place
 - BEEPs
 - Lawrence
 - Devotion
 - Driscoll
- Evaluation of Alternative K-8 Options
 - 7-12 Option
 - Existing Old Lincoln School
- Near and Long Term Planning
 - Pierce Renovation
 - Non Town Owned Sites for K-8
- Brookline High School

Expand in Place: Classrooms Forecast with Driscoll 4 section school (36 homerooms)

New Classrooms (Perm.)	FY 15	FY16	FY17	FY18	FY19
	Sept. 2014	Sept. 2015	Sept. 2016	Sept. 2017	Sept. 2018
BEEPS	2	1			
Lawrence Modulars		4			
Devotion Rebuilding					5
Driscoll 4 section					7
Total Additional Classrooms	2	7	7	7	19
Cumulative Baseline Demand (before suboptimal spaces)	7	11	16	19	20
Remaining Need	5	4	9	12	1
Plus Suboptimal Space Demand (11-13)	12	12	12	12	8

Expand in Place Observations

- Approximately two-thirds of the cost Expand in Place capital cost is related to Devotion rebuilding
- Driscoll was not in the capital plan to receive a renovation until after Pierce. However, it is in need of a renovation so adding classrooms in conjunction with renovation is a cost effective option for adding to classroom supply in the district.
- The \$53 million figure used reflects the OSC Capital Subcommittee estimates (based on HMFH assumptions) for a complete renovation and addition to transform Driscoll into a 4 section school (“Runkle-like” project)
- Driscoll MSBA SOI April 11; next step is feasibility
- In the absence of the next project in the sequence, the Driscoll site and the context - not the remaining classroom need - should drive the number of new classrooms.

Near and Long Term Planning

- **Observations**

- Assuming the Driscoll site can accept the projected number of classrooms, the Driscoll addition barely addresses classroom need.
- In addition, there are other district pressures including sub-optimal and the unknowns around the future potential growth of Hancock Village. If enrollment trends continue upward there will need to be a next project in the sequence.

- **Potential Recommendations**

- Pierce Study: Hire architect to determine conceptual capacity, cost and phasing
- Non-town-owned Land Assessment: Hire a real estate consultant to inventory private property

Capital Impacts of Policies & Practices

DRAFT SM		3.24.14		OSC - Capital Subcommittee		Year When Planned Classroom Projects come on Line							
				Lawrence		Devotion		Driscoll					
				4		10		7					
				School Years									
Action Label	Potential Policy Options	Classrooms Saved Annually	'14 - '15	'15 - '16	'16 - '17	'17 - '18	'18 - '19	'19 - '20	'20 - '21	'21 - '22			
A	Materials Fee Phaseout	1	1	2	3	4	5	6	7	8			
B	Revised Kindergarten Assignment System	2	2	4	6	8	10	12	14	16			
C	Combination of above	3	3	6	9	12	15	18	21	24			
D	All above and METCO Phaseout	4	4	8	12	16	20	24	28	32			
E	All above and Add One Child per Classroom	Phased In D + F	7	12	17	22	27	32	36	40			
F	Only Add One Child per Classroom	Phased In Up to 10 or More	2	4	5	6	7	8	9	10			
G	Only Add Two Children per Classroom	Phased In Up to 16 or more	3	5	7	9	11	13	15	16			
				Lawrence		Devotion		Driscoll					
Potential Reduction in Number of Needed Classrooms from Policy Choices													
Criteria	Color Code	Potential Project Impact	Estimated Capital Savings	CIP Impact, \$	Capital Override Impact, \$	Override Annual Debt Service	Override Percent						
4 or more		Equivalent to Lawrence Expansions	\$4M	Save \$4M	No change	No Change	11%						
7 or more		Equivalent to Driscoll Expansions	\$33M	Save \$33M	No Change	No Change	11%						
7 or more		Equivalent to Driscoll Expansions; use CIP to fund Devo	\$33M	Spend \$54M	\$23M	\$1.6M	9%						
11 or more		Equivalent to Lawrence and Driscoll Expansions	\$37M	Save \$37M	No Change	No Change	11%						
14 or more		Equivalent to Lawrence and Devotion Expansions	\$24M	Save \$4M	\$63M	\$4.35M	10.50%						
17 or more		Equivalent to Devotion and Driscoll Expansions	\$53M	\$14M	\$63M	\$4.35M	10.50%						
21 or more		Equivalent to Lawrence, Devotion and Driscoll Expansions	\$57M	Save \$18M	\$63M	\$4.35M	10.50%						
21 or more	Not in Chart	High School, under policy Options B, C, D, or E	\$40-\$90M	Large	Not included	Not included	Not included						
			Est. Total	\$97M-\$147M									

Next steps: Landing the Plane

- Finalize fact-finding
- Model cost and revenue scenarios
 - Changes in Town and School services
 - Impact on Capital projects
 - Impact of non-tax revenues
 - Resulting override figures
- Write report, ideally by June but no later than September