

TOWN OF BROOKLINE

OVERRIDE STUDY COMMITTEE

Final Report

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**Override Study Committee for the Town of Brookline
2014 Report**

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I. INTRODUCTION

A. Executive Summary

Eight of the fifteen members (the First Group) of the Override Study Committee (OSC) recommend that the ballot in May 2015 contain a \$5.0 million permanent operating override for the Schools and, joined by a ninth member, also recommend that the ballot contain a debt exclusion sufficient, when combined with the Town's existing borrowing capacity, to support the Devotion School renovation and expansion. This debt exclusion (now projected at \$23 million) would add approximately \$1.6 million to the Town's annual tax levy for a projected, defined period of 25 years, after which it would be eliminated.

Seven OSC members (the Second Group) recommend a \$7.9 million permanent operating override for the Schools. Six of them also recommend a debt exclusion that would be sufficient, when combined with existing borrowing capacity, to support both the Devotion School project and retain current capacity in the Capital Improvements Program (CIP) to enable an additional capital project such as the Driscoll School renovation and expansion. This debt exclusion (now projected at \$58.8 million) would add approximately \$4.1 million to the Town's annual tax levy for the same projected, defined period of 25 years. In either event, debt exclusion taxes would arise only as the projects were approved and the money borrowed.

Both groups also recommend that an additional \$2.3 million be raised through additional non-tax revenues and fees, and that \$560,000 be cut from the Town budget. These changes could be implemented without voter approval. In addition, throughout this report, the full OSC has agreed on a number of observations and recommendations about longer-range fiscal policies or practices. These items could positively impact the long-term financial health of the Town budget.

Both groups contemplated that the operating override would cover a period a three years of expenses (FY16 through FY18, i.e., July 1, 2015 to June 30, 2018), and that further operating overrides / debt exclusions might be required in addition to the current recommendations, as described below.

With the additional fees and reallocation of Town-side savings, the First Group's proposal would add \$7.86 million to the Schools' operating budget in FY18 beyond regular

budget increases under Proposition 2½, in addition to providing the \$23 million debt exclusion at an annual cost of \$1.6 million. It represents a reduction of \$4.4 million from what the School Department's FY18 projected budget would be if funded by the entire original override amount of \$12.29 million, absent any changes in policy or practice and given a set of assumptions (e.g., enrollment growth, collective bargaining). See Appendix B for full list of assumptions. The Second Group's would add \$10.8 million beyond regular annual increases, in addition to providing the \$58.8 million debt exclusion at an annual cost of \$4.1 million. It represents a reduction of \$1.5 million from what the School Department's FY18 projected budget would be if funded by the entire original override amount of \$12.29 million, absent any changes in policy or practice and given a set of assumptions (e.g., enrollment growth, collective bargaining). Town departments sought no additional funds through the override, and both groups' recommendations rely on savings in Town departments.

The First Group's recommendation would increase taxes by about 3.6%, which would result in an annual tax increase of 6.1% when added to the annual 2.5% increase allowed under Proposition 2½. The Second Group's would increase taxes by 6.5%, or 9.0% when added to the annual increase. The recommended fee increases of \$2.3 million would be an additional revenue source, though a portion of them (such as a portion of increased parking meter fees) would be paid by non-Brookline residents.

B. Structure of the 2014 Report of the Override Study Committee

The Override Study Committee for the Town of Brookline (OSC) is pleased to present our "2014 Report" to the Board of Selectmen. This Report has been considered by the entire OSC and has three parts. The Introduction reiterates the Selectmen's charge to the Committee and the Committee's structure (subcommittees and task forces). It also describes the financial modeling undertaken by the Committee. The Recommendations section outlines two different recommendations for operating overrides, one supported by 8 members of the OSC and the other supported by 7 members, and describes the vote on the recommended debt exclusion. Finally, the third part comprises the Executive Summaries which were prepared by the subcommittees and task forces and approved by at least a majority vote of the entire OSC. The full OSC voted on each Executive Summary

separately, and the votes are included under the headers for each section. There is also an appendix with biographies of Committee members, as well as a short description of the base case assumptions underlying the OSC Financial Model.

In addition to analyses and recommendations that were deliberated and included in the 2014 Report, each subcommittee and task force generated and compiled a substantial amount of work product (“Additional Materials”). Some of these work products were voted by their respective subcommittees/task forces and some were not, at the discretion of each subcommittee/task force. The Additional Materials will be compiled and be available for consideration by the Board of Selectmen and the public. Although these Additional Materials were neither debated nor approved by the full OSC, they provide very important data and context to the analyses in the Report. The OSC recommends that these Additional Materials be easily accessible on the same Town webpage as this 2014 OSC Report, with files and an index for each subcommittee or task force and, if deemed advisable by the Selectmen, assembled in hard copy in a volume of materials.

C. Committee Charge

The 2013-2014 Override Study Committee was charged by the Board of Selectmen to engage in “a comprehensive examination of Town and PSB {Public Schools of Brookline} finances, services, expenditures, and capital needs, building on similar investigations of the OSC of 2007, the findings of the Efficiency Initiative Committee (2009), the Facilities Master Plan for the Schools (2008/2010), and the findings and recommendations of the Brookline School Enrollment and Capacity Exploration (B-SPACE) committee (2013).”

The Override Study Committee was charged with considering the following, among other possible areas:

- Evaluation of long-range financial projections (including future needs and liabilities, factors driving cost projections, and revenue projections)
- Evaluation of long-range demographic projections, particularly projected PSB enrollments and potential impact of residential development/expansion
- Potential efficiencies and best practices in PSB and Town operations, programming and staffing, and in the use of capital facilities

- Evaluation of the impacts, including operating and capital, of any recommended expansion of facilities or alternatives
- Examination of costs (operating and capital) and potential non-override revenue sources (including costs, feasibility, potential savings, and impacts of potential changes in PSB non-mandated areas)
- Comparability to other towns of Town and PSB programs/expenditures/revenues
- Review of Town bonding capacity
- Examination of Town/taxpayer capacity for an increased tax burden

Any recommendation regarding an override or debt exclusion was to include

- The level(s) and purpose(s) of any override(s) and/or debt exclusion(s), and
- An analysis of the impact of failure of those recommendations to win public support.

Although the Committee was originally charged with determining whether an override was necessary to meet needs in FY15, that task was superseded by the submission of a “bridge budget” for FY15 by the Town Administrator and the Superintendent of Schools. This report thus deals with longer term needs.

D. Committee Structure

The Committee consisted of two non-voting chairs, Richard Benka and Susan Wolf Ditzkoff, and fifteen voting 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, and Ann Connolly Tolhoff. There was a broad range of expertise, a mix of those who had participated in the past in Town and School affairs and those who had not, and a mix of those with and without children currently in the Schools. The biographies of Committee members are provided in Appendix A.

Much of the investigation and analysis conducted by the OSC took place at the subcommittee and task force levels. The Override Study Committee, in whole or in

subcommittee, met over 200 separate times between September 2013 and July 2014, and we organized ourselves as follows:

- School Programs Task Force of the Schools Subcommittee: Beth Jackson Stram (chair), Lisa Serafin Sheehan, Jim Stergios, Tim Sullivan
- Population and Special Education Task Force of the Schools Subcommittee: Cliff Brown (chair), Chad Ellis, Janet Gelbart, Michael Glover, Carol Kamin, Lee Selwyn
- Capital Subcommittee: Lisa Serafin Sheehan (chair), Carol Levin, Sergio Modigliani, Tim Sullivan
- Municipal Subcommittee: Michael Glover (chair), Alberto Chang, Janet Gelbart, Jim Stergios, Ann Connolly Tolkoff
- Revenue Subcommittee: Alberto Chang (chair), Kevin Lang, Beth Jackson Stram
- Benefits Subcommittee: Cliff Brown (chair), Janet Gelbart, Carol Kamin
- Fiscal Policies Subcommittee: Carol Levin (chair), Chad Ellis, Kevin Lang
- Demographics Subcommittee: Ann Connolly Tolkoff (chair), Alberto Chang, Sergio Modigliani, Lee Selwyn

II. RECOMMENDATIONS

The full Override Study Committee discussed three sets of conclusions for consideration by the Board of Selectmen. First, we offer a few overall observations based on a rigorous financial model that the OSC recommends be used by the Board of Selectmen in examining financial tradeoffs. Second, we offer recommendations on how the Board of Selectmen might proceed in constructing an operating override, with members of the Committee focusing on an operating override designed to cover the three fiscal years between FY16 and FY18. Without an override, the growth in the property tax levy would be limited by Proposition 2½ to an amount equivalent to 2½% per year plus the taxes on any “new growth.” This report also addresses the recommended amount of a debt exclusion, which would authorize additional taxes to cover the debt service for capital expenditures.

Operating Override and Schools Cost Reductions; Non-Tax Revenues; Town Cost Reductions

The Committee unanimously recommended more funding for Brookline’s schools beyond the amount of regular annual budget increases under Proposition 2½, with no member of the Committee recommending that the School budget be cut. Also, there was consensus on the Committee that approximately \$2.3 million could be raised through various non-tax revenue sources and that \$560,000 could be realized through reductions in Town departments. Beyond these amounts, **eight members** of the Committee recommended an operating override of \$5.0 million, which would – with the non-tax revenues and Town spending cuts — provide **\$7.86 million for the Schools** in operating funds in FY18 in addition to the regular School budget increases through annual budget growth under Proposition 2½. This represents a reduction of \$4.4 million from what the School Department’s FY18 projected budget would be if funded by the entire original override amount of \$12.29 million, absent any changes in policy or practice and given a set of assumptions (e.g., enrollment growth, collective bargaining). **Seven members** recommended an operating override of \$7.9 million which would — with non-tax revenues and Town spending cuts — result in an additional **\$10.8 million** in operating funds for the Schools in FY18 beyond regular annual Proposition 2½ budget increases. This represents a reduction of \$1.5 million from what the School Department’s FY18 projected budget would

be if funded by the entire original override amount of \$12.29 million, absent any changes in policy or practice and given a set of assumptions (e.g., enrollment growth, collective bargaining). Town departments sought no additional funds through the override, and both groups' recommendations rely on savings in Town departments.

Debt Exclusion

The debt exclusion for capital needs would be in addition to the operating override. Separate votes were taken on the amount of the recommended debt exclusion. There was consensus that the Devotion School project should proceed, and also that the High School expansion was not sufficiently studied to be included in a May 2015 ballot question. **Nine members** of the Committee supported a recommendation for a debt exclusion sufficient to permit the expansion and renovation of the Devotion School, but not to provide additional funds for the expansion and renovation of the Driscoll School, the High School or another Driscoll-like project. The OSC used a working number for the annual required debt service added to the tax levy of approximately **\$1.6 million**. This was derived from the premise that an additional \$23 million would be needed for the Devotion project, based on an assumed \$110 million total cost and 30% MSBA funding resulting in a total \$77 million cost to the Town of Brookline, of which \$54 million could be funded by available debt capacity. The actual amount of any debt exclusion would be determined when further plans and specifications are completed and before any debt exclusion vote is put on the ballot. **Six members** of the OSC of the seven who recommended a \$7.9 million operating override would increase the debt exclusion to \$58.8 million, which would provide funds for not only the Devotion School but also an additional \$35 million to retain current capacity in the Capital Improvements Program (CIP) which would enable financing and/or construction to begin on an additional significant capital project to address the growth in K-8 population during or shortly after the term of the current operating override (2018). The annual debt service on this amount would be approximately **\$4.1 million**.

A. Overall Observations and Financial Model

1. Overall Observations

The Committee has articulated a few overall observations regarding how the OSC conducted its work and the nature of its findings. This section includes three general points: (1) the OSC's commitment to subject both the Schools and the Town budgets to rigorous examination (the open-every-box approach which resulted in the 200+ meetings cited above), and the absence of findings of identifiable waste or "fat" as each budget was examined; (2) the need for shared sacrifice from both the Town and Schools as they proceed from this point forward, building on the successful history of the Town-School Partnership; and (3) the need for Town and Schools decision-makers to carefully and prudently examine every expenditure as the financial constraints become ever more pressing, recognizing the capital implications of operating choices.

After the 2008 override, the Town and the Schools took up the 2008 OSC's recommendation to thoroughly examine budgets for efficiencies. By the time the 2014 OSC began its work, similar substantial efficiencies¹ had already been realized on both the Town and School sides of the budget through the 2009 Town Efficiency Initiative Committee and the Town and School annual budgeting processes. An early finding of the 2014 OSC is that that "low-hanging fruit" had already been picked, so to speak.²

It should be noted that at the outset of the Override Study Committee's deliberations in the summer of 2013, there was an extended discussion of whether a consultant would be warranted to assist with further efficiency/benchmarking analysis. Before the OSC launch, this idea had the support of the two OSC co-Chairs Dick Benka and Susan Wolf Ditkoff, the

¹ See Override Study Committee report to the Advisory Committee in April, 2014 for further detail.

² The 2008 Override Study Committee identified 3.75% as the sustainable level of funding increases, assuming increases allowed under Proposition 2½. In the six years from FY09, when the May 2008 override took effect, through the FY15 budget, the Town's total general fund revenues available to the Town and School budgets have increased from \$198.9 million to \$236.1 million, a compound annual increase of only 2.9%. Going forward, there should be ongoing reexamination of the level of budget increases that will be sustainable.

Town Administrator Mel Kleckner, the Superintendent of Schools Bill Lupini, the Board of Selectmen, and the School Committee. However, the full OSC decided in late fall 2013 not to engage a professional consultant, but rather to undertake the analytic work itself along with the Town and Schools staff. While it generated important findings, it ultimately concluded that it was not able to fully “benchmark” the Schools or Town against other communities within the time constraints of this report, in part because different communities and school districts provide services with different models. The OSC concluded that future dialogue about the needs of the Schools and Town would be enhanced by undertaking a broad analytic benchmarking study, as detailed in Executive Summaries below. For example, the School department commented that they did not have staffing sufficient to undertake a broad benchmarking of the scope undertaken on the Town side by the Efficiency Initiative Committee in 2008-09; this report, including the costs and benefits of various operating choices, could be conducted possibly in conjunction with a similar renewed study of non-School municipal services.

The OSC found that the overall growth in budget and required future funding is driven by the unprecedented growth in student enrollment. Overall student population has grown from 5766 in 2006 to over 7000 in FY15 (with 35% growth in the K-8 schools, which will move up through the high school in the coming years) — with no identified signs of abatement according to studies undertaken by the OSC (absent reductions to non-resident student enrollment, such as METCO or Materials Fee children). Absent this enrollment growth, the OSC concluded that the Town and Schools budgets would be roughly sustainable: the Town is not projecting deficits and per-student school spending has remained flat over the past five years on an inflation-adjusted basis. And despite a Town-School Partnership that has worked remarkably well and flexibly, regularly allocating more than 50% of funds to the schools, the OSC has found that even these additional revenues have still not covered the full cost of education given the high growth rate. Therefore, since the bulk of the cost of enrollment growth has fallen on the Schools budget, the Schools’ projected shortfall in the Schools operating budget, along with requested enhancements, now comprises the requested operating override.

At this juncture, the OSC concluded that the identified cost reductions were going to result in service cuts to some number of Town or Schools constituents and/or changes to

collective bargaining agreements. All members of the OSC, therefore, recommended an increase in the Schools' operating budget, funded through a combination of increased property taxes, non-tax revenues, and Town-side cuts, with the question, as noted above, being whether the increase would amount to \$7.86 million or \$10.8 million in FY18 in addition to regular budget growth that would otherwise occur under Proposition 2½. All members of the OSC, in addition, recommended an additional debt exclusion for the Devotion School.

The operating override recommendation was based on the assumption that the override vote would authorize an increase in annual taxes sufficient to cover the third year of increased operating deficits (i.e., FY18), and PSB requests to cover school population growth through FY18. Thus, the override amounts presented would potentially contemplate another operating override vote in May 2018 to cover further deficits in FY19 and thereafter. In addition, because the projected FY16 and FY17 deficits are smaller than the projected FY18 deficit, the override amount presented to the OSC assumes that the increased taxes for FY16 and FY17 will be greater than needed for operating purposes and thus should be used for urgent one-time purposes, such as reducing unfunded liabilities.

The tax increase for any individual property would be the total of any operating override approved by the voters, any debt exclusion approved by the voters, and the normal year-to-year increase of approximately 2.5% permitted under Proposition 2½. Any tax increase must be considered in the context of the changing face of Brookline. Like many urban areas in the United States, Brookline has seen a growing trend of individuals and families choosing to reside closer to where they work, avoiding long and expensive commutes, and taking advantage of the public safety, schools and other services in Brookline as well as the cultural and recreational offerings in accessible urban centers. While significant cuts in public safety, public education, and other public services should therefore be avoided, we should also recognize that the services augmented through a general override or debt exclusion could affect individuals and households differently. To the extent that higher service levels appeal more to younger or higher-income residents, or are more affordable by them, they could result in lower-income or older residents being replaced by those who are younger or have higher incomes.

2. Models Developed by the OSC

Since the Town has a variety of inter-related options to deal with the financial pressures it faces, including those caused by the past and anticipated future growth of the school population, the OSC concluded that the Board of Selectmen must look at all cost and revenue opportunities *simultaneously*, in order to see the effects of changes in one area on the rest of the financial picture. Those options include, for example: (a) increases in property taxes through an operating override or debt exclusion approved by the voters; (b) increases in non-tax revenues through a wide variety of user fees (everything from parking meter rates to Early Education tuition to library fines, and so forth); (c) savings realized through cost efficiencies or through reductions in services (again, a wide range, from solid waste collection methods to increased class sizes); and (d) changes in policies and practices (such as funding of the Town's Capital Improvements Program, non-resident students, neighborhood assignments of children to schools, or the timing of school assignments and use of buffer zones).

Two models were developed by members of the Committee.

Financial Model. The first model (hereafter referred to as the "Financial Model") is a powerful tool to inform the complicated and inter-related five-year budget and financing decisions described in the paragraph above, which will be confronted during the period of an override, and that will thus enable the Board of Selectmen to evaluate the tradeoffs among disparate options as they consider structuring the override(s). This tool is a complex Excel-based financial model that begins with the assumptions used by the Town and the Schools to determine their anticipated operating deficits in future years. The Financial Model then allows the Selectmen to alter the various assumptions to determine each variable's effect on operating and capital needs and on the necessary override and debt exclusion. Within the four options outlined above, there are many, many individual levers that can be pulled. The Financial Model allows experimentation with an almost limitless combination of choices and identifies the override and debt exclusion funding that would be necessary under each scenario. The Financial Model also permits the user to choose the period of time to be covered by an override or debt exclusion, with shorter periods requiring less funding and longer periods requiring greater funding.

Given the uncertainty, the OSC believed strongly that flexibility and scenario planning must be a critical feature of budgeting going forward for both the Town and the Schools. As a result, the OSC's Financial Model also allows users to experiment with hypotheticals, for example: what if enrollment is higher or lower than 630 kindergarteners? What if health care costs increase or decrease at a different rate than predicted? Therefore, OSC members found the Financial Model a highly useful tool in determining the impacts of various choices and exogenous factors to help guide their recommendations; further notes on the Financial Model are included below. The OSC strongly encourages the Board of Selectmen's use of the Financial Model in analyzing potential override scenarios. The assumptions used in the Financial Model are set forth in Appendix B.

Long-run Incremental Cost Model. The second model looked at the longer term, i.e., the implications of decisions regarding student population growth on costs beyond the time covered by an override. It determined the long-run incremental cost (LRIC) of educating resident and non-resident students in the current environment of enrollment growth, and thus included the capital costs incurred as a result of greater student enrollments. It also accounted for the revenues received by Brookline in providing services to non-resident students. This model determined that the long run incremental cost, rounded to the nearest \$1,000, was approximately \$15,000 per resident or non-resident student annually (or about \$200,000 from K-12). Although there was not unanimous support for the methodology in determining this number, the ultimate estimate (roughly \$15,000) was endorsed by the full OSC.

Additional information is provided in the Executive Summary of the Special Education and Populations Task Force and in the Additional Materials section, where the report describing the LRIC Model is part of the full report of the Task Force.

B. Override Discussion and Recommendations

The Override Study Committee has produced two positions for the consideration of the Selectmen. Each position includes operating override and debt exclusion proposals. The First Group has the support of eight members of the OSC for its operating component and nine members of the OSC for its debt exclusion component while the Second Group has the support of seven members of the OSC for its operating component and six members of the OSC for its debt exclusion component.¹ What follows are the reports supporting each position.

¹ Technical explanation regarding the debt exclusion vote: On July 30, the OSC voted 9-5-1 in favor of a \$23 million debt exclusion supporting only the Devotion School project. It also voted 6-9 to defeat a motion for a \$58.8 million debt exclusion that would support the Devotion School project and a second capital project (e.g., Driscoll). On the first vote (9-5-1), one member participating remotely entered a “yes” vote inconsistent with her wishes (which was to vote “no”) and another member who would have voted “yes” arrived after the vote had started, and thus felt the need to abstain. As clarified by both co-Chairs, the first vote would have been 9-6, consistent with the 6-9 defeat of the second motion. Therefore, for the purposes of this report and the discussions that follow, we are treating the position of OSC members as nine in favor of a debt exclusion supporting only Devotion (in an amount currently projected at \$23 million) and six in favor of a debt exclusion supporting both Devotion and Driscoll or a similar project (in a currently projected amount of \$58.8 million). The actual project amounts and the Town’s share of any such projects, including the Devotion project, have not been determined at this time.

1. \$5.0 million operating override (8 members)
and \$23 million debt exclusion (9 members)

First Group: Recommendation for an operating override of \$5.0 million (8 members: Brown, Ellis, Gelbart, Levin, Modigliani, Selwyn, Stergios, Tolkoff), non-tax revenue increases and Town cost reductions of \$2.86 million to increase school operating funds by \$7.86 million in addition to annual increases under Proposition 2½; and a debt exclusion of \$23 million (assumed debt service of \$1.6 million) to support the Devotion School project (9 members: Brown, Chang, Ellis, Gelbart, Levin, Modigliani, Selwyn, Stergios, Tolkoff).

Overview

The “First Group” of the Override Study Committee respectfully submit the following comprehensive recommendation:

- The charge of the Selectmen when establishing the OSC was “. . . to determine whether substantially more revenue capacity than what is currently anticipated will be necessary to maintain desired levels of services and fund future liabilities of the town and PSB, and, therefore, whether a voter-approved override or overrides of Proposition 2½ will be necessary to raise that revenue.” The conclusions reached in this First report accomplish that prime objective and do so while following the Selectmen’s further charge that the OSC evaluation “...should be a comprehensive examination of town and PSB finances, services, expenditures, and capital needs building on similar investigations of the OSC of 2007, the findings of the Efficiency Initiative Committee (2009), the Facilities Master Plan for the Schools (2008/2010), and the findings and recommendations of the Brookline School Enrollment and Capacity Exploration (B-SPACE) committee (2013).”

The Selectmen also instructed the OSC to evaluate “longer-term needs” when making its recommendations. The OSC’s evaluation of this matter revealed considerable uncertainty regarding enrollment projections, uncertainty as to the scope and nature of the future capital projects which will best meet future enrollment levels, and uncertainty regarding the extent and cost of future changes to the high school physical plant. This evaluation has resulted in an override recommendation (along with Town

service cuts and increases in non-tax revenues) that raises less money than the minority report proposes and also is lower than the PSB has currently requested for both operations and building projects. This recommendation does not purport to “solve” Brookline’s or the PSB’s long run budget issues. Rather it is a pragmatic response, seeking to balance current requirements caused by enrollment growth with the possibility that Brookline may need additional tax increases, particularly for additional building projects in the relatively near future (3 to 7 years). Accordingly, this recommendation concludes that taxing capacity should not be exhausted through a large override in 2015 and that a more modest override and debt exclusion proposal in 2015 is the most financially prudent course of action for the Town.

- Over the past eight years the significant increase in student enrollment in the PSB has strained the economic resources available for Brookline. Maintaining Town services and the PSB at levels for which the community has long been known, while also maintaining (or increasing) the Town's socio-economic diversity has become increasingly challenging in this environment. These are the underlying reasons why the Town’s Selectmen called for an unprecedented examination of Town and PSB expenditures, and examination of the impact of potential revenue increases by means of taxes or fees on residents and businesses.
- Town departments and the PSB have strived to do more with less. Through the implementation of most of the recommendations in the 2009 Efficiency Initiative Committee, the Town faced clear public scrutiny via review by an independent committee whose conclusions were published and released. As a result, the Town has borne a substantial burden of recent attempts to reduce expenditures. For the past several years the PSB has identified efficiencies, consolidating and eliminating certain positions. These efforts have been successful and have allowed the PSB to operate with less, on an inflation adjusted per pupil basis, yet still produce the “best results ever” in FY 2013.
- Today, the school budget, covering services principally used by approximately 18% of town households, consumes approximately 65% of town revenues when medical benefits, non-teacher pensions, building maintenance, debt service, and other expenses

paid by the “Town” on behalf of the Schools are added to the costs that fall directly under the School Department’s control. Previous discussions on this matter placed considerable importance on the correlation between perceived school quality and property values. School quality certainly is an important factor in supporting property values; it is, however, not the sole factor nor is there any compelling evidence that it is the single most important factor. There is currently no quantitative analysis establishing the portion of property values driven by school quality. Anecdotal evidence, along with studies of national housing trends, suggests that changing demographics, low interest rates, and the increasing desirability of the urban lifestyle exemplified by Brookline, together with proximity to Boston are substantial contributors to the robustness of Brookline property values.

- Making solutions even more complex is the fact that Brookline is following national affordability trends, with documented evidence of increasing income inequality, a diminished middle class and increasing poverty rates. Concurrently, the cost of both owning and renting a home has increased. As a result, housing affordability has become a growing issue in Brookline, one whose greatest impact is on renters, the elderly, and the lowest income members of the community. As we take actions that increase the general cost of living and/or owning or occupying a residence in Brookline we should recognize that this reduces our economic diversity and places particular pressure on low-income segments of our community, many of whom will receive relatively small direct benefits of the anticipated spending increases supported by the recommendations herein.
- The OSC has questioned and examined oft-stated assertions regarding long unchanged policies and procedures of both the PSB and Town departments. Whether resulting from the 2009 Efficiency Initiative Committee or during the 2014 Override Study Committee process, Town Departments and administrators have actively responded to, persuasively countered OSC members’ challenges and/or indicated a willingness to incorporate suggestions into their operations.

On specific operational suggestions, such as amending student registration and assignment schedules, the PSB has shown some willingness to incorporate suggestions

proffered by the OSC. For example, non-resident class assignments for the 2015 school year were delayed until May to ensure a better sense of resident enrollment. However, on longer term directional (and often economically more significant) policies, the PSB has neither been as responsive nor very persuasive when it has responded.

- Over a period of roughly eight weeks in the Fall and Winter of 2013, the PSB provided the OSC with presentations and analyses of its projected ‘structural deficits’, requests for “catch-up” investments (areas where enrollment growth has outstripped current staffing capacity), desired ‘program enhancements’(new initiatives and program expansions, including a new technology plan). Our recommendation seeks to prioritize the School’s request for “catch-up” items most particularly areas where historical analysis clearly proves that enrollment growth has outstripped current staffing capacity. The First Group has also supported substantial investments in program enhancements, though it has subjected new programs and program expansions, we believe appropriately, to a high level of scrutiny; as a result, several aspects of new programming and technology and capital planning are not funded in our recommendation at levels requested by the PSB. It should be noted and perhaps even emphasized that we are not philosophically opposed to funding the PSB requests at an even higher level. We felt, however, that such additional funding required a detailed, fact-based analysis in its support — not only for the OSC’s evaluation and recommendation but, ultimately, for the voters. The OSC asked the PSB to provide this analysis and we did not feel that the PSB’s response was sufficient to justify recommending a higher level of spending than our recommendation.
- One aspect of the Selectmen’s charge to the OSC was to provide ‘analysis of the impact of failure of those recommendations to win public support.’ Without responses from the PSB to the OSC’s requests for a “Plan B” scenario from the PSB (which would outline the PSB’s budget in the event of a failed override), a hierarchy of priorities among PSB’s various new funding requests (whether for catch-up items or program enhancements), and a technology initiative staffing plan and strategic coordination between the School and Town IT departments, the OSC sought to fulfill the charge articulated by the Selectmen by independently collecting and analyzing data and developed cost/benefit

analyses, funding scenarios and alternative scenarios of school system expenditures at various funding levels. For each scenario, alternative PSB and Town expenditure and revenue options were identified.

The members of the OSC who signed this First report believe a \$5 million (2.7%) operating override and a \$23 million debt exclusion (with assumed \$1.6 million or 0.8% in debt service), combined with judicious modifications to operating practices, some new or increased operating revenues and the allowable 2.5% annual increase in the tax levy along with additional taxes from “new growth,” will result in a funding level that will preserve both the core values of the Town of Brookline and the excellent educational quality of the Public Schools of Brookline. The specifics of this recommendation are detailed in the next section of this report.

- In recognition that there is a finite amount of funds available to the Town, a secondary aim of this report is to improve the discussion and dynamic surrounding PSB budget requests, particularly in the instance of the current override discussion. To that end, this report includes some recommendations in Section 5 below: *Sustained Effort to Build a Culture of Efficiency and Effectiveness in the Schools*. The OSC understands that the PSB budget is examined by the School Committee. Nevertheless, the First Group would request that the School Committee take steps to ensure that the PSB budgets be subject to the same evidenced-based analyses, public scrutiny and even occasional independent citizen advisory input, as are other Town operations.

Details of Our Recommendation

We have evaluated potential sources of revenue and cost savings in arriving at our recommendations to increase funds available for School operations and to augment capital available to construct specific School buildings.

An overview of our process and conclusions may be summarized as follows:

1. Our approach was to attempt to balance a range of factors including the desire to bring school funding to appropriate levels on a per pupil basis, evidence-based evaluations of the various school “asks”, a comprehensive evaluation of the request for funds to expand existing school buildings, the level of tax increase that might be acceptable, and

affordable for *all* taxpayers across the broad income strata in Brookline; revenue increases and cost reductions that were appropriate, easiest to implement and “fair.”

- a. We recommend that a total of \$7.86 million be raised for school operations to address the consequences of enrollment growth over the last nine years and currently projected enrollment levels, to enhance educational technology and to provide newly mandated support services designed to reduce the number of children receiving special education services. This \$7.86 million would represent a funding level equal to approximately 65% of the total school operating “ask” and, as discussed below, could fully fund requested special education investments and significant other portions of the Superintendent's overall education ask, including many new programs and program expansions or enhancements.
 - i. This \$7.86 million in operating revenue would be accomplished using the following tools:
 1. A general override of \$5.0 million to be ratified by the citizens of Brookline;
 2. The funds raised from the general override would be augmented by approximately \$2.3 million of non-tax revenues and,
 3. Approximately \$560,000 of reductions in Town expenses.
- b. There is support from 9 members of the OSC for a debt exclusion of \$23 million (based on current projections, with assumed annual debt service of \$1.6 million) for the renovation and expansion of the Devotion School, to be placed on the May 2015 ballot. Under current projections this will be adequate to accommodate regular CIP projects and the Devotion renovation, while remaining within Brookline’s financial guidelines. This debt exclusion will not be sufficient to accommodate an additional project such as the proposed Driscoll School renovation. It is our view that there is too much uncertainty about the size and nature of a second project to submit a larger debt exclusion to the voters at this time and that tools are available to manage space needs at least in the near future. The nine committee members believe that it would be more judicious to

wait even if this requires submitting a second debt exclusion to the voters in the relatively near future.

Specific Recommendations

The OSC recognizes that it is not the role of the OSC to decide where cost reductions and revenue increases will come from, nor ultimately where the additional revenue may be spent. Nonetheless, given the depth and breadth of analyses and benchmarking undertaken, we seek to provide useful input to aid the Selectmen and the School Committee.

1. Non-Tax Revenues- At stabilization, these fees would raise roughly \$2.31 million per year, and found general consensus among Override Study Committee members:
 - a. Town Non-tax Revenue: There is broad support on the OSC for increasing parking meter rates to \$1.25 per hour, raising the refuse fee to \$250, increasing library fines by \$.05 for books and \$.25 for DVDs, increasing cemetery rates by 10% and more rapidly increasing to market the fees for the Soule childcare program.
 - b. School Non-tax Revenue: There is also broad support for requiring the extended day programs to pay rent for their space, increasing BEEP fees to market over the next several years, imposing rent on the Baldwin School, and for more effectively managing and instituting fees for the use of school facilities at night and on the weekends.
2. Town-side Efficiencies: There is broad support on the OSC for reducing the library book budget (offset by an increase in spending out of the library endowment), outsourcing grounds maintenance and switching to toters for trash. In total, these efficiencies, which found general consensus among Override Study Committee members, should save approximately \$560,000 over the projection period.
3. School Funding: Again, while recognizing that the allocation of any funds is the sole responsibility of the School Committee, the First Group makes the following recommendations. We believe these recommendations accomplish the goals set out by the Selectmen as well as an explanation of why we believe our override and debt exclusion numbers are appropriate.
 - a. “Catch-up” investments: This is the portion of the Superintendent’s request related to “catching up” to staffing levels and investments prior to the increase in

enrollment. We would (1) fully fund areas including guidance counselors at all school levels (k-12), all special education requests (OT/PT/Speech and special education Board Certified Behavioral Analysts [BCBA]), central administrative positions and the custodial contract; (2) fund at a level of 60% or greater nurses, K-8 administration; and (3) fund at a level of maintenance of current effort or up to 40% of request the areas of Elementary World Language, second grade para-professionals, psychologists, high school social workers, Evaluation Team Facilitators and high school administration. The First Group believes its position provides sufficient funding for all areas where the erosion of pre-growth staffing levels has been demonstrated. (See the Matrix presented to the OSC on June 17, 2014.)

- b. *Enhancement investments*: This is the portion of the Superintendent's request related to new programs or enhancements of existing programs. The First Group would fully fund expansion of ECS, Steps to Success, supplies, the custodial contract and up to 40% for literacy staff and professional learning and innovation. As regards OT/PT/speech and BCBA staff for typical students, math specialists and the literacy contract portions of the Superintendent's request, insufficient data and/or definition from the PSB was presented to support the request beyond the level of maintenance of current effort. As a matter of need, we note that there is no evidence that any mandate has been ignored and also note that Brookline staffing levels with regard to positions where large increases are sought (e.g., BCBA's) already appear to be above those of peer communities such as Newton, Wellesley and Lexington. As a matter of equity, the First Group notes that Town departments are seeking no program enhancements through this override.
- c. *Technology*: We support advancing the use of technology in Brookline's classrooms, especially when tied to a strong plan driven by curricular goals and equitable access to high-quality and coherent digital learning resources. We underscore the value of clear and measurable goals, and good governance (strategy, technology alignment, implementation, maintenance and staff planning and deployment) to the success of the technology plan. The First Group

believes that even after several revisions, the PSB technology plan lacks a clearly and publicly articulated governance plan and set of measurable goals.

- i. Over the FY16-FY18 term of the override, there is broad OSC support for 100% of the Superintendent's request for devices (for equity across the schools and to reduce replacement times), applications and mounted projection. To ensure technology alignment, the First Group recommends that governance issues be resolved before these funds are actually expended.
- ii. To create an atmosphere of consistent communication and collaboration between the Town and the Schools, we suggest that a new Town-School MOU be developed on technology governance.
- iii. Without a staffing model and governance structure, the First Group does not support the two staffing lines in the plan. The School's Department of Education Technology (DET) should provide an audit of current staff qualifications and consider options such as retraining existing staff before adding new personnel. Moreover, given existing IT professional development resources, and the longstanding need to undertake reforms of the Help Desk, we believe that there are more efficient ways to support implementation of the new device purchases. If and when the DET and Town ITD deliver a strong staffing plan, we would support additional expenditures in support of that plan. We note that such capacity is for the most part best provided through consulting services rather than full-time school employees.
- iv. New and substantial investments in technology create opportunities for operating and capital savings. In addition to potential staffing savings through training for ETS and library staff, as the PSB invests in higher e-book and online materials, it may seek prudent reductions in the classroom and library materials budgets. As regards the capital budget, full implementation of PSB's technology device purchases could free up several classrooms across the K-8 system, reducing needed capital investments to create additional classroom space. Floor plans suggest

that at least four if not six computer labs could be repurposed for classroom space; specifically at the Baker, Devotion, Driscoll, Heath, Pierce, and Runkle schools.

4. Managing enrollment growth's impact on capital needs: To achieve efficiencies in use of space and help avoid the immediate need for the Driscoll expansion, we once again recognize that all decisions are the purview of the School Committee. There is, however, broad acknowledgement there are many tools that could be used in any combination to achieve this goal. For example, in arriving at our 'scenario,' we allowed average class size to grow to 22.0 (vs. School policies of 22-24 in Grades K-3 and 25 in Grades 4-12) by using a more efficient school assignment process to keep classes from getting larger on the higher end of the class size spectrum but also to reduce the number of outlier very small classes. We also assumed a modest reduction in the size of the Materials Fee program as a means of helping to reduce overall demand for space.

Again, while recognizing that the School Committee has the right and ability to modify non-resident enrollment on a year-by-year basis, we believe that, based on current projections, sufficient space efficiencies can be realized without making changes to METCO.

5. Sustained Effort to Focus on Efficiency and Economic Rationale in the Schools: As enrollments have grown, the School Committee and Superintendent have looked for opportunities to identify efficiencies. For the following reasons, the First Group suggests enhancing those efforts by creating a School Efficiency and Effectiveness Committee. The PSB's focus on operational efficiencies appears to be more opportunistic than systematic; the Town Efficiency Initiative Committee of 2009 brought significant benefits to the Town's operations, including improvement to culture and productivity as well as savings; and, finally, the First Group found the PSB too often was unprepared to provide input on priorities and the effectiveness of its programming. This final point is important, as systematic benchmarking and analysis, tied to a communication plan that gives residents continued information on performance, regarding schools, priorities, initiatives and past investments, is fundamental to achieving long-term support for new investments in schools and innovative programs.

The Superintendent has noted frequently that his office does not have the research capacity to do this work. Whether in partnership with new staff or instead of new staff, the First Group believes PSB should engage a standing committee of resident volunteers to devise reports that provide ongoing and systematic information to the public on program effectiveness and operational efficiency. In many respects this could operate much the way a “site-council” should operate at an individual school or as the 2009 Efficiency Initiative Committee functioned vis-à-vis Town agencies.

6. Other Short and Long-Range Observations and Suggestions

- a. Though the OSC previously urged the Selectmen to consider the Community Preservation Act as part of the override, the OSC no longer endorses that approach for the May 2015 ballot as the education effort and campaign for three revenue questions on the same ballot would be overly complex and pose greater risk than potential benefit.
- b. There are many potentially helpful options and ideas in the individual executive summaries and reports of the various sub-committees of the OSC, such as
 - i. Benefits: Explore the potential for reducing the Town’s premium share for health insurance across the board and/or by plan type; continue to educate Town and School employees about the relative cost/benefit of the various plans to promote savings; urge the Retirement Board to prorate the years of service for part-time employees to become benefits eligible, reducing future OPEB liabilities; explore more outsourcing and work with various associations and the state to level the playing field for municipalities and modify onerous GIC requirements.
 - ii. Fiscal Policies: The Town of Brookline should increase the debt-financed portion of the CIP to free up additional funds for OPEB contributions; one-time revenue sources should not be used for regular budget items but should instead be applied to longer-term liabilities such as OPEBs; level payment schedules should be utilized for debt exclusion bonds.

The rationale behind this opinion is that funds invested in OPEB accounts can earn at equity rates or blended equity/debt rates. Capital

items paid with debt cost less than the rates of return that can be earned on cash placed into OPEB accounts.

Historically, the Town has used level *principal* payments instead of *level payments that include both principal and interest*, much as a home mortgage is constructed. The latter results in smaller upfront payments and therefore the marginal cash difference can theoretically be invested at a rate of return higher than the cost of the debt.

The debt instrument discussion is not intended to suggest that Town's current procedures for borrowing within its capacity should be changed. The more rapid retirement of debt from front loading can be advantageous in allowing new borrowing sooner. Evaluating the trade-offs requires independent examination beyond the scope of the OSC.

- iii. Municipal: Have the Fire and Police Departments consider whether converting management positions to non-civil service positions through collective bargaining could lead to better management practices.
- iv. Capital: Promptly implement a Long Range Facility Plan (LRFP), including engagement of a professional real estate consultant to identify sites for both Town and School needs related to changing demographics. This should include potential sites for expansion or new K-8 schools, High School, play space, and other identified Town needs, whether on a friendly or eminent domain basis. The already approved Driscoll Feasibility Study may be one vehicle to carry out the LRFP, as MSBA rules require consideration of alternative sites as part of Feasibility for any project.

The First Group questions whether "Expand in Place" is in fact the best approach for Brookline. In 2013, B-SPACE (August) and the School Committee (September) recommended "Expand In Place" as the best approach for Brookline. That program, now underway for Devotion and Driscoll, followed by Pierce, assumed no changes to existing policies and procedures and calculated new classroom demand accordingly. This approach's primary advantage was the promise to bring a large number

of new classrooms on line as quickly as possible, without buffer changes (20 additional classrooms calculated by Fall 2019).

This approach will cause important changes to our system, including: (a) abandonment of the educationally valued pre-K-8 system of 3 section schools with 550-600 population and the relocation of pre-K to off-site locations; (b) imposition of facility planning on parents and administrators at 3-4 schools for 2 years, followed by an additional 1-2 years of construction with children either on site or transported to alternate schools for several years; (c) expenditure of limited financial resources at the highest cost per additional seat created compared with other options, including site purchase and construction of a new 3 section K-8 school; (d) reduced funds available for other needed school resources, whether personnel, programs, supplies or equipment; (e) projects that only deliver added capacity in Fall 2018 (Devotion) and Fall 2019 (Driscoll); (f) completion of Driscoll's expansion as proposed barely meets the PSB's calculated classroom need, leading the system right back to its current capacity "crisis"; and (g) The B-SPACE report (p. 17) provides a classroom demand chart showing the need for 1 classroom at Driscoll from 2014 to 2019. The proposed expansion would need to draw entirely from the Driscoll buffers, eliminating their value to Devotion, Runkle and Pierce.

- v. Demographics: *Buffers, Housing Stock and Churn*— Analysis by the Demographic Subcommittee indicates that when more of a school's catchment area is comprised of one, two and three family residences, the churn rate is substantially less — and the school's enrollment more stable — than those where more of the catchment area comprises multi-unit buildings. Less churn can permit those schools greater confidence in holding fewer seats in reserve in each grade. Further, the current 2012 Buffer Zones do not appear to respond to these findings, reducing the Superintendent's ability to optimally place and utilize existing classroom capacity."

7. Comparisons Between The First Group's and The Second Group's Recommendations and the 2008 Override

It will be natural for citizens to inquire as to how the proposed funding levels suggested herein compare to requests made in prior years, most recently in 2008 (with the first impact in FY09). It must be restated that the Second Group does not have a unified position with respect to both the operating and the capital aspects of this situation and the analysis below should not be interpreted to purport such a view¹. Rather, the statistics below should be used to understand the comparative impacts of the 2008 override, the First Group's position and the combined alternative views on the operating and capital projects. With that preamble, we would highlight the following:

- a. The override in 2008 was a total of \$6.2 million, of which \$4.1 million was for School operations (\$1.5M to the School Department, \$1.8M for a longer school day, \$0.8M for the World Language program). The rest was Police \$370,000; Fire \$150,000; Library \$80,000 and School and Town buildings, parks, streets, sidewalks and sidewalk snow clearing equipment \$1.5 million (with \$1 million of this allocation explained as being for open space and streets and sidewalks). There was no debt exclusion and there were no non-tax revenues that were part of the funding package.² The \$7.86 million proposed herein for operating funds for the Schools is a significantly greater amount than the \$4.1 million provided in 2008.
- b. In 2008 the total tax and non-tax revenues raised were limited to the override, i.e., \$6.2 million, and there was no debt exclusion.
 - i. We would fund both a \$7.86 million increase in school operations and a projected \$23 million debt exclusion (with assumed annual debt service of \$1.6 million). To generate this \$9.5 million of funds for the Schools we would ask people to pay an additional \$8.9 million annually, \$5.0 million

¹ There are 7 OSC members who support the \$7.9 million operating override proposal and 6 OSC members who support the \$58.8 million debt exclusion proposal, which together are referred to as the "combined alternative" views.

² While the 2008 Override Study Committee identified certain fees that could be increased, they ultimately concluded that the "Selectmen will need to consider whether raising fees to residents while considering an override is advisable."

through an override, \$2.3 million through non-tax revenues, and the \$1.6 million in debt service assumed to be needed for the \$23 million debt exclusion. In addition, there would be \$560,000 in Town-side cuts to reach the total of approximately \$9.5 million. We are cognizant of the fact that additional revenues may be required for capital projects in the near future.

- ii. In contrast, the combined alternative proposals would fund a \$10.7 million increase in school operations, and assuming a projected \$58.8 million debt exclusion (assumed \$4.06 million annual debt service), would generate roughly \$14.8 million of annual funds for the Schools. To achieve this, the two other positions would in total ask people to pay an additional \$14.3 million annually, \$7.9 million through an override plus \$2.3 million in non-tax revenues plus \$4.1 million in debt service assumed to be needed for the \$58.8 million debt exclusion. There would also be the \$560,000 in Town-side cuts to reach the total of approximately \$14.8 million. Even with the larger capital override, this group is also cognizant of the fact that additional revenues may be required for capital projects in the near future.
- iii. Excluding the Town-side cuts, the combined alternative proposals require about 61% more annual revenue through additional taxes and fees than does the First Group proposal (\$14.3 million versus \$8.9 million).³
- iv. Adding the regular annual tax increase allowed under Proposition 2½, our total projected average annual increased tax burden would be 6.1% per household. The combined other proposals would require an average

³ If our suggested \$23.0 million debt exclusion were added to our colleagues' proposal to fund a \$10.7 million increase in school operations, it would, with the assumed debt service of \$1.6 million, generate \$12.3 million of annual funds for the Schools. To achieve this, people would be asked to pay an additional \$11.8 million annually, \$7.9 million through an override plus \$2.3 million in non-tax revenues plus \$1.6 million in debt service assumed to be needed for the \$23 million debt exclusion. There would also be the \$560,000 in Town-side cuts to reach the total of approximately \$12.3 million. This would require about 33% more annual revenue through additional taxes and fees than does our proposal (\$11.8 million versus \$8.9 million).

annual increase of 9.0% per household. If one were to add the burden of the additional non-tax revenues that are a part of both proposals and that would be borne by individuals, households and businesses, the numbers would increase to approximately 7.4% and 10.3% respectively.⁴

- v. In table format, the data is as follows (note that may be some variation due to rounding):

⁴ This calculation expresses the non-tax revenues on a tax-equivalent percentage basis. We recognize that a portion of this amount would be borne by non-residents. For example, some of the increased fees for parking in the Town would be paid by non-residents, but even in that case there could be an indirect adverse effect on local businesses.

Sources	2008 Override		First Group 2015		Combined Alternative 2015	
	\$M	%	\$M	%	\$M	%
Operating Override	\$6.2	4.6%	\$5.0	2.8%	\$7.9	4.3%
Debt Exclusion	\$ -		\$1.6	0.8%	\$4.1	2.2%
Total New Tax w/o Annual Prop. 2½	\$6.2	4.6%	\$6.6	3.6%	\$12.0	6.5%
Non-Tax Revenue (Increased Fees)	\$ -		\$2.3		\$ 2.3	
Total New Taxes and Fees	\$6.2		\$8.9		\$14.3	
Town Expense Cuts	\$ -		\$0.6		\$ 0.6	
Total New Taxes, Fees and Cuts	\$6.2		\$9.5		\$14.8	
Uses						
Money for School Operations	\$4.1		\$7.9		\$10.7	
Money for Town Operations, Equipment, Open Space, Streets and Sidewalks	\$1.6		\$ -		\$ -	
Misc. Town and School Repair/Maintenance	\$0.5		\$ -		\$ -	
School Debt Exclusion	\$ -		\$1.6		\$4.1	
Total	\$6.2		\$9.5		\$14.8	
Percentage Increases						
Total New Taxes w/o Annual Prop. 2½		4.6%		3.6%		6.5%
Regular Prop. 2½ Tax Increase		2.5%		2.5%		2.5%
Total Tax Burden Increase		7.1%		6.1%		9.0%
Fee Increases (with tax-equivalent %)	\$ -	-	\$2.3	1.3%	\$2.3	1.3%
Total Tax and Fee Increases (as tax-equivalent percent)		7.1%		7.4%		10.3%

8. The Town's Capacity to Pay

Part of the charge of the OSC was to examine the Town's capacity to pay for an override, whether it be operating, debt exclusion or both. By a vote of 14-0, the OSC approved a *Capacity to Pay* report discussing certain facts and issues surrounding this matter. The First Group recommends reading that report in its entirety, but highlights the following:

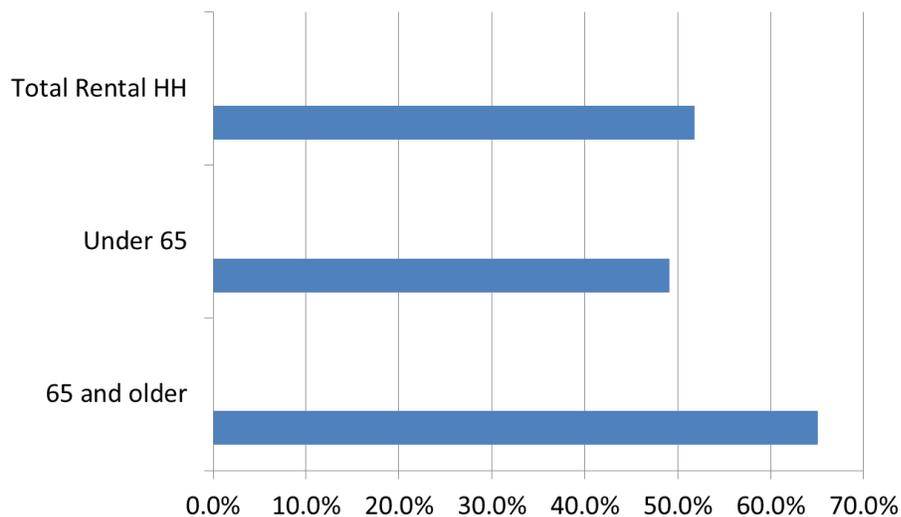
- a. While Brookline is often compared to "school peers" in terms of commitment to schools, Brookline differs from its "school peers" in two significant ways. Its median household income of \$95,471 is well below any of the school peers, and only about two-thirds the average of those school peers of \$143,179. When the average taxes per residential unit are deducted from those median household

incomes to provide some idea of the disposable household incomes after property taxes, Brookline is well behind those school peer communities, at \$89,463 versus an average of \$131,755. Also, consistent with their perceived commitment to education, the other school peer communities have a significantly higher percentage of their populations actually making use of the public schools at an average of 19.4% vs. 12.4% in Brookline.

- b. Even with respect to the relatively lower-income group of communities usually identified “municipal peers,” Brookline’s median household income is below the average (at \$95,471 vs. \$103,575) and its “disposable income” after property taxes is also below the average (at \$89,643 vs. \$96,996). Compared to the school peer communities, the municipal peer communities in general have lower percentages of their populations making use of the public schools but, even so Brookline falls somewhat below the average among these municipal peer communities (at 12.4% vs. 14.7%).
- c. Brookline differs from its “peer” communities in a number of ways, including the mix of properties, household size, income levels and use of the residential exemption, and can look better or worse off relative to its peer communities in terms of tax burden depending on the metric and the comparison communities chosen. That being said, taxes are only one portion of housing costs and the foregoing discussion provides only some indication of what residents can afford to pay.

Almost 30% (28.2%) of owner-occupants in Brookline spend 30% or more of their incomes in housing costs, the rule-of-thumb for affordability. The figures are slightly lower for those under the age of 65 (27.1%) than for those 65 or older (31.7%). The research conducted indicates the figures are higher for renters, where more than half (51.8%) of Brookline renters are spending 30% or more of their income in housing costs. While this number is likely inflated (for younger renters) by college and graduate students living in Brookline, almost 2/3 of renters 65 or older (65.1%) are spending 30% or more of their income on housing costs prior to any override or debt exclusion increase. (See Figure 6 from the *Capacity to Pay* document, below.)

FIGURE 6: RENTAL HOUSEHOLDS BY AGE PAYING 30% OR MORE OF INCOME IN HOUSING COSTS



In this regard, it should be noted that measures of the “affordability” of a tax increase often focus on single-family homes and on condominiums, rather than renters, and there are some limited tax relief and tax deferral programs that the Town provides for owner-occupants. There are, however, no such town-wide tax or rent relief or deferral programs for renters, and the standard Greater Boston Realty Board lease includes a tax escalator clause under which tax increases from the base year can be immediately passed on to renters. Housing-cost stress is particularly great among those with moderate incomes. Among rental households with incomes less than \$75,000, from 70% to more than 80% already pay more than 30% of their incomes in housing costs before any tax increases (for corresponding owner-occupied households, the figures also range from almost 60% to more than 80%).

To the extent that increased taxes would be passed through to low-income and/or elderly tenants, or they would be outbid for housing by higher-income or younger tenants, the *Capacity to Pay* report notes that this could result in lower-income or older tenants being replaced by higher-income, younger tenants, particularly given the housing-cost stress already felt by lower-income or elderly renters. The *Capacity to Pay* report notes the evidence regarding increasing income disparity in Brookline over time, and the First Group believes that the Town must consider affordability when determining the level of increased tax burden to impose.

Rebuttal to the \$58.8 million debt exclusion (9 members)

Rebuttal by Nine Members (Brown, Chang, Ellis, Gelbart, Levin, Modigliani, Selwyn, Stergios, Tolkoff) to the \$58.8 Million Debt Exclusion Proposal Submitted by Six Members of the Override Study Committee and Found on Pages 48-51 below

Six members of the Override Study Committee (“OSC”) submitted a proposal stating their opinion that a debt exclusion override in the amount of \$58.8 million for the Devotion School¹ is necessary in order that there be sufficient capital left in the CIP to fund the proposed expansion of the Driscoll School or some other similar sized project to accommodate the increase in K-8 enrollment they believe will occur over the next several years.

We strongly disagree with their conclusions and are perplexed by the fact that some of their statements support, while others seemingly contradict, findings voted unanimously by the OSC and certain of its subcommittees, and provide this rebuttal to some of their assertions.

The group states their recommendation “provides sufficient resources to fund the Driscoll expansion and renovation project” yet also that “the funding in this recommendation should not be understood as an endorsement of any specific project and should be contingent on the findings of the Capital Sub-Committee's report,” as referred to by the First Group and “as unanimously adopted by the OSC”

In our view, their proposal would ask Town residents to authorize an increase in current taxes in an amount beyond that necessary for Devotion so that some major future project that is not currently defined and might require a different level of funding could be undertaken without voter consideration and approval on the merits. We believe it is more prudent and more respectful of the voters to wait until the capital project is actually defined and only then ask for funding.

¹ We note that any debt exclusion must, by law, be for a specifically identified project. As it is highly unlikely that any project other than Devotion could be identified and sufficiently evaluated within the next several months it appears that the \$58.8 million can only be nominally for Devotion, though providing sufficient capacity for Driscoll or another project to be undertaken without voter approval.

In our view their proposal opens the door to the possibility that the rigorous examination of facilities recommended by the First Group (and by our colleagues), following unanimous votes of the Capital Subcommittee and the entire OSC, will not be achieved. The unidentified project that could proceed without voter consideration could be “Driscoll or some other project.” Either way, the \$58.8 million debt exclusion proposal not only contradicts the Capital Subcommittee findings, which again were approved by the full OSC, but the spirit of requiring debt exclusions to be for specifically identified projects.

Given that there is no indication there will be consideration of any project other than Driscoll over the next several years, the call for the much higher debt exclusion amount can only realistically be to either leave unneeded ‘dry powder’ in the CIP for a yet-to-be determined project or to actually provide funds for Driscoll. Driscoll has triggered substantial questions and community unrest and our colleagues, to their credit, recognize that “the capital projects under consideration” (e.g., Driscoll) may not be “the correct ones,” and while they contemplate a “community conversation” their proposal would not, unfortunately, provide a vehicle for community approval.

As noted in the proposal, there is an asserted need for 8 additional K-8 classrooms. This ‘need’ for 8 additional classrooms, however, assumes no change to any of the current operating procedures of the PSB that have been demonstrated as being able to impact classroom demand. These tools include more efficient use of the 2012 buffer zones, more efficient timing of the placement of children into schools, class size changes, changes to the number of non-resident students entering the system, etc. In addition to these tools, with the investments in technology being unanimously proposed, as many as 6 classrooms currently used as computer labs could be repurposed into regular educational classrooms within the timeframe examined by the OSC.

With regard to the comments about the “suboptimal” space at the Schools we would cite the fact that members of the Capital Subcommittee attempted to have a tour of facilities where the rooms are located. The Schools did not respond to their request and, accordingly, there is no fact base approved by the OSC or any of its subcommittees with regard to the issue of “suboptimal” space. We also note that the School Department itself does not include elimination of these classrooms as rising to the level of classroom “need” when it does that calculation nor indicate the impact of any recaptured space. Further, the

Devotion project is supposed to eliminate 5 of the “suboptimal” classrooms. With regard to other matters, such as lunchroom capacity, the Capital Subcommittee demonstrated that it would be more cost effective to consider modifying some common spaces than to build new buildings that achieve only small increases in net classrooms available and, in fact, the Financial Model adopted by the OSC provides funding for that purpose at Driscoll if the Driscoll project does not proceed.

The authors of the alternative proposal say “We are not swayed that the level of school assignment, class size changes and population control methods will prove sufficient to eliminate the long-term need for additional capital projects.” However, the First Group has not suggested or claimed that any changes to any policies will ‘eliminate the long-term need for capital projects.’ We have suggested, and the Financial Model demonstrates, that tools exist that together can be used to avoid having to spend \$35 million (Brookline’s estimated share of the cost) to construct, for example, a net 8 new classrooms at Driscoll — i.e., nearly \$4.4 million per classroom, or roughly \$200,000 per additional seat. Finally, there were no formal votes taken by the OSC with regard to any ‘level’ of changes and the PSB will have the flexibility to decide the specific combination of tools it should use to manage classroom demand over the next 1-3 years while the recommendations of the Capital Subcommittee and the OSC are followed.

It is also asserted “if the PSB, School Committee, and public determine that long term increases in class sizes and policy changes are not consistent with school values or the population continues to increase, the solution to accommodate projected growth absent a capital project will be the continued ad hoc use of the Old Lincoln School.” and that our “recommendation . . . would effectively deplete the CIP capacity for any meaningful school expansion project until significant projects ‘roll off’ of the existing capital spending, sometime in the early 2020s.”

First, the proposal by the First Group does not preclude any other project from moving forward. It will not impede the timing of a well-conceived, fiscally responsible project that is identified and presented and explained to the voters in a transparent manner in a debt exclusion referendum. Second, the need to spend \$35 million to construct additional classrooms during the override period can be avoided by the use of tools that are entirely “consistent with school values” (such as more effective use of the new 2012 buffer zones, or

a slight increase in average class size to 22, which is at the low end of the 22 to 24 PSB policy for K-3).

Our colleagues say “There is a very real risk of classroom needs above the current estimate as a result of higher than projected enrollment and potential additional housing production not currently included in the enrollment estimates (Hancock Village for example.)” We do not disagree with the belief that there may soon be need for additional classrooms in Brookline. Indeed, the reference to Hancock Village makes clear precisely how risky the \$58.8 million proposal could be. With Driscoll the only K-8 project under consideration along with Devotion, we are concerned that the funds made available could be directed at exactly the wrong project, in the wrong place and at the wrong time, with potential real and unavoidable needs in South Brookline on the horizon.

We concur with our colleagues’ emphasis on and call for a “robust long range facilities planning process” and appreciate that they restate many of the recommendations the entire OSC approved and that we urged in our report. The full OSC’s endorsement of long-range capital planning was a clear statement that the Driscoll project should not be fast-tracked, and that a pause in that process was needed to attempt to develop a plan that met the needs of the schools (again, Driscoll only adds 8 classrooms and would not address Hancock Village growth), the community concerns, and the goals of educational excellence. If you are going to pursue such a study, why do you need to increase taxes today, before such a comprehensive undertaking is completed?

The \$58.8 million amount proposed will likely leave insufficient capacity to fund a 9th school or whatever project (other than Driscoll) is ultimately determined appropriate, and is certainly not going to suffice for a BHS project. Asking the voters to approve an ill-defined unnecessarily *large* debt exclusion increases the risk the voters will reject it, thereby jeopardizing the Devotion project. The fact that the proposal can be seen as a ‘2 for 1’ vote that would “provide sufficient resources” to fund the Driscoll project without further voter approval, although that project concededly may not be “the correct one” to address enrollment issues, further puts the Devotion project at risk. It also leaves the town poorly positioned to gain approval for a subsequent override, which everyone agrees may well be needed in the next 3-5 years to accommodate growth due to Hancock Village and the BHS renovation.

Our colleagues seem to suggest that because Brookline has historically passed larger infrequent overrides that our past behavior should be the predictor of our future behavior. We disagree. We also find no justification in comparing the frequency, or size, of our overrides with those of any other community. Different municipalities choose to manage their finances differently. That Brookline has needed infrequent overrides is a testament to the sound fiscal practices the Town has in place. Too, there is no evidence that any of the debt exclusion overrides passed in other towns, regardless of size or frequency, were for projects that were not identified in the referendum.

One could infer from the comments about when Brookline last had debt exclusions and how much is 'running off' a suggestion that we should maintain overall taxes at least at the level they have been historically. We note that the taxes associated with these obligations are supposed to disappear. That is why it is project specific financing.

The proposed overrides, even without the additional burden of the \$58.8 million debt, would push us above our municipal peers in tax levies attributable to overrides and debt exclusions. And the facile comparison with our school peers ignores the fact that those communities are, for the most part, substantially wealthier than Brookline, particularly on what we view is the most relevant metric, Median Household Income. As demonstrated in the OSC *Capacity to Pay* report and repeated below, any tax leaves us with much less remaining disposable income than our school peer communities:

Figure C: School Peer Income and Property Tax Comparisons

School Peers	Per Capita Income	Per Capita Levy as % of Per Capita Income	Median Household Income	Avg. Residential Tax Bill per Household	Average Bill Divided by Median Income	Median HH Income Minus Avg. Res. Tax Bill
Brookline	\$64,102	3.86%	\$95,471	\$5,828	6.10%	\$89,643
Carlisle	\$75,856	6.00%	\$160,000	\$13,364	8.35%	\$146,636
Concord	\$69,288	5.11%	\$131,507	\$10,355	7.87%	\$121,152
Dover	\$84,070	5.74%	\$187,598	\$14,774	7.88%	\$172,824
Lexington	\$70,132	5.08%	\$138,095	\$9,970	7.22%	\$128,125
Lincoln	\$54,811	6.86%	\$119,205	\$10,165	8.53%	\$109,040
Newton	\$61,530	4.04%	\$113,416	\$7,267	6.41%	\$106,149
Sherborn	\$75,030	6.69%	\$151,944	\$14,664	9.65%	\$137,280
Sudbury	\$67,166	5.45%	\$164,337	\$11,495	7.00%	\$152,842
Wayland	\$65,981	5.88%	\$124,702	\$10,727	8.60%	\$113,975
Wellesley	\$71,369	4.81%	\$155,000	\$11,349	7.32%	\$143,651
Weston	\$97,822	5.64%	\$176,875	\$17,135	9.69%	\$159,740
Average	\$71,430	5.43%	\$143,179	\$11,424	7.89%	\$131,755

Brookline has an AAA debt service rating and that rating will not be jeopardized by the \$23 million debt exclusion. The rating also means that Brookline will be able to finance other capital projects that the voters determine have appropriate value and the Town and its leaders should not be concerned about our capacity to fund worthy projects. We strongly concur with our colleagues that we need to allow the community conversation around the best project approach to continue and that is a process that will extend beyond next spring. But to assume that we need to proceed with a debt exclusion that raises taxes to support an undefined project — or a defined project that most appear to agree may be ill-advised — is, in our view, a fallacy. We do not consider that “transparent” government or an approach respectful of the voters.

2. \$7.9 million operating override (7 members)

Second Group: Recommendation for an operating override of \$7.9 million, non-tax revenue increases and Town cost reductions of \$2.86 million to increase school operating funds by \$10.8 million in addition to annual increases under Proposition 2½ (7 Members: Chang, Glover, Kamin, Lang, Serafin, Stram, Sullivan)

The Second Group includes seven members of the OSC who recommend that a general override of \$7.9 million, or an increase of 4.3% off the 2015 tax levy of \$181.84 million, be placed on the ballot in the May 2015 Town election. As discussed below, six of those seven members also recommend debt exclusion that would permit both the Devotion School and the Driscoll School or similar project, in a projected debt exclusion amount of \$58.8 million.

I. Non School Spending Related Recommendations

The Second Group has analyzed the information provided by The Town of Brookline (“Town”) and The Public Schools of Brookline (“School”), as well as the work of our various OSC subcommittees (including Municipal, School, Fiscal, Pension and Benefits, Revenue and others), and have come to the conclusion that there are opportunities for both the Town and the School to realize additional revenues and for the Town to modestly reduce costs in support of managing an override.

While it is beyond the scope of the committee to recommend a precise set of cuts and fee/fine increases, our recommendation for levels and suggested methods of achieving them, which are broadly supported by the full OSC, are as follows:

1. Non Tax Revenues (Town and School): We recommend an increase of \$2.31 million in non-tax revenues:
 - a. On the Town side, we support increasing parking meters to \$1.25 per hour, raising refuse fees to \$250 (to achieve 90% cost recovery), increasing library fines by \$0.05 for books and \$0.25 for DVDs and increasing cemetery rates by 10%.

- b. On the School side, we support requiring the extended day programs to pay rent for their space, increasing BEEP fees to market over the next several years, imposing rent on the Baldwin School, and more effectively managing and instituting fees for the use of school facilities at night and on the weekends (acknowledging that projections for BEEP fees and renting gym space need further consideration).
 - c. The Town and School have moved forward with some of these recommendations already.
- 2. Town Expenses: We recommend approximately \$560,000 of reductions in Town expenses:
 - a. We support reducing the library book budget (offset by an increase in spending from the library endowment), outsourcing grounds maintenance and switching to toters for trash.
- 3. Long Term Recommendations: The recommendations above are those that are relatively straightforward to achieve. We recognize that there are important long-term changes which if enacted would allow Brookline to fund a larger proportion of the spending recommended by the Town Administrator and Superintendent and reduce the proposed increases in taxes, fees and fines. We recommend that the Schools and Town administrations actively pursue these opportunities as quickly as possible:
 - a. Pension and Benefits: lower the town's share of health insurance costs, conduct efforts to shift staff from PPOs to HMOs, and change pension plan eligibility
 - b. Fiscal Policies: increase the debt-financed portion of the CIP to free up additional funds for OPEB contributions, utilize level payment schedules for debt exclusion bonds, and do not use one-time revenue sources for regular budget items
 - c. Revenue: pursue PILOTs more aggressively
 - d. Municipal: have the Fire and Police Departments consider whether converting management positions to non-civil service positions through collective bargaining could lead to better management practices

II. Recommendation for School Spending and Cuts

A general override of \$7.9 million will provide sufficient revenues to address deficits in the Public Schools of Brookline (“PSB”) created over the past several years of high enrollment growth and fund the PSB programmatic support and technology projected costs at a level that retains the quality that we believe is a hallmark of the Town’s schools while reducing increases to class sizes. However, if passed, this general override would still require Brookline to make judicious reductions to the PSB budget proposal of approximately \$1.2 million. We recommend pursuing:

- modest reductions in proposed increases to non-classroom programmatic supports and technology, via further careful prioritization on the part of PSB
- modest increases to average class size, primarily in upper grades, via pursuing the efficiencies that may exist in the buffer zones and placement process to reduce the number of very small classes; we do not recommend that any class increase above PSB maximum class size guidelines
- careful monitoring and management of the size of the Materials Fee program as PSB staff increases

Because METCO has been the subject of much controversy and misinformation, we wish to reiterate that while the School Committee has the right and ability to modify non-resident enrollment on a year-by-year basis, we believe that, based on current projections, sufficient space efficiencies can be realized by utilizing other tools and without making changes to METCO.

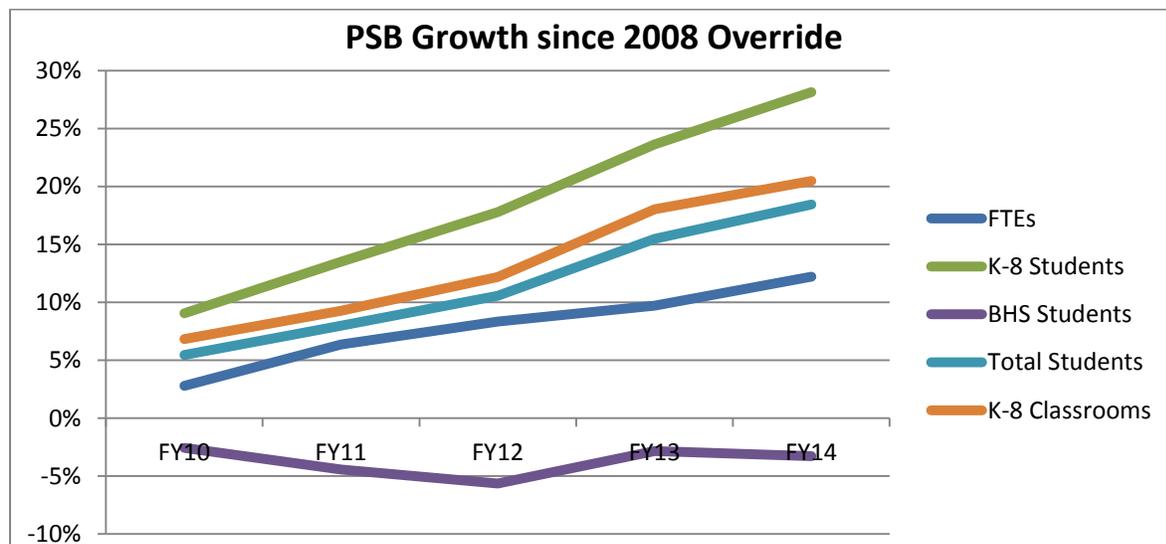
III. Drivers of Need for Increased School Funding

Unlike many school districts across the Commonwealth, the PSB does not find itself in a fiscal hole as a result of increased health care costs or wage increases, or due to unsustainable growth in special education costs. Since these items are generally the biggest budget busters for school budgets, it is important to understand that the PSB has generally lived within the sustainability limits of 3.75% annual growth in these items suggested by

the 2008 Override Study Committee. Indeed, despite some caveats, the OSC task force examining special education generally commended the PSB for its handling of this area.

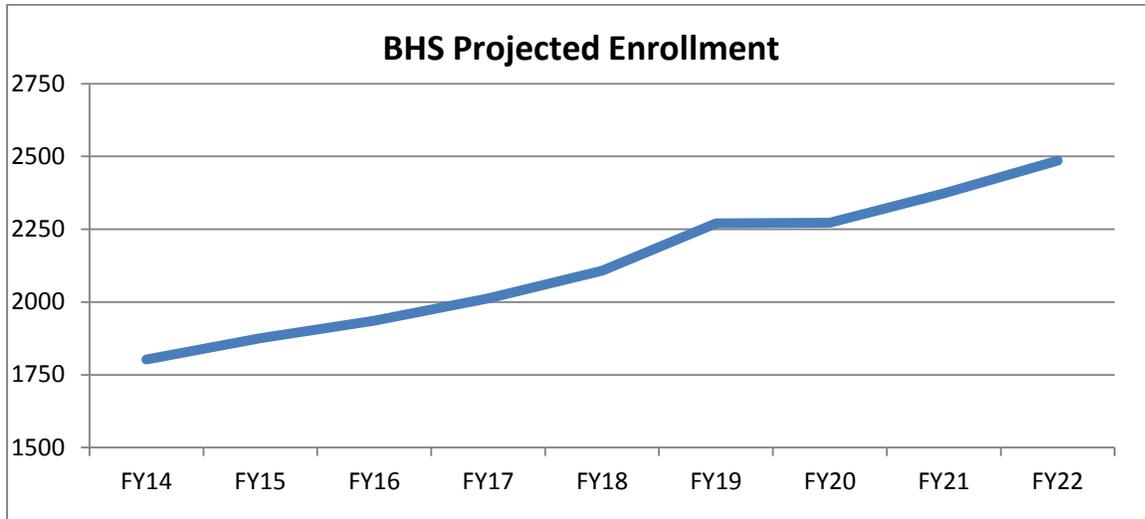
We especially appreciate that in developing its long-term plan, the PSB has emphasized funding efforts that provide more support for struggling regular education students and thereby reduce the number of students, particularly those from disadvantaged backgrounds, who might otherwise qualify for special education services.

In short, the need for additional funding is driven by enrollment growth. After a generation of stable enrollment, the K-8 schools in Brookline have experienced an almost 30% enrollment spike since the last override — and 35% since 2006. This spike has stretched the system’s capacity, and Brookline has frankly fallen behind in its ability to bring on additional classrooms and classroom teachers, provide support for students in the form of guidance counselors, administrators and other programmatic support, and to invest in technology initiatives.



The need for substantial new school spending is not a function of poor school management; it is quite simply driven by enrollment pressure. Indeed, even this proposal assumes some continuing growth in average class sizes. This enrollment pressure is not going away. Every indication is that new kindergarten enrollment is likely to continue at higher than historic rates, and outgoing graduating high school classes of less than 500 students will likely be replaced by incoming kindergarten classes of 630 or more. If those projections are correct, this will lead to more than 850 new students over the next five

years alone, another 12% increase in overall student enrollment. Brookline High School, experiencing a modest decline in enrollment over the last several years, will see significant growth in the very near future (approximately 20% in the next 5 years).



The implications of this enrollment growth also include the following:

Decline in Average Spending per Pupil since 2008: Average per pupil inflation-adjusted spending (including CIP) has in fact declined since the 2008 override. Adjusted for the consumer price index, spending was \$17.4k per student in FY 2006, \$17.9k per student in FY 2009 (increased following the override, which added the Elementary World Language Program and extended the school day), but fell to \$16.9k per student in FY 2014. This is a very significant cut in real terms. It also does not take into account the need to fund substantial new technology investments.

Increases in Average Class Size since 2004: Average K-8 class size increased from an average of 19.87 students/section in 2006 to 21.14. The recent increase is driven by enrollment increases, as well as proactive efforts by PSB to improve its own flexibility and thereby efficiency of student assignment to schools. For example, PSB expanded buffer zones in 2012 to better optimize school assignments while preserving neighborhood assignments. Even with the increased funding recommended here, average class sizes are likely to continue to increase over the next several years.

Programmatic Needs: As PSB has invested in maintaining relatively small classes that are nevertheless higher than those prior to the enrollment growth, funding for non-classroom programmatic supports and technology has fallen behind since the start of the

enrollment growth. The ratios between support staff (guidance counselors, nurses, social workers, administration, etc.) and students have decreased since the start of enrollment growth, and the Superintendent indicates that larger school sizes would benefit from additional non-classroom programmatic supports (e.g., to continue student achievement gains and prevent student behavioral issues). The state has also issued new mandates (e.g., bullying prevention, Response to Intervention and Educator Evaluation regulations) which require increased staff time and resources. We recognize that without adequate classroom supports like math and literacy specialists and 2nd grade paraprofessionals it is more challenging for classroom teachers to focus on important efforts to reduce achievement gaps in growing class sizes. And, we think it is critical to maintain funding for regular education interventions that are responsible for PSB's past success in controlling special education costs. Lastly, Brookline lags behind peer school districts in the level of technology resources it provides to teachers and students, and there is currently not equity of technology resources across Brookline schools.

Moreover, this committee has failed to find significant evidence of wasteful expenditure on the part of the School Department. Analysis found that per-student costs have declined in real terms since 2008, an indicator that the PSB has increased efficiency. The detailed breakdown of \$2.5-3.5 million of cuts and efficiencies taken by the Schools, presented to the Advisory Committee last April, show that PSB has continued fiscal pruning in an environment of growing enrollment. And, the PSB budget projections did not include all aspects of the School Committee's strategic plan, such as enhancing the STEM curriculum and other programmatic innovations.

The Superintendent and his staff met with the OSC and its sub-committees dozens of times in the last 10 months, and provided detailed budget information to enable OSC financial modeling efforts. However, there has been an insufficient response to OSC requests for a "Plan B" scenario from the PSB, which would outline the PSB's budget in the event of a failed override, alternative scenarios for the OSC's evaluation of what School expenditures and technology plans would look like at various funding levels, or the PSB hierarchy of priorities. We recommend that the Board of Selectmen request further detail on these items.

However, we recognize and commend the PSB for its willingness to rethink priorities. It would have been easier for the Superintendent and School Committee to argue simply that we should restore spending to its 2009 level adjusted for enrollment growth. Had they done so, we expect that the school subcommittee reports would have resembled the Municipal subcommittee report in outlining cuts of various levels of acceptability. It has not done that. It has not even asked for sufficient funds to allow it to do so. For example, restoring K-8 average class sizes to 2006 levels of 19.87 students/section would have required approximately \$2 million of additional funds by FY 2018 that was neither requested by the PSB, nor contained in this recommendation. Instead, the PSB projections call for cuts in some areas while investing in new initiatives. But this leads to the inevitable complaint that not all details of a multi-year plan are fully worked out.

IV. Implications of an Override

While we acknowledge that many families stretch to live in Brookline, we also recognize that in many cases they have chosen to live in Brookline because of the quality of our public services, particularly our schools. It would be a great irony if we reduced the quality of services in their name. Indeed, we are cognizant of the residents who have used their entire savings to purchase homes in our community. Declines in the value of their homes can have a devastating impact on their financial stability. While there is little that Brookline can do about the state of the economy, we can at least ensure that we continue to provide the level of services that support Brookline's high property values. While schools are not the only reason for Brookline's high property values, there is an extensive literature, including at least three studies of Massachusetts, showing that higher school quality and/or funding *raises* property values. As was highlighted in the recent debate around properties that straddle the Brookline border, sales data show that properties that enjoy the benefit of the Brookline schools have a higher value than comparable properties similarly situated just over the municipal boundary in neighborhoods including Brighton or West Roxbury.

V. Size of the General Override in an Era of Uncertainty

There is considerable uncertainty around the future. Student enrollment, collective bargaining, special education referrals, healthcare cost increases, and state aid are large budget drivers and are difficult to predict with accuracy. We believe that the high risk of needs being greater than currently projected means that it is extremely risky to request an override significantly lower than we are proposing. We think this proposal is also more consistent with Brookline's tradition of infrequent general overrides, and we believe it might be problematic to return to the voters for an additional general override if this one is not sufficient.

As it pertains to the PSB budget, we are particularly concerned by and encourage the Board of Selectman to monitor two of these drivers over the next several months:

- Collective bargaining: PSB projections assume a COLA of 1%. We observe that this is a conservative estimate, and history indicates that lower COLAs are often accompanied by a "tail" or larger increase on the back end of the contract. If the contract instead included a 2% increase, it would increase PSB costs by approximately \$2.8 million by FY 2018.
- Student enrollment: PSB projections assume an entering kindergarten class of 630 for the next 5 years. Given those assumptions, the PSB will grow by an additional 850+ students over the next five years as graduating BHS classes of generally fewer than 500 students are replaced by new kindergarten classes of 630 students. This would represent another 12% growth in PSB enrollment. While enrollment is difficult to predict, we note that estimates for next year's kindergarten class are already higher than 630, and the MIT Sloan School Report suggested even higher growth than currently projected.

Moreover, if the projections are correct, our plan would not require any increase in the price of meters or refuse collection in either FY16 or FY17.

VI. Conclusions

After nearly a year of working together, we hold all members of the OSC in high regard. We have universally worked hard for the sole purpose of improving the quality of

life in Brookline. While there is considerable agreement among OSC members on topics including opportunities for increasing Town and School revenues and Town-side cuts, the Committee is split on the level of school funding and/or cuts. While we believe that an override of \$5.0 million as proposed by others on the OSC Committee is justified, we believe it would be inadequate and recommend that, if current projections are still valid when the ballot question is chosen, the voters be asked to pass a general override of \$7.9 million. We believe that our recommendation provides the most sound solution to truly address the current and future enrollment crisis. A lower alternative runs the risks of reverting to a cycle of frequent overrides and uncertain school spending and planning, which could lead to negative impacts to educational quality to Brookline students and property values to Brookline taxpayers.

\$58.8 million debt exclusion (6 members)

Recommendation for a debt exclusion of \$58.8 million (assumed debt service of \$4.1 million) to support the Devotion School project and create additional capacity for a capital project (6 members: Kamin, Glover, Lang, Serafin, Stram, Sullivan)

The above named six members of the OSC voted to recommend a total debt exclusion of \$58.8 million in debt capacity for the schools in 2015. This is equivalent to estimated annual debt service of \$4.1 million, or \$2.5 million more than the First Group of the OSC recommended. It is worth noting that Town and School officials recommended an even higher debt exclusion override of \$77 million that could provide funds for greater high school capacity but neither debt exclusion vote recommends that amount at this time.

We believe that with the magnitude of the enrollment increases there will be a need for significant capital improvements at the K-8 level to commence during the next 3 years. Between FY08 and FY14, the PSB grew from 205 to 247 K-8 classrooms, an increase of 42 classrooms, or 20%. Notwithstanding this recent growth and absent policy changes that drive down classroom space needs, 20 additional classrooms are needed by 2019. After accounting for the additional space generated with the Devotion and Lawrence projects, and the repurposing of BEEP spaces, a net need of eight additional classrooms still remains. This classroom need is based on an assumption of incoming kindergarten classes at a maximum level of 630 students through FY18 and 600 students beginning in FY19 and thereafter. There is a very real risk of classroom needs above the current estimate as a result of higher than projected enrollment and potential additional housing production not currently included in the enrollment estimates (Hancock Village for example.) To accommodate the growth to date, the Schools have maximized existing space in the K-8 schools including splitting generously sized classrooms in two and converting suboptimal spaces to classrooms. The Schools have also entered into leases with third party facilities to accommodate displaced BEEP classrooms.

The recommendation for a \$23 million debt exclusion implies a reliance on the entire existing CIP balance to fund the Devotion project. This would effectively deplete the

CIP capacity for any meaningful school expansion project until significant projects "roll off" of the existing capital spending, sometime in the early 2020s.

Our recommendation reflects the near-term need for additional classrooms and that additional capital capacity funding is not so much a question of "if" but more of exactly "when" and for what projects. We are not swayed that the level of school assignment, class size changes and population control methods will prove sufficient to eliminate the long-term need for additional capital projects, nor are we convinced they are in the best interest of the quality of education in Brookline. A visit to our schools today demonstrates the strain this growth has already had on our system through the use of sub-optimal classroom spaces and expanded lunch shifts. Indeed, every K-8 school has grown by at least 123 children since FY04, with average growth of 167 new students per school during that timeframe. In addition, if the PSB, School Committee, and public determine that long term increases in class sizes and policy changes are not consistent with school values or the population continues to increase, the solution to accommodate projected growth absent a capital project will be the continued ad hoc use of the Old Lincoln School. It is clear that the community faces tough choices about exactly how to proceed, but it is also clear to us that the need for significant additional classroom capacity will persist. We believe it is more transparent and realistic to identify this need now, understanding that the final costs will likely change.

Our recommendation also recognizes the very long lead time associated with school construction projects. Typical planning, design and construction timelines, combined with the filing and sequencing requirements required to receive MSBA funding, result in a 3-5 year process to bring a school project to occupancy. Any significant project that could bring additional classrooms to the system by 2020 would likely require funding by 2017 or 2018 which would require authorization through a debt exclusion vote in the 2016 or 2017 timeframe. We are not convinced that it is in the best interests of the community to have an override and debt exclusion in 2015 followed so closely by an additional anticipated debt exclusion a year or two later.

This recommendation is also shaped by Brookline's past experience. An excerpt from the OSC *Capacity to Pay* report highlights that Brookline has historically passed larger but infrequent overrides:

“Brookline last placed a general override on the ballot in 2008, and before that in 1994. This puts Brookline in favorable contrast to other school peers, which, on average, had 6 general overrides since 2000. . . . [M]unicipal peers on average had 2 general overrides (although several of those peers had none). While most peer communities have passed more frequent overrides, only Newton and Arlington have passed overrides larger than Brookline’s 2008 override at \$6.2M. The largest override was \$11.5M passed by Newton in 2003.”

“Brookline last placed a debt exclusion on the ballot in 1995 for renovation of Brookline High School, and before that in 1990 for the Lincoln School. In FY14 the High School debt exclusion added \$1.1M to the tax levy (the High School debt exclusion will expire beginning in FY21); the Lincoln School debt is paid off. Brookline peers on average added \$8.1M to the FY14 tax levies for debt exclusions (\$8M on average for municipal peers; \$11.3M on average for school peers).

Adding both general overrides and debt exclusions voted in since 2000, municipal peers have on average passed 4 and school peers passed 12. And in total, recent overrides/debt exclusions also represent a relatively smaller portion of Brookline’s FY14 tax levy at 4.2% (includes general overrides passed since 2000 and debt exclusions paid in FY14). This compares to 6.2% on average for municipal peers and 15.1% for school peers.”

We also recommend reading the OSC *Capacity to Pay* report in its entirety, as it contains important data about both affordability and tax burden relative to peers.

The amount of additional funding in this recommendation provides sufficient resources to fund the Driscoll expansion and renovation project, at the OSC's current total project cost estimate of \$55 million, and assuming MSBA reimbursement. However, the funding in this recommendation should not be understood as an endorsement of any specific project and should be contingent on the findings of the Capital Sub-Committee's report, as unanimously adopted by the OSC. We believe that the Town and PSB need to understand the broader, long-term context for its upcoming slate of projects in order to make the best decisions going forward. We recommend that the Town undertake a robust long range facilities planning process (looking to at least 2025 or later), conducted by a development consultant, to understand issues including long range locations for BEEP, renovation/expansion costs and potential for Pierce, plans to accommodate growth at the

high school, a potential future location for a ninth elementary school, potential property acquisitions to address building and recreational facility needs, long term role of OLS, etc. Further, better information (e.g., MSBA funding, Driscoll feasibility, the Brookline High School study) will become available over the coming months and will help inform the timing, need for and best use of additional capital funds.

This recommendation recognizes the importance of planning for the cost of a large capital project now, whether Driscoll or some other project. Whether or not the capital projects under consideration are the correct ones to address it, it is in the town's interest to identify funds for one or more capital improvements at a level significant enough to address this enrollment crisis while at the same time allowing the community conversation around the best project approach to continue.

III. EXECUTIVE SUMMARIES FROM SUBCOMMITTEES AND TASK FORCES

The full OSC voted on each Executive Summary separately, and the votes are included in the headers for each section.

A. School Programs Task Force **(voted 8-2; 14-0 on Section II(3))**

I. Overall Fact Base

- The Public Schools of Brookline (PSB) has continued to experience budget pressure since the 2008 Override. The foremost driver of this budget pressure is a substantial increase in student enrollment. Overall K-8 enrollment has increased by 35% since FY2004 with new kindergarten classes rising by 50% from 406 in FY2004 to 630 in FY2014.
- Another significant driver of the cost pressure is increases in personnel costs (including the “steps and lanes” pay structure). Special Education costs also continue to rise, but cost growth has slowed since 2010.
- Active cost management (including implementing several efficiencies and cost cuts), one-time infusions of funding, such as ARRA funding in 2009-2010, and savings from entering the GIC in 2011 have enabled PSB to balance the budget in recent years. Average per pupil inflation-adjusted spending (including CIP) has in fact declined since the 2008 override. Spending was \$17.4k per student in FY06, \$17.9k per student in FY09 (increased following the override), and \$16.9k per student in FY14.

PSB is forecasting a growing budget deficit in fiscal year 2016 (FY16) and beyond¹.

¹ This forecast was published in the PSB FY15 Preliminary Budget. The Educational Technology plan and budget have been updated since this forecast was prepared, and the new technology estimates are reflected in Section 6 of this report.

	FY15	FY16	FY17	FY18	FY19	FY20
GENERAL FUND						
TOWN APPROPRIATION INCREASE	\$3,970,217	\$2,517,390	\$2,676,839	\$2,618,510	\$2,649,517	\$2,421,051
CIRCUIT BREAKER GROWTH	\$120,000					
MATERIALS FEE	\$52,000					
ONE-TIME FUNDING	\$650,000					
NET REVENUE GROWTH	\$4,792,217					
BPS TOTAL APPROPRIATION	\$90,630,150	\$93,147,540	\$95,824,379	\$98,442,889	\$101,082,408	\$103,513,457
GROWTH	5.56%	2.78%	2.87%	2.73%	2.69%	2.39%
EXPENDITURE CHANGE						
SPECIAL EDUCATION	\$521,501	\$750,000	\$775,000	\$800,000	\$825,000	\$850,000
STEP INCREASES/NET RETIREMENT	\$650,000	\$675,000	\$700,000	\$750,000	\$775,000	\$775,000
PROGRAM CATCH-UP	\$472,000	\$2,289,067	\$0	\$0	\$0	\$0
GRANT CONTINGENCY	\$70,000	\$160,000	\$170,000	\$190,000	\$190,000	\$190,000
COLLECTIVE BARGAINING* @ 1% (Plus Tail in FY15)	\$1,467,469	\$724,200	\$738,684	\$768,527	\$783,898	\$799,575
TECHNOLOGY	\$575,000	\$803,608	\$566,661	\$600,000	\$161,294	\$99,242
ENROLLMENT	\$870,000	\$ 682,263	\$ 1,362,330	\$ 1,424,785	\$ 1,330,347	\$ 473,631
ENHANCEMENT	\$358,750	\$1,345,172	\$895,919	\$385,486	\$125,495	\$181,501
CONTINGENCY/OTHER	\$0	\$250,000	\$275,000	\$300,000	\$300,000	\$300,000
PLAN/OPEN OLS	\$115,000	\$679,637			(\$794,637)	
EXPENDITURE CHANGE:	\$5,099,720	\$8,358,947	\$5,483,594	\$5,218,798	\$3,696,397	\$3,668,949
TOTAL REDUCTIONS	\$307,503					
NET SURPLUS/SHORTFALL:	\$0	(\$5,841,557)	(\$2,806,755)	(\$2,600,288)	(\$1,046,880)	(\$1,247,898)

- These projections are subject to much uncertainty, including Kindergarten enrollment in FY15 and beyond, the Collective Bargaining contract up for negotiation in FY15, Healthcare cost increases, Special Education costs and State Aid funding amounts.
- The personnel costs embedded in the collectively bargained teachers' contract represent the most significant portion of PSB's budget, and must be renegotiated in FY15. Each 1% increase is equivalent to approximately \$740-900k per year. The latest FY15 projections from PSB assume a salary increase of 1% plus a tail from the prior contract for an annual increase of \$1.45M. The "steps and lanes" pay structure also represents, on average, a 3.5% cost increase per year for new hires. Net of retirements, the overall increase is 0.9% and is projected at \$650k in FY15.
- The 2008 OSC recommended that annual compensation and benefits increase at a rate considered sustainable over time (projected at 3.75% at that time), not exceeding revenue limitations imposed by proposition 2 ½ and State Aid. Since 2008, the PSB has largely lived within this 3.75% growth benchmark as it relates to compensation and health care costs.

- There are also several areas beyond compensation that impact the budget: e.g., length of school day and year, sick leave bank, and contractual elements that restrict PSB’s flexibility in staffing (e.g., planning time).
- In the most recent FY15 budget estimates, PSB proposed additional expenditures of \$831k in FY15 non-classroom program supports. This is a substantial reduction from earlier proposals of \$3.24M in FY15. Of that initial amount, \$1.47M investments were intended to “catch up” on support and administrative staff positions that have been relatively underfunded as enrollment has increased (reduced to \$472k). It also proposed \$1.77M in programmatic improvements (reduced to \$359k). PSB invested \$575k in technology in FY15, reduced from its previous FY15 spending proposal of \$1.15M. It projects an additional increase of \$2.1M ramped up over the next 5 years to fund further investments in technology.

II. Areas of Subcommittee Exploration

The School Programs Task Force identified areas for detailed review based on size relative to the School budget or on potential options for generating budget savings that could be implemented within the existing constraints of the collective bargaining agreement. Each option ought to be considered not just in isolation but as part of a package, in terms of the potential combined effect on financial sustainability, educational impact, and impact on teacher recruitment/retention.

1. Health Insurance Premiums

- *See Pensions and Benefits Subcommittee for **Fact Base and Considerations**.*

2. Increase in Class Size

Fact Base:

- Current average K-8 class size is 21.14 students/section, up from an average of 19.87 students/section 10 years ago. The recent increase is driven by enrollment increases, as well as proactive efforts by PSB to improve its own flexibility and thereby efficiency of student assignment to schools. PSB

expanded buffer zones in 2012 to better optimize school assignments while generally preserving neighborhood assignments.

- The “Brookline School Committee’s Budget Directives” as stated in the Superintendent’s Preliminary FY 2011 Budget Message, at p. 321, are: “. . . historical class size limits of 22-24 in grades K-3 and no more than 25 in grades 4-12.”
- PSB staffs a teacher and a paraprofessional in all Kindergarten and 1st grade classrooms. It also proposes an enhancement to include paraprofessionals in 2nd grade classrooms (see Section 3 below).
- While there is a wide body of research on class size, the evidence base on effects of class size is mixed and highly debated. It is thereby difficult to draw direct conclusions from research for the specific question PSB currently faces.

Considerations

- Class size and efficiencies related to school assignment are two of the most significant cost drivers. The task force analyzed further K-8 increases to class size and change to assignments, thereby reducing demand for required classroom sections and corresponding operating and capital costs.
- In FY15 dollars, the incremental operating savings per classroom is estimated at \$98K-136k (higher cost in lower grades). Increasing class size to an average of 22 (beginning in Kindergarten classes only) would save approx. \$430k per year by FY18. If implemented across all grade levels, annual operating savings would be \$1.08M by FY18.
- Beyond the flexibility for efficient placement that currently exists within PSB’s buffer zones, there are two potential ways to implement further increases in average class sizes: (1) Increase class size across the board (potentially going above PSB’s stated limits for some classes); (2) Change the school assignment process (potentially making buffer zone school assignments later and/or sending new children to a school other than their neighborhood school), or some combination of both.

- Difficulty of implementation is medium due to the importance PSB places on low class size in its overall educational approach, the potential resistance among school stakeholders to changes in the assignment process, and difficulty in predicting/controlling distribution of students across the district and late enrollments.
- PSB suggests potential negative impacts of higher class size on student outcomes, in particular for higher needs students.

3. Program Supports

Fact Base

- The total request for both catch up and enhancement investments represents approximately 1/3 of the operating override request.
- The request for catch up is \$2.3M in FY16. PSB describes the catch up category as providing funding for areas that have fallen behind in staffing since the start of the enrollment growth. It includes increases to the following staff positions: nurses, psychologists, guidance counselors, H.S. social workers, Elementary World Language teachers, evaluation team facilitators (ETF), occupational therapists, speech therapists, board certified behavior analysts (BCBA), and central and school-based administration.
- The request for enhancements is \$1.3M in FY16, \$896k in FY17, and \$385k in FY18. PSB describes the enhancement category as including investments in: Steps to Success staff, ECS staff, literacy specialists and contract, math specialists, 2nd grade paraprofessionals, professional learning/innovation, custodial contract, and student supplies.
- Based on analysis of historical PSB data and our understanding of which areas of the budget are driven by enrollment growth, the OSC does not necessarily agree with the characterization of certain items as catch up or enhancement. Some of these requests re-establish staffing and programs consistent with pre-enrollment surge levels: guidance counselors, EWL teachers, and school-

based administration to some extent. In other cases the increase represents targeted program growth from the PSB.

- For instance, the catch up category includes BCBAs for the regular education population (currently BCBAs only serve special education students), a new investment of \$800k, which PSB suggests may help to prevent additional special education referrals and is also part of PSB's strategy to comply with recent Response to Intervention legislation. Catch up also includes a H.S. social worker which is a new position. On the other hand, the enhancement category includes increases to the custodial contract, which is growing to serve increasing numbers of classrooms. Growing the contract is in lieu of increasing custodial FTE (which have declined in the last 10 years). The enhancement category also includes literacy specialists, which are staffed 20% lower than might be suggested by a historical analysis looking at 2006, and is also part of PSB's strategy to comply with Response to Intervention legislation.
- PSB provided target ratios and benchmarks that are the School Department's rationale behind these investments.
- Although we can look at Brookline history, professional association recommendations and peer communities, there is no hard and fast rule as to where Brookline should be on a student/support staff ratio.

Considerations

- The task force analyzed reducing or continuing to phase in these investments more slowly to make a smaller impact on the annual budget increase.
- Each 10% reduction in the overall catch up and enhancement budget would reduce the operating override request by approximately \$640-650k by FY18.
- Maintaining the current level of service on all catch up and enhancement items would reduce the operating override request by approximately \$5.2M by FY18.

- This task force acknowledges that some level of increased staffing is needed to address the effective service decreases occurring through enrollment growth.
- Due to the interrelationships between disciplines and specialized staff, there are causes and effects of various staffing decisions. Therefore, this task force — much like the School Committee — does not provide specific recommendations around staffing. PSB refers us to the FY15 Superintendent's Budget Message and the areas PSB chose to invest in FY15 for further indication of its highest priorities among the catch up and enhancement categories. It is our understanding that these priorities will guide PSB's staffing decisions at various levels of funding.
- Time to implementation is short: savings in this category are reductions of proposed increases to the current base, so they can be achieved without time delay.

4. High School Tutorial Program

Fact Base

- The tutorial program allows BHS teachers in most traditional academic subjects to teach their 5th slot in small tutorial environments with 5:1 student to teacher ratio. The Tutorial program is a non-mandated, non-negotiated program utilizing 14.6 FTEs at BHS.

Considerations

- Some scaling back of the Tutorial program could be implemented in lieu of some expected new hires. The PSB project the need for about 30 new teachers at BHS over the next six years. Scaling back the Tutorial program and requiring teachers to carry a fifth full class, instead of a Tutorial class, would essentially operate as a “new” 0.2 FTE, offsetting some need for a new hire.
- Each 10% reduction in the Tutorial program would save approximately \$120k per year.

- Implementation is medium-term, as PSB would seek to retain staff and implement as BHS enrollments grow. Barriers to implementation are relatively low, as it is outside of collective bargaining. It is important to note that the program has generated significant support as evidenced by parental support letters and may help reduce Special Education referrals. It may also lead to a less competitive package for teacher recruitment.

5. Elementary World Language

Fact Base

- In the last override, voters decided to fund the Elementary World Language (EWL) Program. For grades K-6 in FY15 Budget, PSB has 15.2 direct FTE instructional EWL staff at a cost of approximately \$1.1 – 1.2 million.

Considerations

- As it is at its five year mark, the consensus of this task force was to recommend that PSB review the effectiveness of the program.
- The program model was built on the classroom teacher remaining with students during language instruction for grades K-6. EWL is not administered to provide classroom teachers with a break for prep time (as other “specials” such as art, P.E. and music do). Considering program adjustments to replace one special with World Language for grades 4-5 might provide some small cost savings of \$100K. The implication is that students would lose one day of either music, art, P.E or some other special.
- Barriers to implementation are low as it is outside of collective bargaining. However, the PSB has previously considered reductions to specials and met substantial community resistance. And, PSB expressed that it would want to conduct a program review prior to considering changes such as the above.

6. Technology Plan

Fact Base

- The rationale for greater technology investment is based on the need for greater equity in the distribution of devices, given uneven access within the district and a sense that there is less access to mobile devices in Brookline than in comparable districts.
- The revised five-year technology plan has been modified to \$9.068M in total operating expenditures and \$799K from the CIP; during the FY16-18 override period, \$5.776M and \$320K, respectively. In FY19, the year after the period covered by the override, PSB is seeking a technology plan budget \$2.642M above the FY14 numbers.
- Over 5 years, the revised plan's major components are \$4.021M for additional devices and reducing the replacement cycle for existing devices, \$1.647M for applications (teaching & learning, digital content and administrative tools), and \$675k for mounted projection. It also includes \$2.35M (innovation, professional development and staffing), however that staffing plan is not yet finalized.

Considerations

- While the revised technology plan is slightly more phased than earlier proposals, it results in the same cumulative increase by FY19. The task force also explored further targeting, slowing and phasing of the technology plan as options.
- Implementation of the mobile device and cart elements of the technology plan could potentially free up 4-6 computer labs, which could be repurposed.
- Given that the OSC's charge is to set the Town and Schools on a long-term path to fiscal sustainability, the task force believes that clarity around the governance of the Town-School partnership on technology is critical. Already greater coordination across the Town and School technology professionals has led to the achievement of greater internet connection for the schools without additional cost to the PSB.

- The PSB staffing plan for educational technology is not finalized; further review of staffing need, including an audit of current staff qualifications and capacity, should be conducted when the plan is available to ensure organizational efficiency and no duplication of roles.

Benchmarking

Fact Base

- The schools make up the largest single category of expenditure in Brookline's governmental expenditures. Sustaining thoughtful investments in the public schools will require informed residents.
- There are opportunities to build a set of usable benchmarking tools to use as helpful reference points for Town and School professionals and for the public.
- The district does not currently have the resources to do this work more broadly. The School's resources have been used for certain issues benchmarking and analysis where it is an immediate and obvious need (for instance, it is currently conducting an analysis of administration costs).

Considerations

- The PSB should focus in the immediate term on the two issues of greatest interest to the override: a ratio analysis for those positions included in the "catch-up" and "enhancement" funding request and technology.
- The Town may also consider creating a School Benchmarking Committee (possibly in conjunction with a Town-wide benchmarking effort), seeking the assistance of an independent consultant or an area university, to create an ongoing benchmarking tool that can be posted online and used by the Town, Schools and the resident population. The categories of benchmarking that might be useful include: School spending (per pupil), School enrollment, Staffing over time and per pupil, Performance, Workload, Miscellaneous cost, Collective bargaining, Efficiency, and Technology.

B. Special Education and Populations Task Force
(voted 6-5)

The Special Education and Populations Task Force of the Schools Subcommittee of the Override Study Committee (“SEPTF”) is charged with reviewing the operational, cost and revenue impacts and opportunities in the Special Education and “optional” (or “non-mandatory”) population areas of the School Department. SEPTF’s analyses have focused on the financial aspects of and the impact of possible changes to these programs.

While the provision of a “free and appropriate education” (“FAPE”) to every school-aged resident is mandated by State law, the delivery of FAPE to children not considered “typically developing” involves programmatic choices that do have costs associated with them and that may offer opportunities for efficiencies or more accurate cost-sharing in the future. In addition, the PSB makes choices to enroll non-resident students (METCO and Materials Fee) and offer certain programs and make certain operating decisions (full-day kindergarten, early education for typically developing children, provision of cost free space for extended day programs and after-hour building usage) that either impact resource demands for professionals, para-professionals and space or represent economic opportunities that could be more fully realized.

SEPTF’s focus on financial matters in no way implies that these programs are not considered highly valuable in non-financial terms by the Brookline community. For example, METCO has deep support among many Brookline residents and families with children in the PSB; as a result any changes to METCO enrollment policies in Brookline are likely to be controversial.

The Task Force strongly urges that, when available, its entire report be read in conjunction with this Executive Summary.

Non-Resident Populations Findings

Policies and Economics:

1. The METCO and Materials Fee programs that create demand for space and staff resources throughout the school system. The programs currently place approximately 470 students in the Brookline school system.

- a. METCO has a current target population of 300. The PSB indicates that incoming METCO classes of 20 children are about 45% African-American/Black, 45% Hispanic/Latino and the balance other races. With the PSB estimate of the Black and African-American resident population at 3%-5% of total enrollees per kindergarten class, METCO represents a range of approximately 23%-33% of incoming kindergarten Black and African-American students.
 - b. Materials Fee has a current population of about 175 with strong recent growth (up 78% in the last 8 years) and no limit on its population. The racial composition of Materials Fee students is about 77% white and the balance other races.
2. A substantial majority of the Task Force believes that the School Department's policy guidelines condition non-resident student enrollment in the Brookline Public Schools on the following: (a) that space (i.e., "seats") is available; (b) in the case of Materials Fee students, that staffing levels be set "on the basis of tuition paying or resident students," (c) again in the case of Materials Fee students, that "[t]he cost of special education services . . . will have to be borne by the employee's town or city of residence, or by the individual,"¹ and (d) upon the availability of funds for the METCO program from the Massachusetts Department of Education. The METCO program guidelines provide that placement decisions are to be based upon "district grade and seat availability" in school districts "with openings for the particular grade level needed."
3. A substantial majority of the Task Force believes that the School Administration is not following these policy guidelines. To the extent the guidelines are not being followed it may reflect a decision by the School's that places the value of the continuation of the programs "as-is" ahead of the policy guidelines.
4. Options exist for the Schools to follow the guidelines and to modify either or both Materials Fee and METCO to help reduce enrollment pressure in the intermediate term without permanently eliminating either of these valued, and valuable,

¹ The Task Force notes that the Superintendent has indicated that Town Counsel has stated this guideline may not be legally enforceable.

programs. Modest use of these options, combined with one or more changes to other enrollment management policies (buffer zone, assignment timing and class size policies) increase the likelihood of reducing classroom need relative to the School Department's forecast.

- a. The impact on the racial composition in classrooms or at the school level would depend on the scope of modifications to METCO. The same is true system-wide, with greater impacts over the intermediate and long term.
 - b. The impact of modifying the Materials Fee program on professional staff hiring and retention is not known.
 - c. The short-term (1-3 years) financial implications of modifications to non-resident programs are dependent on the scale of changes and whether they are combined with other options, such as class size or other adjustments.
 - d. In the intermediate term (3-5 years) depending on the scope of the modifications, changes could have a meaningful impact on space demands and begin to have a noticeable impact on operating expenses, particularly if coupled with other options at the disposal of the School Department.
5. The OSC agreed to adopt \$15,000 as a reasonable estimate of the long-run incremental cost of an average additional student. The task force concludes that the long-run incremental cost of educating non-resident students is consistent with this estimate which therefore represents the average additional cost net of offsetting revenue associated with an individual child in these programs. These costs recognize the fact that in a period of sustained growth in the student population, additional students, resident or non-resident, require comparable resources and thus impose similar levels of additional capital and other capacity-related costs.
6. Viewed on the basis of these long-run incremental cost estimates, the METCO and Materials Fee programs together represent a commitment of more than \$7 million per year by the Town and the PSB. Assuming a de facto commitment to ensure enrollment through high school graduation, each entering cohort of 40 non-resident kindergarteners amounts to a financial commitment by Brookline part of approximately \$8 million over the 13 years until graduation, above and beyond a commitment of approximately \$53 million for non-resident students already in the

system. On a present value basis, continuing the two programs 'as-is' amounts to a financial commitment by the town of approximately \$106 million over a 13 year period. (See Appendix, The Economic Impact of Enrollment Growth of the Brookline Public Schools).

7. METCO receiving districts have not been reimbursed at rates sufficient to cover the cost of the program and state funding has declined, particularly on an inflation adjusted basis, in recent years. As a result, the long-run incremental costs shifted from Boston to Brookline as a result of the METCO program are more than \$4.4 million annually. Long-term lobbying efforts by METCO and receiving districts aimed at increasing the level of state reimbursement have thus far been ineffective.

Options

The Task Force's charge of reviewing the operational, cost and revenue impacts and opportunities included instructions to explore and present numerous options to contain or reduce school enrollment as costs are a direct function of enrollment. The Task Force would highlight that these are only options and not recommendations. They are but one set of ideas that could lead to certain outcomes and are not intended to be all inclusive or exclusionary of other methods to achieve similar results. In addition, no suggestions have been reviewed to determine their legality or enforceability. Please read the entire final report of the Task Force for additional information. In presenting these options below, the Task Force underscores that it does not endorse any approach that would (1) affect any child, or the already-born sibling of any child, currently enrolled in the PSB or (2) could reasonably be foreseen as resulting in the elimination of either program.

Materials Fee

A. Do Nothing

B. Options to Affect Population

- a. Have a cap on the absolute number of Materials Fee slots made available, in total and in any given year.²
- b. Reduce or temporarily suspend new entrants to the Materials Fee Program: Over time, this would lessen classroom demand by approximately 1 classroom per grade as the impact of reducing new entering kindergarten classes by approximately 20 (and growing) students per year works its way through the system.
- c. Make enrollment of new Materials Fee kindergarten students a function of projected resident registration using early registration data as a guide. Experience has shown that resident kindergarten registration increases by approximately 40% during the enrollment period.³ Prior to the start of kindergarten registration, PSB would determine the maximum number of entering kindergarten students that could be accommodated without creating additional classrooms.⁴ These formulas could be adjusted throughout the spring and summer as the resident registration picture more clearly reflected the space available for non-resident students in the system without the need for additional classroom construction.

² If the number of openings was reduced as set forth here and in subparagraph c, selection could be random, first-come-first-served or based on objective factors, including PSB needs, such as those outlined in subparagraphs d and e.

³ During 2011-2013 time period, the resident enrollment as of September 1st was 36% more, on average, than the early registration figure as of February.

⁴ If, for example, the target kindergarten size is 590, and actual registration grows by 40% between February and September, no new non-resident students would be admitted if initial resident registration were 420 ($590/1.4$) or higher unless PSB could make other adjustments to accommodate additional students. If resident early registration was 390, up to 30 non-resident students could be admitted. The PSB would have the option of making other adjustments to accommodate additional non-resident students. For example, an increase of average class size by 1 student spread over 25 classrooms would permit the admission of 25 additional non-resident students, while an adjustment in the average of 1.5 students per class would be equivalent to opening up 37 new “seats.”

- d. Eliminate the Materials Fee program for all Town employees; limit access to full-time teachers or full-time teachers who live more than a to-be-determined distance from Brookline; or other select populations such as full-time teachers after the employee has been employed for a minimum of a to-be-determined number of years, or educational specialties where “additional compensation” may be needed to attract teachers with appropriate experience and expertise.

C. Other Options

- a. The PSB indicates that the Materials Fee program assists in the hiring and retention of staff but there is no empirical evidence available to confirm that assertion. The School Department, and the Town, should strive to better understand whether this program has led to desired recruitment and retention outcomes. They could also take steps to understand why, when offers are given and turned down, applicants determine to not accept a position in Brookline.
- b. The School Department should consider using the flexibility allowed in its policies on admissions and placements, which 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.

METCO

A. Do Nothing

B. Options to Affect Population

- a. Partially reduce incoming METCO Cohorts to help reduce classroom demand.
- b. Make enrollment of new METCO kindergarten students a function of projected resident registration using early registration data as a guide.⁵ These formulas could be adjusted throughout the spring and summer as the resident registration picture more clearly reflected the space available for

⁵ See Footnotes 3 and 4 above.

non-resident students in the system without the need for additional classroom construction.

- c. Lower the target METCO population from 300 to a number that would, in combination with other options, help to meaningfully impact demand over the next five years.

C. Other Options

- a. Intensify legislative lobbying efforts to obtain additional funds.
- b. Have the School Department accept new students and make allocations to individual schools for METCO children as late as possible.
- c. Modify participation in METCO until the Legislature funds the program on a basis equal to levels closer to historical METCO funding levels adjusted for inflation plus funds some reimbursement for the special needs services provided to the METCO population.

Special Education Findings

1. The Special Education area of the PSB accounts for about 21% of the total school budget. Despite this rather substantial expense, the Task Force has not identified any meaningful opportunity to reduce costs or improve efficiencies and notes that the PSB seems to be doing an excellent job of transitioning the system in the face of ever increasing state and Federal mandates.
2. While understanding that not all decisions can be reduced to dollars and cents, the Task Force does, however, believe that the PSB could and should do a more thorough job of comparing the explicit, and implicit, costs and benefits of certain choices it makes. Examples would include items such as incorporating the financial impact of space requirements and ensuring that analyses are done on a fully loaded cost basis.

Full Day Kindergarten Findings

1. The PSB has options including charging for full-day kindergarten and offering fewer than five days of full day kindergarten.

2. With respect to the former, there is a substantial likelihood that increased revenues from Brookline parents could be largely offset by forgoing available increases in State aid (Chapter 70 aid).
3. However, once Brookline has reached its target Foundation budget for Chapter 70 State aid, this risk would be diminished and the PSB can continue to evaluate this option (as it has been doing on a periodic basis).

Early Education and After School Building Use Findings

1. The Task Force has identified and formally recommended several prospects for revenue enhancement for the PSB and the Town. These opportunities fall broadly into the areas of tuition increases and usage fees for Town and School programs and properties. The task force recognizes that any tuition or user fee increases will impact the affordability of programs for lower income families, some of whom currently receive financial aid. The precise extent to which higher fees might in fact allow for a greater number or higher levels of scholarships is not known.
2. While many of the situations identified by the Task Force have either been targeted or identified already, the Task Force has concluded that both the PSB and the Town can and should be more aggressive with their approach to revenue generation from Brookline Early Education Program, Soule Recreation Center Education Program, after-school gymnasium and public space rentals and charges for use of public buildings by extended-day programs.
3. While there remains substantial additional work to do to finalize financial projections and opportunities, the Task Force believes, at this juncture, that over the next five years, the PSB and the Town could generate substantial income from these ideas over and above what the programs currently generate. Currently this analysis explicitly ignores planned increases by the Schools and the Town for BEEP and Soule and also explicitly ignores likely annual increases for inflation and market competition. It also assumes that the charges for Soule, whether realized by Rec or the PSB, would not violate any rules regarding user fees and cost recoveries. The following table summarizes this opportunity:

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Extended Day Rent ⁶	\$171,500	\$171,500	\$171,500	\$171,500	\$171,500
Increasing ⁷ BEEP Fees	\$147,000	\$250,000	\$250,000	\$250,000	\$250,000
Increasing Soule Fees ⁸	\$468,722	\$375,902	\$257,054	\$257,054	\$257,054
Baldwin Rent ⁹	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
After School Gym and Facilities Usage ¹⁰	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Total	\$1,012,500	\$1,022,402	\$903,554	\$903,554	\$903,554

⁶ Reflects \$24,500 per program and is approximately \$18 per month for a full-time participant.

⁷ Assumes a 10% increase per year until market levels are reached.

⁸ Reflects revenue potential over and above currently scheduled increases at Soule.

⁹ Reflects rent at \$25,000 per year.

¹⁰ Reflects estimate of income available from winter sports only.

C. Capital Subcommittee
(voted 13-0)

There are two distinct facilities issues facing the Public Schools of Brookline (PSB). The first issue is the need to address aging facilities whose physical plant, functionality and dated design necessitate a capital investment to address these deficiencies and to better align the schools with current standards. For many years, this has been addressed through the Town's Capital Improvement Program (CIP), a five-year look-ahead planning process which prioritizes and schedules each school's renovation project and establishes the source of funding.

The second is the ability of the school facilities to accommodate recent and projected future enrollment growth. This growth changes the demand placed on both common core facilities (i.e. libraries and cafeterias), support staff facilities (special education, guidance, administration), and classroom spaces.

These two issues are now in competition for finite financial and administrative resources. The Capital Subcommittee has examined the underlying facts, assumptions and processes being used to both define and address these issues. A key underpinning to the Subcommittee's work is that the Devotion School project will proceed as scheduled as a 1010 student facility.

Population and Space Planning Facts

We provide here some Population and Space Planning information intended to allow Town-wide discussions to proceed on a common basis:

- Assuming no changes in population drivers or classroom size policy or practice, 20 additional classrooms are needed by 2019 to accommodate population growth based on incoming kindergarten projections provided by PSB of 630 through FY18 and then decreasing to 600 in FY19. School population is definable for existing cohorts but less certain for incoming kindergarten populations.
- The proposed Lawrence project would provide 4 additional classrooms and the proposed Devotion project would provide 5 additional classrooms. Three BEEP classrooms are planned to be converted to K-8 classrooms in 2015. If the above projects and activities occur as planned, there is a remaining need for 8 classrooms.

- Anecdotally, varying degrees of suboptimal spaces exist across the system. The Committee is using 12 as a working number for planning purposes and to reflect School Committee vote. The Devotion project can address 4-5 suboptimal spaces but the rest remain unaddressed.
- In FY14 there are 6 BEEP Sections at the K-8 schools: 3 at Driscoll, 2 at Heath and 1 at Runkle. For September 2014, 2 BEEP sections will be relocated to leased space, another 1 will relocate in the following years — resulting in 3 classrooms available to address K-8 demand (noted above). The remaining 3 rooms (1 at each Driscoll, Heath and Runkle) may or may not be available for classrooms in the future.

Financial Facts

We provide here some Capital Cost information intended to allow Town-wide discussions to proceed on a common basis:

- The Lawrence Addition is anticipated to cost in the range of \$4 million. No MSBA funding is available for this project.
- The Devotion Project is anticipated to cost in the range of \$110M (with approximately \$77M borne by the Town based on current understanding of MBSA partnership levels.)
- It is anticipated that Brookline High School (BHS) will require a significant capital investment to accommodate higher enrollments (currently expected to reach 2500 students in 2022.) A consultant is currently being selected for a facility study to be completed December 2014. The Capital Subcommittee concurs with a \$70 million placeholder for this project for planning purposes prior to the determination of need and scope.
- The capital cost for a renovated and expanded Driscoll is approximately \$54M (OSC Capital Subcommittee estimate¹). Assuming MSBA funding, the town share would be approximately \$34M. Annual debt service would be \$2.4M with MSBA participation and \$3.7M for the full cost.²

¹ Based on renovation cost of \$275/ft and new construction cost of \$400/ft.

² Based on 25 year, level payment, @ 4.75%.

- Pierce and Driscoll require renovation to complete the cycle of upgrading all of the K-8 building in the system. Based on the metrics used in B-Space, the subcommittee’s cost estimate for renovating the existing Driscoll School — without expansion — is approximately \$20M. The cost of renovating Pierce is not known.
- Projected cost of a new 3 section school is \$47M (\$30M borne by the town after MSBA based on current understanding of funding levels)³ plus cost of land, if applicable.
- Reducing capital costs allows more dollars for operating.

The Capital Subcommittee offers the following observations:

- Specific PSB policies and how they are implemented have a direct impact on the theoretical upper limit to the number of students which can be accommodated in any given number of classrooms. These policies include, but are not limited to, class size, school assignment, and the acceptance and placement of non-resident students. Therefore, forecasted demand for new classrooms can be managed in whole or part by changes to PSB procedures and policies.
- The “Expand in Place” (EIP) approach to increasing the number of K-8 classrooms offers the opportunity to address both the enrollment growth issue and that of aged facilities simultaneously. It offers the most likely and cost-effective way of adding classrooms in the short-term, absent bringing Old Lincoln School (OLS) back on-line as a permanent elementary school. It does not, however, provide on its own a solution to future potential enrollment pressures if current growth trends continue (or are underestimated) or if there is an expansion of Hancock Village.
- Successfully procuring MSBA funding continues to be a key assumption in the facilities planning process. The Subcommittee notes that, although the Town has been in discussions with MSBA regarding the Expand in Place plan, the Town of Brookline has not previously sought funding in the amount or for the scope of projects currently being contemplated. MSBA funding requirements significantly

³ Based on new construction cost of \$400/ft.

influence project timing and the physical characteristics of what is built, and directly impact Town finances for competing renovation and expansion projects.

- At the same time, “Expand in Place” creates logistical issues to be managed during construction including temporary relocation of students and teachers or managing around their presence on site. It also results in a permanent increase in the size of our K-8 schools compared with historic sizes.
- The B-SPACE process and conclusions were constrained by the requirement for new classrooms to be on-line by 2017 and by the absence of a third-party development consultant to identify opportunities on non-Town-owned properties. In addition, more is known about population pressures since B-SPACE including higher enrollments for FY15 and pressures associated with new developments. The Capital Subcommittee, therefore, encourages the hiring of a development consultant to explore potential opportunities for land acquisitions for the development of a 9th elementary school and/or other public facilities (fields, BEEPs) in both North and South Brookline to aid in near-term and long-term capital planning.
- The location of BEEP classrooms to leased space is a key component of the current facilities plan. In the near term, the flexibility offered by leased space is positive financially compared to having to build additional classrooms. However, the potential flexibility offered by leased space can be a positive or a negative attribute, depending on whether the PSB or its landlord determines the timing of a lease termination. A separate facilities planning process for the BEEP program would address its long-term space requirements.
- Numerous policy and assignment options under consideration by other subcommittees may result in classroom consolidation equal to or more than the 8 remaining classrooms identified as being required, thereby potentially enabling a deferral of the Driscoll project. If strategies are implemented that accommodate the same number of total students in fewer classrooms, investments in common space upgrades may be needed.
- As noted above, the Committee is unable to address specific capital requirements for the High School pending the outcome of the current studies, expected to be

completed by the end of the year. However, the Committee does note that there are 16-20 classrooms identified by HMFH in 2014 which are currently repurposed, some of which may be available to meet the future needs.

- The ability of the Town to fund school expansion and renovation projects will continue to be constrained by: the capital required for non-school projects, the Town's bonding capacity, and the willingness of the electorate to support debt exclusion overrides. The Capital Subcommittee encourages the development of an alternative PSB facilities plan which is not dependent on the success of a debt exclusion override. This plan should include the expansion of core and support facilities independent of any increase in the number of classrooms, and also address the aged facilities issue.
- The OLS is an important Town asset. Its historical value has been its use as a temporary location for PSB or Town departments during renovation projects. In the near term it will be serving as overflow space for PSB (a de facto partial 9th elementary school). This site and the existing building should be fully evaluated in the context of a Town-wide facility plan. Such an evaluation would include both the OLS's historical sources of value to the Town; new considerations, such as its potential as a revenue source through either conversion to a Town owned leased asset or by an RFP for development proposals; and its use by the PSB for BEEP or BHS. A facility plan may identify other potential uses for this site by the Town.
- The Town of Brookline does an excellent job in developing its capital plan through the CIP process as reflected in the renewed "triple-A" designation for the Town (May 9, 2014). The Capital Subcommittee notes that in its current form, the capital plan is primarily concerned with the repair and/or replacement of the Town's real assets. The capital plan is distinct from, and should in part be a product of, a facility plan. The facility planning process is a higher level examination of the facilities required to provide all **town services** in a manner consistent with the Town's values and goals. Undertaken as soon as possible, a facility plan would address and inform, among other issues, long term thoughts about the OLS, identify parcels within the Town which may be beneficial for the Town to acquire on a long-term basis, and

evaluate current facilities' suitability to the Town's long-term requirements. The Capital Subcommittee feels there is a need for the Town to develop policies and procedures for the facility planning function on a Town wide basis inclusive of the PSB.

- The \$5.3 million that has been the basis for the OSC's discussion on the potential size of the override is based on the premise that the town will vote a debt exclusion for the Town's full share of the Devotion School project, currently estimated at \$77 million. This will provide room in the CIP for future Expand-in-Place projects including the Driscoll expansion and the High School expansion. The Capital Subcommittee notes that there is an opportunity to defer the vote on the amount of funds required for the High School until a later time when more is known about the High School project, closer to the time when the funds will be needed and closer to when the tax roll-off from the prior High School override occurs in 2020. This would reduce the current increase by \$1.3 million.
- If policy and procedure changes affecting classroom need are implemented and result in the elimination of a need for a Driscoll expansion, the amount of the debt exclusion could be reduced. The potential savings would depend on whether the policy and procedure changes reduced the total population or accommodated the same population in a fewer number of classrooms and thus required offsetting investment in common spaces and/or renovation of existing facilities. A decision not to expand Driscoll would necessitate policy and procedure changes.

D. Municipal Policies Subcommittee
(voted 14-0)

The Municipal Subcommittee of the Brookline Override Study Committee (the “Subcommittee”) was tasked with reviewing municipal operations of the Town of Brookline (the “Town”) in order to determine whether there are operational efficiencies that could be achieved and/or service reductions that should be considered by the Override Study Committee that would reduce operational expenses of the Town and, as a result, reduce the size of any override or debt exclusion that would be needed to reduce the School’s operating deficit and/or fund school expansion projects.

In 2008, the Town formed an Efficiency Initiative Committee (the “EIC”) in order to conduct a comprehensive review of Town operations and to recommend efficiencies and service reductions. The EIC released its final report in 2009, and many of the recommendations from that report have been implemented over the past four (4) years. The Subcommittee used the EIC report as a starting point and guide for its work and did not attempt to duplicate the level of line item budget analysis performed by the Advisory Committee and Town Meeting.

The Subcommittee chose to focus its review on the eight (8) Town departments with the largest budgets: the Police Department, the Department of Public Works, the Fire Department, the Building Department, the Library, the Information Technology Department, the Health and Human Service Department and the Recreation Department. Based on numerous meetings and conversations with department heads and the Deputy Town Administrator, the Subcommittee identified the following areas of potential savings for further review by the Selectmen and Town staff. The Subcommittee recognizes that these items, if implemented, often represent reductions in service, and that there may be unintended consequences of budget cuts that the Subcommittee cannot foresee.

A. Police Department

FY 15 budget of \$15.3 million; EIC recommendations implemented except for targeted staffing reductions which will be completed through attrition.

Identified Options

1. Hire part-time crossing guards to perform crossing guard activities currently performed by Parking Control Officers.
 - There are currently 9 Parking Control Officers that spend upwards of 3 hours a day serving as crossing guards during which time they cannot write parking tickets. Estimates based on limited data suggest that the Town could generate an additional \$120,000 per year from parking tickets if these 9 Parking Control Officers were replaced with part-time crossing guards (\$200,000 in additional ticket revenue less approximately \$80,000 for part-time crossing guards).
 - Changing the duties of the Parking Control Officers that currently perform crossing guard duties requires collective bargaining because it involves changes to job classification. Consequently, this option can only be implemented in the short term if these Parking Control Officers are replaced through attrition, enabling the Town to hire part time employees to perform crossing guard duties.
2. Modify Police Detail Procedures for Town Projects Using Private Forces
 - Town projects performed with private forces are required to have a police detail by Section 7.3 of the Town By-law unless such requirement is waived by the Police Department. The Town spends approximately \$344,000 per year for police details for such projects.¹
 - The Town By-law could be modified to make some or all Town projects performed by Private Forces exempt from police detail requirements. It is not possible to evaluate the potential savings from such a change because the number of Town projects fluctuates annually and, inevitably, Town departments will (and should) request details for certain projects where the danger to traffic, the workers or both is significant.
 - Police Department has concerns that eliminating the requirement for police details for these Town projects would result in decreased safety, particularly

¹ Computation of this average excludes costs of details reimbursed by the MWRA in connection with the lower Beacon Street MWRA project.

since projects involving private forces are generally larger scale than projects involving only Town forces.

B. Department of Public Works (DPW)

FY 15 budget of \$14.1 million; EIC recommendations implemented.

Identified Options

1. Rebid Fleet Maintenance Contract With a Clearer Scope
 - The contract, which was previously bid in 2008, included significant cost risks (i.e., uncapped amounts for certain repairs, lack of clear cost definitions)
 - Potential savings cannot be determined unless and until bids are received for this work.
 - DPW and Police Department staff have concerns that outsourcing would result in a lower level of service
2. Solid Waste Contract
 - The Board of Selectmen recently approved a new contract to dispose of solid waste for approximately \$479,000 per year. This represents an annual cost savings of \$200,000 versus the prior contract. In addition, the Town has elected not to continue to outsource the metals disposal contract. Performing this function with Town forces will save the Town approximately \$85,000 per year. These savings will be factored into the FY 16 budget process
 - The Town continues to review both a hybrid pay-as-you-throw program for curbside waste pickup that would involve a standard toter and "overflow" bags, and an automated toter collection system, which would reduce labor costs over time. If these options are adopted, the Town would incur initial costs associated with the lease or purchase of toters and new garbage trucks, but would result in additional long-term savings. Short- and long-term costs will be incorporated in the five-year plan which is updated annually as part of the budget cycle.
3. Outsource parks and open space maintenance operations
 - Outsourcing of parks and open space maintenance would result in savings of \$45,000 to \$73,000 per year.

- Concerns exist as to whether outsourcing would result in lower quality maintenance

C. **Fire Department**

FY 15 budget of \$13 million; EIC recommendations implemented except for reduction in fire suppression budget and adoption of written training standards.

Identified Options

1. Reduce firefighter staffing from 4 to 3 firefighters per apparatus or from 4 to 3 firefighters for engine companies (5 of the Town's 7 companies are engine companies).
 - Reducing minimum manning would result in savings of approximately \$2.9 million per year if implemented for all apparatus and approximately \$2.1 million per year if implemented for engines only.
 - Collective bargaining is required to implement any change to minimum firefighter staffing.
 - Reducing minimum staffing to 3 would make Fire Department staffing more consistent with the vast majority of Massachusetts communities and would not significantly impact response time. Other than Brookline, only Boston has universal 4-firefighter staffing.
 - Reducing firefighting teams to 3 would likely increase the amount of time it takes firefighters to perform fire suppression activities.
 - Smaller firefighter teams could result in decreased firefighter safety and increased firefighter injuries. If increased rates of injury occur, costs for overtime, workers compensation, etc. would correspondingly increase.
2. Eliminate 1 fire company (there are currently 5 engine and 2 ladder companies housed in 5 fire stations).
 - This change would result in savings of approximately \$1.7 million per year
 - No collective bargaining is required to eliminate a fire company.
 - Eliminating a fire company could result in closure, repurposing and/or sale of a fire station.

- In at least one scenario, a fire company could be eliminated without significant impact on response time. Other scenarios have not been tested.
- If a ladder and engine company were replaced by a quint (i.e., an apparatus that can function as either a ladder or engine, but not both at the same time), there would be some loss in ladder capacity in situations in which the quint is functioning as an engine. Under such circumstances, the Fire Department would have only 1 ladder company instead of 2 which could hinder the Fire Department's ability to perform fire suppression activities. Chief Ford believes that a quint is operationally inferior to an engine or a ladder truck.
- The elimination of a company would reduce the ability of the Fire Department to respond to a second emergency call that occurs during a working structure fire by reducing the number of "reserve" companies from 2 to 1.

3. Tiering of emergency calls

- The Fire Department currently responds to all emergency calls, the majority of which are for medical emergencies (i.e., not fire or rescue).
- Tiering of emergency calls so that BFD only responds when there is a clear need for BFD personnel could result in savings due to decreased wear and tear on fire equipment. However, further in depth study of fire equipment maintenance would need to be performed in order to identify the potential level of savings.
- Some large cities have begun using a tiering system without adverse consequences.
- Decreased response to emergencies could result in delays in emergency response.

D. Building Department

FY 15 budget of \$7.0 million; EIC recommendations implemented but anticipated staff savings from new permit system did not materialize.

It is anticipated that the Department's workload will increase significantly in the next few years as proposed school capital projects are implemented. Consequently, the Subcommittee identified no areas of potential savings at this time.

E. Library

FY 15 budget of \$3.8 million; EIC recommendations implemented

Identified Options

1. Reduce book funding
 - The Library purchases approximately 28,000 to 30,000 new items each year with a material budget from the Town of approximately \$500,000, supplemented by allocations from the Library Trust funds.
 - A 10% reduction in the materials budget resulting in savings of \$50,000, would decrease availability of new materials to Library users unless offset by additional funding from the Trusts.
2. Close Putterham Branch Library
 - The Public Library of Brookline operates at three locations, while most of its self-identified peer communities operate only one or two sites.
 - The Putterham Branch has the smallest circulation of the three library sites, and serves the highest percentage of non-Brookline residents (40% non-residents as opposed to 30% non-residents in the other branches).
 - Closing the branch would eliminate 3 FTE positions resulting in savings of approximately \$300,000 in staff, benefits, and utilities.
 - The site could potentially be repurposed to house BEEP or other Town services.
 - Closing the branch would adversely affect most residents of south Brookline (approximately 20% of the Town population) as they would need to travel significantly further to access the Main Library or the Coolidge Corner branch library.
 - Authority to close a branch rests with the Library Trustees.
3. Shift Sunday workers to non-overtime rate
 - The regular shift of many full-time Library staff includes work on Sunday. Per their union contract, employees hired prior to July 1, 2002, are paid at an overtime rate for work on Sunday. On average, 5 FTEs are paid at the overtime rate each Sunday.

- There is no state or other requirement that requires that Sunday library workers be paid at an overtime rate.
- Change to this policy would require collective bargaining.
- The potential savings of eliminating Sunday overtime would likely be less than \$50,000 per year, the overtime budget line in the FY 15 budget.

4. Reduce hours

- The PLB operates a total of 162 hours per week, significantly more than the 63 unduplicated hours per week required to qualify for full state funding, and more hours than any of its self-identified peer communities except Cambridge.
- Operating hours and geographic overlap between the Main and Coolidge Corner locations may permit a substantial reduction in total hours without adversely impacting service.
- Potential savings from hours reductions cannot be determined unless an actual modified schedule is developed.
- Authority to close a branch rests with the Library Trustees.

F. Information Technology

FY 15 budget of \$1.8 million; EIC recommendations not accomplished.

Identified Options

1. Increase Training

- The level of technology and basic computer training of administrative and other staff across Brookline Town departments is uneven.
- Increased training could create greater efficiencies and, perhaps, allow for staff reductions.
- Potential savings from increased training cannot be determined without a comprehensive review of the technological skills of Town staff.

2. Outsource Help desk positions

- The Town/School Help Desk consists of 5 FTEs (1 FTE manager and 4 staff FTEs) who work together with 1 contractor. The Schools pay for the Help Desk and would benefit from any savings realized through staff reductions.

- One Help Desk position was eliminated as a result of the EIC.
- There is a potential to eliminate an additional 1-2 FTE positions and replace with outside consultants.

3. Clarify Governance

- In 2001, the Town issued a mandate for consolidated governance of technology with the expectation that it would lead to higher efficiencies, lower operational costs, better planning, and lower implementation and future replacement costs.
- The Town should consider establishing an MOU between the Building Department and ITD similar to those between ITD and other Town departments (Schools and DPW) to foster improvements such as better key card systems, better energy management systems and imaging systems in buildings.
- The Town and Schools should consider revising the Town-School information technology MOU to better coordinate information technology activities Town-wide.
- Potential savings from improvements to Town information technology governance cannot be determined at this time.

G. Health and Human Services

FY 15 budget of \$1.3 million; EIC recommendations implemented. Most services provided by HHS are mandated.

Identified Options

1. Reduce or Eliminate Brookline Mental Health Center Grant
 - Mental health services in Brookline are provided by the Brookline Community Mental Health Center, a private non-profit organization funded through service fees, philanthropy, and state and local grants.
 - The Town budget includes a \$167,000 grant to the Center to provide outreach and crisis intervention services to Town residents.
 - An additional grant from the School Department supports the reintegration into PSB of children who have been absent from school because of mental health or behavioral problems.

- Because outreach and crisis services are not reimbursable through third party fees (private health insurance, Medicaid, Medicare), reduction or elimination of the HHS grant would result in the reduction or elimination of these services and potentially increase costs to other Town departments.
2. Eliminate Community Health Manager Position
 - Because the position is partially grant-funded, potential savings are only \$37,000 per year
 - Eliminating the position would result in a reduction in women’s health screening, disease prevention programs and elderly services.
 3. Eliminate Local Day Care Inspections
 - Brookline is the only Massachusetts municipality which performs its own inspections of private day care facilities instead of ceding this responsibility to the State.
 - Semi-annual inspections are performed by two part-time, non-benefit eligible staff with a combined salary of \$28,500.
 - Because State inspections are scheduled bi-annually, eliminating local inspections would result in a 75% reduction in service, and a possible decrease in child safety. Timely responsiveness to resident complaints would also be reduced.

H. Recreation Department

FY 15 budget of \$5.3million; review of the business model of the Putterham Golf Course cited by the EIC has resulted in full cost recovery through Golf Enterprise Fund revenues.

Identified Options

1. Increase cost recovery in the Recreation Revolving Fund.
 - Exclusive of the Golf Course, all programs offered by the Department are funded through fees consolidated in the Recreation Revolving Fund. Costs in excess fees are subsidized by the Town.

- In FY 15, the Town subsidy consisted of \$584,000 for departmental administration and \$422,000 for operation of the Aquatic Center.
- Cost recovery targets for individual programs are based on a pyramid model of the community benefit of each program.
- The extent to which pool costs are not recoverable should be identified and removed from the cost recovery target.
- The cost recovery model should include additional consideration on the price elasticity of individual programs as well as the level of community benefit.

I. Municipal Budget Considerations

In addition to specific programmatic efficiencies and service cuts, the Town could consider reducing the overall municipal budget by a specific dollar amount or percentage, leaving it to the Town Administrator, working in conjunction with Department Heads, to make the most appropriate budget choices. Excluding benefits and reserve funds, the sum of the municipal departmental budgets is \$64,672,028, so even small reductions would be significant.

J. Other Observations

Currently, civil service rules require managers in both the Fire and Police Departments, other than the Chiefs and their immediate deputies, to be hired from a list based primarily on scores from a written examination. In addition, managers, like patrol officers and firefighters, have the right to appeal disciplinary matters to the Civil Service Commission as well as to the local grievance and arbitration process. These rules diminish the Town's overall flexibility and management discretion. Although it is unclear whether any changes to the civil service rules would result in savings, the Fire and Police Departments should consider whether converting management positions to non-civil service positions through collective bargaining could lead to better management practices within the Department.

E. Revenue Subcommittee
(voted 14-0)

Brookline's budgetary difficulties may be addressed by increasing property taxes through an override or debt exclusion, reducing costs, which often entails cutting services impacting residents and the schools, and/or by increasing other revenues. The Revenue Subcommittee is charged with addressing the last of these. In a few cases we also propose changes to revenues that would appear as reduced costs in the town's budget.

Perhaps the most important message is that revenues are highly unpredictable. While, as a community, we are somewhat cautious, our projections of property taxes have been within about 5% of the actual figures even five years ahead. On the other hand, our projections of state aid have been fairly consistently optimistic. Free cash is also difficult to predict although Brookline has addressed this by allocating free cash to undertakings for which we have more year-to-year flexibility. Overall, there is a good chance that revenues in FY2018 will be substantially higher than currently projected, but there are plausible scenarios under which it will be lower than projected.

The Revenue Subcommittee believes that all the potential revenue increases identified below should be given consideration. Revenue sources impact constituents differently. Each proposal ought to be considered not just in isolation but as part of a package. While some revenue increases have not previously been considered, others have been considered but not adopted. Nevertheless, the Revenue Subcommittee believes that they, too, merit serious consideration.

We have identified revenue generation (or spending reduction) options and grouped them in the following categories:

- A. **Easily Implementable Options** – These options require an approval by the Board of Selectmen and/or some other Board/Committee with oversight. While some or all may be considered politically difficult, they are actionable, fair / balanced, and in line with charges in comparable towns and cities. In aggregate, these options can generate revenue (and/or savings) between \$1.8 million and \$3.6 million.¹

¹ The estimated figures do not consider the revenue impact from the new solid waste contract approved by the Board of Selectmen in July 2014 and the potential change in solid waste pick-up.

- B. **Longer Term Implementable Options** – These options, one of which is the Community Preservation Act,² require additional planning or consideration and may require voter approval. These options tend to have greater dollar impact, but also require careful strategic planning. In aggregate, these options can generate revenue between \$ 2.7 million and \$4.4 million.
- C. **Hard-to-Forecast Option** – This option has impacts that are hard to quantify at this time but are clearly desirable.
- D. **School Related Options for Consideration** – These options are related to the School Subcommittee whose members are working on other School Department specific revenue generation options.
- E. **Other Options Meriting Further Investigation** – These options require further research and consideration. Some of these options may be considered radical. However, the Revenue Subcommittee feels that they merit consideration and vetting.

² Brookline currently spends or plans to spend an average of \$3 million per year on items eligible for expenditure from funds that are raised through the Community Preservation Act (“CPA”). Since CPA funds are matched in part by the state, paying for these items through a CPA property tax surcharge is less costly to residents and businesses than paying for them through the regular property tax. A 1.5% surcharge with exemptions for the first \$100,000 of property value and for low income and low/moderate income senior housing would raise roughly \$2.4 million. We anticipate a state match of roughly 25%, bringing the total to \$3 million.

Despite the obvious advantage of the state match, there are some disadvantages of using the CPA: 1. The determination of spending under the CPA imperfectly parallels the usual process; and 2. Because spending on CPA projects is irregular, coordinating the spending with the CIP in order to reduce the magnitude of a debt exclusion will be difficult. Coordinating with the operating budget to provide immediate relief and reduce the magnitude of a general override would require some creativity and notable changes to our capital policies.

Despite these concerns, the Override Study Committee has previously voted to recommend that the Board of Selectmen give consideration to including the CPA in its strategy for addressing the budget shortfall.

Revenue Subcommittee Override Model

DRAFT as of June 17, 2014 -
Amounts Subject to Change

Check One (x)	Annual Impact (in \$000s)	Implementation Factors							
		Time Frame	BOS Approval	Other Approval	Voter Approval	Costs to Achieve	Constituents Impacted	Degree of Change	

A. Easily Implementable Recommendations

Options

1 Parking Meters										
a) Do nothing		0								
b) Up to \$1.25/hr.		850	FY16	Yes	Trans. Board	No	Minimal	Meter Users	Minimal	
c) Up to \$1.25/hr. (peak hours only)		TBD	FY16	Yes	Trans. Board	No	Minimal	Meter Users	Minimal	
d) Up to \$1.50/hr.		1,700	FY16	Yes	Trans. Board	No	Minimal	Meter Users	Minimal	
e) Up to \$1.50/hr. (peak hours only)		TBD	FY16	Yes	Trans. Board	No	Minimal	Meter Users	Minimal	
2 Refuse Fees (note a)										
a) Do nothing		0								
b) Increase to \$225		330	FY16	Yes	No	No	None	Users	None	
c) Increase to \$250		615	FY16	Yes	No	No	None	Users	None	
d) Increase to \$275		900	FY16	Yes	No	No	None	Users	None	
3 Parking Fines										
a) Do nothing		0								
b) Increase fine to state limit		150	FY16	Yes	Trans. Board	No	Some	Violators	None	
c) Increase fine & reduce late fee		263	FY16	Yes	Trans. Board	No	Some	Violators	None	
4 Commercial Parking Permits										
a) Do nothing		0								
b) Increase permit fees (low est.)		88	FY16	Yes	Trans. Board	No	Minimal	Biz Users	None	
c) Increase permit fees (high est.)		138	FY16	Yes	Trans. Board	No	Minimal	Biz Users	None	
5 Temp Permits fees										
a) Do nothing		0								
b) \$1.00 per day fee		60	FY16	Yes	No	No	Minimal	Biz Users	None	
6 Recreation Department Fees										
a) Do nothing		0								
b) Increase cost recovery to 80%		137	FY16	Yes	Park & Rec	No	Minimal	Users	None	
c) Increase cost recovery to 82.5%		271	FY16	Yes	Park & Rec	No	Minimal	Users	None	
7 Credit Card Surcharge										
a) Do nothing		0								
b) Recover cost (Motor Vehicle Ex)		45	FY16	Yes	No	No	Minimal	CC Users	None	
8 Library Fines										
a) Do nothing		0								
b) Inc. 5c (books) & 25c (dvds) (low)		40	FY16	Yes	Lib. Trus.	No	None	Violators	None	
c) Inc. 5c (books) & 25c (dvds) (high)		52	FY16	Yes	Lib. Trus.	No	None	Violators	None	
9 Library Trust Fund										
a) Do nothing		0								
b) 4% payout rate (low est)		34	FY16	Yes	Lib. Trus.	No	None	Fund	Minimum	
c) 5% payout rate (high est)		79	FY16	Yes	Lib. Trus.	No	None	Fund	Minimum	
10 Cemetery Perpetual Care Fund										
a) Do nothing		0								
b) Modify 50/50 split to 75/25		21	FY16	Yes	Cem. Trus.	No	None	Fund	Minimum	
c) Modify 50/50 split to 100/0		42	FY16	Yes	Cem. Trus.	No	None	Fund	Minimum	
11 Cemetery Rates (eff. July 2013)										
a) Do nothing		0								
b) Increase rates by 10%		16	FY16	Yes	Cem. Trus.	No	None	Users	Minimum	
c) Increase rates by 20%		31	FY16	Yes	Cem. Trus.	No	None	Users	Minimum	
Subtotal (Easily Implementable)										

Note a: The revenue impact figures do not consider the impact from the new solid waste contract approved by the Board of Selectmen in July 2014 and the potential change in solid waste pick-up.

Revenue Subcommittee Override Model

DRAFT as of June 17, 2014 -
Amounts Subject to Change

Check One (x)	Annual Impact (in \$000s)	Implementation Factors						
		Time Frame	BOS Approval	Other Approval	Voter Approval	Costs to Achieve	Constituents Impacted	Degree of Change

B. Longer Term Implementable Recommendations

12 Community Preservation Act

a) Do nothing		0							
b) 25% state match @ 1.0%		1,900	FY16	Yes	No	Yes	Some	All Owners	Tax Increase
c) 50% state match @ 1.0%		2,300	FY16	Yes	No	Yes	Some	All Owners	Tax Increase
d) 25% state match @ 1.5%		2,900	FY16	Yes	No	Yes	Some	All Owners	Tax Increase
e) 50% state match @ 1.5%		3,400	FY16	Yes	No	Yes	Some	All Owners	Tax Increase

13 Real Estate Transfer Tax

a) Do nothing		0							
b) Tax at 0.1% of Sales Price		800	FY17	Yes	Yes (State)	No	Some	R/E Trans.	Tax Increase
c) Tax at 0.2% of Sales Price		1,500	FY17	Yes	Yes (State)	No	Some	R/E Trans.	Tax Increase

Subtotal (Longer Term Implementable) -

C. Hard-to-Forecast Recommendations

14 Payment-in-Lieu of Taxes

a) Do nothing		0							
b) Establish new PILOTS (low)		500	FY16	No	No	No	Some	Non-Profits	Tax Increase
c) Establish new PILOTS (high)		1,000	FY16	No	No	No	Some	Non-Profits	Tax Increase

Subtotal (Hard-to-Forecast) -

D. School Related Options for Consideration

- Recover additional Program Costs (BEEP, etc.) by increasing fees
- Partner with Corporate Sponsors (lower expenditures on supplies)
- Leverage Donation from Alumni of Brookline Schools (generate financial support)
- Establish Capital Campaigns for Schools (generate financial support)

E. Other Options Meriting Further Investigation

- Establish Naming Opportunities (adopt park, adopt space, etc.)
- Revisit Municipal Impact Fees (new construction / renovation fees)
- Adopt 40R and 40S
- Advocate for increased state aid (e.g., Chapter 70 Funding)
- Consider eminent domain for certain properties (esp. for not for profits)
- Recommend additional zoning changes to facilitate commercial development
- Consider leasing rooftop for photovoltaic related income
- Consider selling Town assets or leasing space
- Consider charging child-care organizations for use of outdoor space
- Establish additional tax rate for medical marijuana dispensaries

Total Impact (All Recommendations) -

F. Benefits Subcommittee
(voted 15-0)

The Benefits Subcommittee of the Override Study Committee is charged with reviewing the cost of employee benefits to determine areas of potential savings. Employee benefits, consisting primarily of employee health insurance, contributory pensions, and retiree health care and other non-pension benefits (OPEB), currently amount to almost 25% of the Town's operating budget and continue to grow faster than the general rate of inflation. All of these areas are governed by state regulation and/or subject to collective bargaining both of which limit the Town's flexibility to curtail costs in the short term. Significant savings in health insurance premiums for both the Town and its employees have already been achieved through participation in the GIC, as recommended by the Efficiency Initiative Committee in 2009. Though implementation of the options below will not impact a 2015 override, they should be pursued as aggressively as possible to ensure the financial stability of the Town in future years. All benefits savings to the Town, including OPEBS, are passed through to the School Department as part of the revenue sharing formula of the Town School Partnership.

- Explore the potential for reducing the Town's premium share for health insurance across the board and/or by plan type; each 1% reduction in total contribution results in a \$270,000 savings to the Town.
- Continue to educate Town and School employees about the relative cost/benefit of the various plans to promote savings; each 1% shift in participants from PPOs to HMOs saves the Town approximately \$30,000.
- Urge the Retirement Board to pro-rate the years of service for part-time employees to become benefits eligible, reducing future OPEB liabilities.
- Continue to work with the Mass Municipal Association (MMA) and the State legislature to achieve reform of retiree health benefits.
- Continue to work with the MMA and the State legislature to eliminate the constraints of section 19 which apply only to the handful of municipalities which were early participants in the GIC.

- Continue to work with the MMA, the GIC, and the Public Employees Retirement Administration Commission (PERAC) to eliminate GIC regulation that requires active employees to be a member of a retirement system in order to be eligible for health insurance. If this regulation were eliminated, then the Retirement Board could increase the number of weekly hours worked required to become a member of the retirement system, an action that would reduce OPEB liability.
- Continue to explore outsourcing services, as doing so reduces both immediate (e.g., worker's comp, health insurance, Medicare tax) and long-term (e.g., OPEB, pensions) benefit costs.

G. Fiscal Policies Subcommittee
(voted 15-0)

Recognizing that the overall fiscal policies of the Town were reviewed by a dedicated committee in 2011, the Sub-Committee on Fiscal Policies focused its efforts on policy areas that were most directly relevant to the Override question. Other policies were reviewed at a level of reasonableness, and were not found to have any issues that would merit a substantial reexamination of those policies.

- For 18 years the Town-School Partnership Agreement has been a successful framework for the allocation of financial resources between Town and School spending priorities. The Fiscal Policies sub-committee of the OSC supports the Town-School Partnership Agreement as currently written.
- The Town School Partnership works well in part because it is not applied exclusively on a formulaic basis. The fifty-fifty split provides a starting point from which both sides then work together to reach a solution that meets all of Brookline's needs. The Town-School Partnership Agreement covers the initial cost for classroom teachers only. As written, it does not capture the fact that a one-time permanent increase in enrollment not only raises costs that year, but also leads to further increases in subsequent years due to steps-and-lanes salary growth. Discussions of the allocation of revenues between Town and School departments must continue to reflect this reality. We do not recommend any change at this point, but the parties should remain cognizant that the success is due to the goodwill of the parties.
- Over the last eight years, municipal spending has shifted towards schools by notably more than would have been the case had the Agreement been applied formulaically. We do not take a position here on whether the shift has been fully commensurate with increased school enrollments.
- The cost of recent and projected school enrollment growth has not been adequately captured in current budget projections. Work to develop strategies on how to satisfy the Town's revenue requirements will not be conclusive until such time as a better understanding of the true cost of enrollment growth is developed.

- The Town should utilize the opportunity created by the rate differential between taxable and tax-exempt bonds of equivalent term and risk, and between tax-exempt bonds and the higher imputed return on OPEB appropriations.
- The Town of Brookline should increase the Debt-Financed portion of the CIP, by financing the “pay-as-you-go” portion of the CIP rather than funding it from tax revenues. It is estimated that \$3.0 million of capital expenditures annually will have a useful life of 10 years or more, and therefore be eligible for financing. For items bonded under this program, the initial capital expenditure, not the debt service, should be counted toward the CIP target of 7.5% of revenues.
- The funds provided by these additional borrowings (approximately \$3.0 million annually) should be used to make additional payments to OPEB. The debt service associated with these funds will be an off-set against subsequent years' OPEB contributions. The goal of this funding plan is to take advantage of the difference in the cost of funds identified above, and to allow the Town to reach the ARC in the year this plan is implemented, instead of 2022.
- The unfunded OPEB liability is currently estimated at \$183 million.
- One time revenue sources, such as the sale of taxi medallions, should not be applied to the general operating budget, but rather to one-time uses, such as accelerating OPEB funding.
- A level payment schedule should be utilized for debt exclusion bonds and be considered for other large size.

H. Demographics Subcommittee
(voted 11-0-3)

The Demographics Subcommittee of the Override Study Committee (“OSC”) is primarily concerned with first identifying trends and then quantifying information, opportunities and impacts that may provide useful concepts for addressing current enrollment pressures. Other Subcommittees of the OSC examined matters concerning the feasibility, desirability and implementation associated with specific changes from the current procedures employed by the School Committee and have provided this information in their reports. Some of these concepts have been generated by other OSC Subcommittees and some on our own. Selection of which specific concepts, if any, should actually be implemented involves trade-offs and largely remains the purview of the School Committee in association with parents and the Brookline taxpayers.

DEMOGRAPHIC FACT BASE

Listed below are key observations we have identified:

1. Public Schools of Brookline (“PSB”) Enrollment Changes

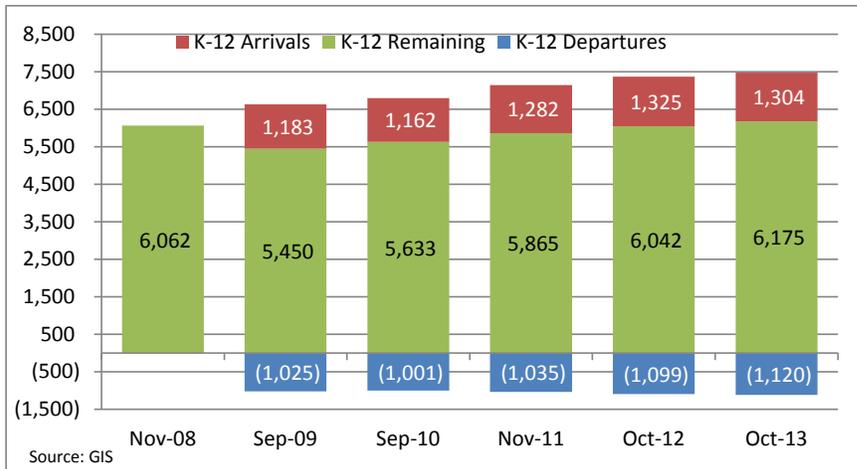
The Demographics Subcommittee reviewed and analyzed the school enrollment information from PSB and GIS and identified the following:

- A cumulative net increase of nearly 22% since 2006, about 1,250 additional K-12 students:

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Growth	Annual
K	484	549	495	549	593	546	602	666	630	30%	3%
1-8	3,412	3,505	3,603	3,741	3,876	4,106	4,225	4,401	4,598	35%	4%
9-12	1,870	1,829	1,808	1,782	1,748	1,726	1,777	1,774	1,802	-4%	0%
Total	5,766	5,883	5,906	6,072	6,217	6,378	6,604	6,841	7,030	22%	3%

Source: Public Schools of Brookline

- About 1,250 new students arrive in PSB *every year* and a slightly smaller number leave (“churn”):



- Of the new arrivals to the school system, about 58% (or approximately 650 per year) are entering grades 1 through 12 and have grown at the same rate as the kindergarteners:

New Arrivals to School System

	K	1-8	9-12	K-12 Total	1-12 Total	K as %
Sep-09	442	436	164	1,042	600	42%
Sep-10	414	471	150	1,035	621	40%
Nov-11	460	518	163	1,141	681	40%
Oct-12	523	485	174	1,182	659	44%
Oct-13	492	520	159	1,171	679	42%

Source: GIS

- New arrivals into grades 1-8 impact all eight elementary schools:

Arrivals (1-8)	Sep-09	Sep-10	Nov-11	Oct-12	Oct-13
Lawrence	71	72	73	70	67
Baker	71	100	66	88	113
Devotion	79	88	79	90	91
Heath	24	25	49	24	24
Runkle	53	33	43	37	45
Pierce	63	59	89	88	91
Driscoll	30	51	46	47	41
Lincoln	45	43	73	41	48

Total	436	471	518	485	520
Min	24	25	43	24	24
Max	79	100	89	90	113
Average	55	59	65	61	65

Source: GIS

- The number of kindergarten children self-identifying as “immigrant” has more than doubled in the last 3 years (56 in 2011 to 120 children in 2013):

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other	361	399	469	418	471	499	447	504	516	469
Immigrant	34	57	44	42	35	62	61	56	107	120
Total	395	456	513	460	506	561	508	560	623	589

% Increase	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other	11%	18%	-11%	13%	6%	-10%	13%	2%	-9%
Immigrant	68%	-23%	-5%	-17%	77%	-2%	-8%	91%	12%
Total	15%	13%	-10%	10%	11%	-9%	10%	11%	-5%

Source: Public Schools of Brookline

- The largest percentage increase is in the Materials Fee program, at more than 10% per year since 2006:

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
METCO	301	306	290	295	304	292	294	301	302	306	305	305	297
Mat. Fee	100	110	100	107	108	106	120	136	142	146	154	171	178
	401	416	390	402	412	398	414	437	444	452	459	476	475

% Increase													
METCO		2%	-5%	2%	3%	-4%	1%	2%	0%	1%	0%	0%	-3%
Mat. Fee		10%	-9%	7%	1%	-2%	13%	13%	4%	3%	5%	11%	4%
Total		4%	-6%	3%	2%	-3%	4%	6%	2%	2%	2%	4%	0%

Source: Public Schools of Brookline

- The growth in Materials Fee has been accelerating, and exceeded METCO admissions in 2013 (23 Materials Fee vs. 20 METCO).
- The recent growth in the Kindergarten classes will produce a need to add capacity to the High School, as the current enrollment of 1,750 will gradually increase to around 2,500 (based on 4 grades of about 630 each) by 2022.
- We note that due to different data sources (GIS and PSB) and differences in the dates of the snapshots for the data sets, figures do not correlate exactly across sources; however, the trend information in each data set is consistent and clear.

2. Brookline Population Changes

The Demographics Subcommittee reviewed and analyzed the 2000 and 2010 census data and identified the following:

- Overall population grew by 2.8% (or 1,625 persons) between 2000 and 2010 to 58,732;
- Specific population segments grew much faster:
 - Population of children under 5 grew 21.6% to 3,209 in 2010 and
 - Population of children ages 5 through 19 grew 6.5% to 8,454 in 2010

- Average household size increased by 4.1% from 2.18 to 2.27 and the average number of the households with individuals under 18 grew by 4.7% from 5,805 to 6,075; and
- Brookline's growth in household size and growth the population of children significantly exceeds those of Cambridge, Boston or Newton:

	Brookline 2010 Figure	Newton 2010 Figure	Cambridge 2010 Figure	Boston 2010 Figure	Brookline Change % from 2000	Newton Change % from 2000	Cambridge Change % from 2000	Boston Change % from 2000
Under 5 yrs.	3,209	4,497	4,526	32,420	21.6%	2.2%	9.7%	1.2%
5 to 19 yrs.	8,454	18,643	12,781	103,172	6.5%	10.1%	-13.1%	-6.1%
Total (0-19 years)	11,663	23,140	17,307	135,592	10.3%	8.5%	-8.1%	-4.5%

	Brookline 2010 Figures	Newton 2010 Figures	Cambridge 2010 Figures	Boston 2010 Figures	Brookline Change % from 2000	Newton Change % from 2000	Cambridge Change % from 2000	Boston Change % from 2000
Households ("HH") with individuals under 18	6,075	10,329	7,425	58,610	4.7%	2.5%	-7.8%	-4.6%
Avg. HH size	2.27	2.5	2.0	2.26	4.1%	-0.4%	-1.5%	-2.2%
Avg. family size	2.91	3.04	2.76	3.17	1.7%	0.0%	-2.5%	-2.8%
Avg. size of owner- occupied HH	2.42	2.69	2.09	2.38	1.3%	-0.4%	-3.2%	-5.2%
Avg. size of renter- occupied HH	2.12	2.09	1.95	2.2	6.0%	0.5%	-1.0%	-0.9%

3. Housing Stock Changes

The Demographics Subcommittee reviewed and analyzed data from tax assessor's office from 2003 to 2013 and identified the following:

- Using an estimation approach, the Demographics Subcommittee calculated roughly 40 net new dwelling units each year from 2003 to 2013;

- The current housing unit is 25,207; dwelling unit rate of growth is under 2%;
- Nearly 40% of our housing stock are condominiums;
- There were 1,900 condominiums created through conversion, just under 1% per year (this is not new housing stock but rather a reclassification of the type of housing stock); and
- About 56% of families with children in PSB reside in condos now, up from 50% in 2003.

4. The MIT Operations Lab Model

The Subcommittee worked closely for three month with three Sloan School graduate students, members of the MIT Operations Lab. Their stated goal was to build a predictive model which could be used by the Schools going forward by entering in current data on several key variables. Their goal was for an error margin of about one kindergarten classroom per year (+/- 20).

Due to data limitations they were unable to achieve their goal. However, their model did succeed in recreating the historic enrollment information over a 10 year period with an error rate of two classrooms. Additional improvements in data input, especially housing units created, may make this a useful predictive tool.

Their model addressed resident students only — those that the PSB are mandated to serve — and for 2014 indicated a range from low of 584 to a high of 630. Their intuition was that a low/middle prediction was more likely than a high one. Note that current PSB projections of resident students total 590.

FACTORS TO CONSIDER WHEN ADDRESSING ENROLLMENT GROWTH

Several factors should be considered in addressing the surge in enrollment growth:

- New buffer zones, implemented in July 2012, doubled the number of new arrivals to PSB residing in buffer zones from 16% to 34%;
- New buffer assignments were first evident in Fall 2013 (one year of experience) and reduced required classrooms by more efficiently assigning students to empty seats;

- Churn varies significantly from school to school depending on the type of housing stock of their student domiciles: those drawing from Ones, Two and Threes (OTT) are twice as stable as those drawing from multi-unit buildings (including condos);
- Current average class size is 21.14, up from 19.47 ten years ago;
- There are 480 non-resident students currently (METCO and Materials Fee);
- Based on the current school policy of maximum class sizes of 24 in K-3 and 25 in grades 4-8, PSB has some 800 seats theoretically available in existing classrooms, including 83 classrooms that currently have 20 or fewer students. The School Committee should review its school assignment policies (e.g., sibling assignment, neighborhood assignment, etc.) and their effect on utilizing these seats.
- The impact of adding 1 to 2 children per classroom in the K-8 system is equivalent to reducing classroom demand by 10-16 classrooms; the lower figure could potentially be achieved over a five year period (Fall '14 to Fall '19) utilizing the now doubled buffer zones and the better understood annual turnover (or churn) of nearly 700 students and the 630 incoming kindergartners each year, without additional busing, and continuing in place policies for siblings, language programs and appropriate classroom educational groupings.

PREDICTING THE ENROLLMENT GROWTH

Several factors impact the ability to predict enrollment growth:

- The MGT population projections have been right to date (two years), but are based on an unreliable model that cannot be used to predict enrollment growth; and
- The new MIT model may provide a better predictive tool if accurate data for net new housing units can be provided.
- Some trends, such as rising house prices, decreasing turnover (as evidenced by reduced inventory), rising taxes, larger schools, limited new residential growth, a recent decline in the rate of growth of new condominiums (and an eventual end to the units available for condo conversion), and a decline in the child-bearing age population, may all point to a future enrollment reduction.
- Other trends, including an apparent increase in in-migration from other cultures and countries, increases in household size, continuing desirability for reduced car

dependence (including walk to work, good access to public transit), increased child-care and pre-school availability (which supports double wage earner households), and a diverse community with a school system recognized for quality education may all point to further enrollment increases.

- Making capital decisions, which generally require a 5 year time horizon and a 25 year debt service commitment, requires confidence in enrollment projections that should look out at least 10-15 years. The Town does not have such information currently. The Demographics Subcommittee has pointed out both the lack of such information and several methods to gain this data.
- The Subcommittee is unable to provide guidance on future enrollment figures until the certain questions section has been addressed (Refer to the Questions to be Answered Section below)

QUESTIONS TO BE ANSWERED

The School Committee should consider the following questions:

1. Where is the student growth occurring in the next few years by district and buffers?
2. Where will it likely be in the next 10 years?
3. What recommendations can be made concerning the optimal location of future new classrooms?
4. Are recent trends in condominium production and international migration likely to continue and what are the consequences to enrollments if they do or don't?

OPTIONS TO ADDRESS ENROLLMENT

The Demographics Subcommittee has identified the following options:

1. Assignments to schools could be made later in the year when more information is known about the number new arrivals and where the students live.
2. Assignment of non-resident students, and a final decision as to how many should be admitted, could be deferred to the latter half of August or at such other date as the parameters of the entering kindergarten cohort for the coming school year are known with reasonable certainty.

3. Buffer zones could be modified to respond to variations in the churn factors at each school.
4. The School Committee should reexamine what could be an important useful impact of the July 2012 Buffer Zone changes. (We point here to the change from 16% to 34% in the number of arriving resident students now residing in Buffer Zones, allowing greater flexibility in classroom assignment. The September 2013 Expand In Place decision was made before these changes could be evaluated; the full impact of these changes requires 5-6 years of placements.)
5. Improved data tracking could be done (e.g., during the School's student intake process or by Town Building Department or Assessor personnel):
 - new housing units;
 - student family arrival reasons and locations;
 - student family registration and number of siblings;
 - student family departure reasons and locations;
 - pre-school enrollment figures; and
 - population migration in and out of Brookline.

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5. Melissa Goff, Assistant Town Administrator
6. Dr. William H. Lupini, Superintendent, Public Schools of Brookline
7. Gary McCabe, Town Assessor
8. Linda Olson Pehlke, Urban Planner
9. Peter C. Rowe, Deputy Superintendent for Administration and Finance, Public Schools of Brookline
10. Cori Scott, Public Schools of Brookline

11. Pat Ward, Town Clerk

And the MIT Operations Lab Team:

1. Harrison Scott Bromley
2. Cameron Edward Hosmer
3. Karl C Kulling

I. Capacity to Pay
(voted 14-0)

It is a safe bet that relatively few people move to Brookline because of housing costs. Brookline is attractive because of its proximity to Boston and high-quality services. Many people stretch to live in our community. Based on the American Community Surveys (ACS) from 2008-12, almost thirty percent of owner-occupier households spend more than thirty percent of their income on housing (a rough rule-of-thumb for gauging affordability). About half of renters exceed this affordability threshold although this proportion is probably somewhat inflated by the inclusion of students.¹ Measured as a proportion of residents rather than households, these proportions could be lower. It bears mention that almost one-quarter of Brookline households fail to report their incomes on the survey, with income imputed using standard statistical techniques.

Surprisingly, these affordability figures have not changed much since shortly before the onset of the 2008 economic crisis. The proportion of renters above the thirty percent figure was about two percentage points lower in the 2005-07 ACS and about two percentage points higher among owner-occupiers. There has also been a slight shift from owner-occupiers to renters.

In the 2000 Census, only twenty-four percent of Brookline owner-occupiers and forty-four percent of renters spent over thirty percent of their incomes on housing. Differences in the surveys require some caution, but over this longer period, affordability appears to have declined in Brookline, consistent with national trends.²

This reflects, in part, the fact that Brookline property values held up well over the crisis. The Case-Shiller home price index for greater Boston is down three percent since January 2005 and eight percent since the peak of the housing bubble. In contrast, as estimated either by the Assessors' office or by Zillow, most Brookline houses have increased in value since January 2005, and, even in years in which assessed values were reduced, the average reduction was very small.

Unlike the national trend, incomes in Brookline have not declined since the crisis. Median and mean household incomes have increased from the 2005-07 ACS (in 2007

¹ These figures are almost identical to the national averages.

² In 2000, 38 percent of renters nationally paid rent above this affordability cutoff.

dollars) to the 2008-12 ACS (in 2012 dollars), with the median household income increasing from \$82,496 to \$95,471 and the mean household income increasing from \$131,960 to \$146,859. Since 1999 (based on the 2000 Census), subject to the same comparability concerns, median household income has increased by 43% (from \$66,771 to \$95,471) and mean household income by a greater percentage, 49% (from \$98,274 to \$146,859), indicating that income disparity may have widened in the Town.

As noted above, the inclusion of students probably increases the number of low-income households and the number of households that are paying 30% or more of their income in housing costs. However, many of those over the age of 65 pay more than 30% or more of their income in housing costs. This holds true for both owner-occupants and renters, with particularly dramatic effect among renters, where 65% of renters age 65 or older already exceed the benchmark for housing affordability. The housing affordability burden also varies sharply by income level. For both owner-occupant and renter households with incomes over \$75,000, only 10% to 20% are paying more than the 30% affordability benchmark in housing costs, but for the household income ranges under \$75,000 the percentages range from almost 60% and to more than 80%.³

Benchmarking: Comparison with Comparable Communities

Selection of Communities

In past analyses and reports, Brookline has often looked at the following peer communities for comparisons: Arlington, Belmont, Dedham, Framingham, Lexington, Medford, Natick, Needham, Newton, and Wellesley (called “municipal peers”). While there is no community with Brookline’s exact characteristics, these municipal peers have certain similarities to Brookline. Among the characteristics considered were geographic proximity to Brookline, population size, income per capita, and high credit rating (Brookline is rated Aaa by Moody’s).

³ “Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.” U.S. Department of Housing and Urban Development, http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing.

Because a potential override is focused on the schools, we also looked at other communities with a comparably strong commitment to education. These communities include: Dover-Sherborn, Concord-Carlisle, Lexington, Lincoln-Sudbury, Newton, Wayland, Wellesley, and Weston (called “school peers”). However, it is important to note that several of these school peers are not demographically similar to Brookline in terms of population size, housing types and income distribution.

Comparison of Residential Tax Bills

To determine the degree of additional burden an override would impose on residents and other taxpayers, some people find it helpful to know whether Brookline is currently a high-tax or low-tax community. The answer depends in part on which measure you use.

A common measure of tax burden is the average tax bill for single-family homes. Averages are used in this comparison because medians are not available from the Massachusetts Department of Revenue. The average tax bill for single family homes in Brookline in FY14 was \$13,674 (4th highest in the state). Brookline’s average single-family tax bill is above the average of its school peers and the highest of any of its municipal peers. (See Figures 1 and 2, below). It should be noted that the figure for Brookline is calculated based on the assumption that all single-family homes are owner-occupied and that the “residential exemption” thus applies, reducing the tax bill (by \$1,995, the amount of the residential exemption). Since some single-family homes are rented, this obviously somewhat understates the average single-family tax bill in Brookline.

Yet, only 28% of taxable residential parcels are single family homes, while 60% are condominiums. So for Brookline, a more comprehensive representation of the tax burden includes all residential taxpayers — single family, condominiums and multifamily homes. This measure is the “average residential tax bill” which is the total residential levy divided by the number of residential parcels. Multi-unit rental properties are typically a single parcel. For example, Hancock Village consists of two residential parcels. Because of the mix of Brookline’s real estate, there is a greater disparity between average single-family and average residential tax bills than in other communities dominated by single-family homes, and the “average residential tax bill” reflects a different mix of housing types than is the

case in other communities, including single-family homes, a large number of condominiums, and rental properties.

The average tax bill on a residential parcel in Brookline is \$8,680, which places Brookline as 17th highest in the state out of 337 ranked communities. On average, municipal peers have an average residential tax bill of \$7,794, and for school peers it is \$11,448. Several of Brookline’s school peers continue to make up the top 10 single family and residential tax bills in the state (see Figure 1, below). The tax bills of Brookline’s municipal peers rank much lower among the municipalities in the state (see Figure 2, below).

Figure 1: School Peer Tax Bills and Demographics

	Avg. Single Family Tax Bill	State-wide Rank	Avg. Resid. Tax Bill Per Parcel	State-wide Rank	Res. Levy per Capita	State-wide Rank	Tax per Household	State-wide Rank	Median Household Income	State-wide Rank	Public School Pop. as % of Total Pop.
Brookline	\$13,674	4	\$8,680	17	\$2,474	72	\$5,828	87	\$95,471	70	12.43%
Carlisle	\$12,732	6	\$11,810	5	\$4,551	11	\$13,364	8	\$160,000	4	17.63%
Concord	\$12,249	8	\$11,325	7	\$3,542	24	\$10,355	15	\$131,507	13	17.63%
Dover	\$13,245	5	\$12,170	3	\$4,826	10	\$14,774	5	\$187,598	1	21.14%
Lexington	\$11,481	10	\$10,684	9	\$3,562	23	\$9,970	20	\$138,095	10	20.97%
Lincoln	\$13,742	3	\$11,392	6	\$3,758	18	\$10,165	18	\$119,205	24	24.09%
Newton	\$9,907	16	\$8,647	18	\$2,624	63	\$7,267	51	\$113,416	33	14.79%
Sherborn	\$14,333	2	\$12,726	2	\$5,022	8	\$14,664	6	\$151,944	6	21.14%
Sudbury	\$11,544	9	\$10,710	8	\$3,661	19	\$11,495	11	\$164,337	3	24.09%
Wayland	\$10,974	11	\$10,338	10	\$3,882	17	\$10,727	14	\$124,702	20	20.63%
Wellesley	\$12,469	7	\$12,037	4	\$3,432	26	\$11,349	12	\$155,000	5	17.86%
Weston	\$17,832	1	\$16,862	1	\$5,513	4	\$17,135	4	\$176,875	2	20.41%
Average	\$12,849		\$11,448		\$4,020		\$11,424		\$143,179		19.40%

Figure 2: Municipal Peer Tax Bills and Demographics

	Avg. Single Family Tax Bill	State-wide Rank	Avg. Res. Tax Bill Per Parcel	State-wide Rank	Res. Levy Per Capita	State-wide Rank	Tax Per Household	State-wide Rank	Median Household Income	State-wide Rank	Public School Pop. as % of Total Pop.
Brookline	\$13,674	4	\$8,680	17	\$2,474	72	\$5,828	87	\$95,471	70	12.43%
Arlington	\$7,099	49	\$6,640	43	\$2,185	94	\$5,034	127	\$87,525	101	11.69%
Belmont	\$10,566	14	\$8,684	16	\$2,771	48	\$7,236	52	\$105,717	46	16.98%
Dedham	\$6,217	65	\$6,291	49	\$2,069	108	\$5,355	110	\$82,193	124	11.40%
Framingham	\$5,922	72	\$5,517	69	\$1,454	216	\$3,892	215	\$68,906	213	12.05%
Lexington	\$11,481	10	\$10,684	9	\$3,562	23	\$9,970	20	\$138,095	10	20.97%
Medford	\$4,488	151	\$4,455	125	\$1,274	255	\$3,185	270	\$72,773	186	8.16%
Natick	\$6,459	57	\$5,647	64	\$2,130	98	\$5,365	107	\$95,059	73	15.98%
Needham	\$8,765	27	\$8,453	21	\$2,776	46	\$7,883	42	\$125,170	19	19.04%
Newton	\$9,907	16	\$8,647	18	\$2,624	63	\$7,267	51	\$113,416	33	14.79%
Wellesley	\$12,469	7	\$12,037	4	\$3,432	26	\$11,349	12	\$155,000	5	17.86%
Average	\$8,822		\$7,794		\$2,432		\$6,579		\$103,575		14.67%

The difference in composition of parcels raises problems both for comparisons across communities and over time. Because Brookline has more multi-unit rental buildings than many of its comparison communities, using the average residential tax bill will tend to make its taxes look high. On the other hand, because rental buildings have been converted to condominiums, whether rented or not, the rate of increase in taxes will appear to have been lower than it was in reality. The fact that Brookline utilizes the residential exemption further complicates comparisons, by creating a distinction between owner-occupied and rental properties.

Brookline’s residential tax rate is 11.39 per \$1,000 of assessed value in FY14. Brookline has the second lowest residential tax **rate** among both peer groups. Only Cambridge at 8.38 is lower. It is also worth noting that Brookline, Boston, Cambridge, Somerville, Waltham and Watertown are among 14 communities in Massachusetts with a residential tax exemption for owner-occupants. In Brookline in FY14, a homeowner eligible for a residential exemption will have \$175,127 deducted from the property's assessed value for purposes of calculating the tax bill, reducing the tax bill by \$1,995. So for qualified

owner-occupied properties, Brookline's effective tax rate is even lower than 11.39. The residential exemption also operates to shift taxes in two ways: from lower-priced owner-occupied properties to higher-priced owner occupied properties, as well as from owner-occupied parcels to rental parcels and thus to renters to the extent that taxes are passed on to renters.

Even though Brookline's residential tax rate is lower than most peers' rates, residential tax bills remain among the highest because property **values** are relatively high and because Brookline has a relatively high proportion of multi-unit parcels. Brookline's average assessed residential property value is \$895,853 in FY14. The only towns in either peer group that have higher average assessed values in FY14 are Weston (\$1,397,841), Wellesley (\$1,079,238) and Dover (\$1,092,149). Municipal peers have an average residential property value of \$581,702. School peers have an average property value of \$828,392. These numbers should be treated with caution because they refer to residential parcels, i.e. a property receiving a single tax bill. Thus a multi-unit rental property may have a very high assessed value even though each individual unit has only a modest value. On the other hand, in comparison to "peer" communities dominated by single-family homes, Brookline's figures include a higher percentage of condominiums, whose tax bills are typically lower than those for single-family.

One way to adjust for differences in the number of units per parcel is to calculate the average property tax per capita or per household. As shown in Figures 1 and 2, Brookline taxes are the lowest among the school peers and about the average of its municipal peers based on residential taxes per capita. When viewed at the household level (based on occupied units obtained from the 2010 Census of Housing), the average property tax per household in Brookline is below its school peers and in the middle of the group of its municipal peers, slightly below the average.

As also can be noted from Figure 1, Brookline also differs from its "school peers" in two significant ways. Its median household income is well below any of the school peers, at about two-thirds the average of those school peers. Income comparisons are discussed in more detail below. Also, consistent with their perceived commitment to education, the other school peer communities have a significantly higher percentage of their populations making use of the public schools.

As seen in Figure 2, Brookline's median household income is in the middle of the group of its municipal peers, though slightly below the average of those communities. Compared to the school peer communities, the municipal peer communities in general have lower percentages of their populations making use of the public schools; Brookline falls somewhat below the average among these municipal peer communities.

Comparison of Past Overrides

Brookline is considering passing two different types of tax increases for voter approval: (1) a general override, which would be a permanent increase to the base from which the tax levy is calculated and would be used primarily to cover operating expenses, and (2) a debt exclusion, which would increase taxes by the amount needed to pay the debt service on a bond and would disappear when the bond is fully repaid. A debt exclusion would potentially be used to cover the expansion and renovation costs of school buildings. Because it becomes part of the tax base, the amount of the general override can be increased by 2½% per year under Proposition 2½.

Brookline last placed a general override on the ballot in 2008, and before that in 1994. This puts Brookline in favorable contrast to other school peers, which, on average, had 6 general overrides since 2000. As shown in figure 3, municipal peers on average had 2 general overrides (although several of those peers had none). While most peer communities have passed more frequent overrides, only Newton and Arlington have passed overrides larger than Brookline's 2008 override at \$6.2M. The largest override was \$11.5M passed by Newton in 2003. Nonetheless, Brookline's 2008 override represents a relatively small percentage of its total 2014 tax levy at 3.5%. This is compared to an average of 4.1% for municipal peers and 9.7% for school peers (for overrides since 2000).

Brookline last placed a debt exclusion on the ballot in 1995 for renovation of Brookline High School, and before that in 1990 for the Lincoln School. In FY14 the High School debt exclusion added \$1.1M to the tax levy (the High School debt exclusion will expire beginning in FY21); the Lincoln School debt is paid off. Brookline peers on average added \$8.1M to the FY14 tax levies for debt exclusions (\$8M on average for municipal peers; \$11.3M on average for school peers).

Adding both general overrides and debt exclusions voted in since 2000, municipal peers have on average passed 4 and school peers passed 12. And in total, recent

overrides/debt exclusions also represent a relatively smaller portion of Brookline’s FY14 tax levy at 4.2% (includes general overrides passed since 2000 and debt exclusions paid in FY14). This compares to 6.2% on average for municipal peers and 15.1% for school peers. An 11% total new override plus debt exclusion would place Brookline on par with school peers but well above municipal peers. The next section of this discussion adds information about the income levels of Brookline and its various “peers.”

Figure 3: Overrides Passed by Brookline and peers since 2000

Town	General Override		Debt Exclusions		Total	# since 2000	% of 2014 tax burden	
	\$ since 2000	# since 2000	\$ added to tax levy in FY14	# voted since 2000	\$		2014 Total Tax Levy	%
Arlington	\$ 12,490,000	2	\$ 1,199,114	2	\$ 13,689,114	4	\$ 101,737,509	13.5%
Belmont	\$ 5,400,000	2	\$ 4,358,413	5	\$ 9,758,413	7	\$ 73,993,705	13.2%
Boston	\$ -	0	\$ -	0	\$ -	0	\$ 1,778,801,240	0.0%
Brookline	\$ 6,200,000	1	\$ 1,112,800	0	\$ 7,312,800	1	\$ 175,783,903	4.2%
Cambridge	\$ -	0	\$ -	0	\$ -	0	\$ 328,544,945	0.0%
Carlisle	\$ 2,045,726	11	\$ 2,269,568	14	\$ 4,315,294	25	\$ 23,093,506	18.7%
Concord	\$ 8,528,537	19	\$ 4,801,422	7	\$ 13,329,959	26	\$ 74,135,634	18.0%
Dedham	\$ -	0	\$ 3,654,036	5	\$ 3,654,036	5	\$ 79,873,682	4.6%
Dover	\$ 1,900,000	3	\$ 1,631,156	5	\$ 3,531,156	8	\$ 28,347,903	12.5%
Framingham	\$ 7,173,239	1	\$ 387,637	1	\$ 7,560,876	2	\$ 170,290,442	4.4%
Lexington	\$ 13,505,193	10	\$ 6,927,653	3	\$ 20,432,846	13	\$ 148,770,137	13.7%
Lincoln	\$ 2,285,000	7	\$ 1,507,272	7	\$ 3,792,272	14	\$ 25,683,860	14.8%
Medford	\$ -	0	\$ -	0	\$ -	0	\$ 93,004,734	0.0%
Natick	\$ 4,327,000	2	\$ 4,276,702	2	\$ 8,603,702	4	\$ 93,436,666	9.2%
Needham	\$ 6,073,287	5	\$ 7,109,986	9	\$ 13,183,273	14	\$ 106,008,114	12.4%
Newton	\$ 19,900,000	2	\$ -	0	\$ 19,900,000	2	\$ 279,224,275	7.1%
Sherborn	\$ 3,030,500	7	\$ -	0	\$ 3,030,500	7	\$ 22,163,337	13.7%
Somerville	\$ -	0	\$ -	0	\$ -	0	\$ 116,112,598	0.0%
Sudbury	\$ 11,329,161	5	\$ 3,380,476	7	\$ 14,709,637	12	\$ 72,951,707	20.2%
Waltham	\$ -	0	\$ -	0	\$ -	0	\$ 158,922,345	0.0%
Watertown	\$ -	0	\$ 278,050	0	\$ 278,050	0	\$ 82,556,024	0.3%
Wayland	\$ 8,446,000	5	\$ 5,274,886	7	\$ 13,720,886	12	\$ 54,588,839	25.1%
Wellesley	\$ 13,907,927	6	\$ 9,369,533	4	\$ 23,277,460	10	\$ 112,574,261	20.7%
Weston	\$ 3,560,000	4	\$ 7,671,685	11	\$ 11,231,685	15	\$ 67,990,017	16.5%
Winchester	\$ 5,897,000	4	\$ 2,221,133	2	\$ 8,118,133	6	\$ 71,760,544	11.3%
Overall Avg	\$ 5,439,943	4	\$ 2,697,261	4	\$ 8,137,204	7	\$ 173,613,997	10.2%
Municipal Avg	\$ 5,561,040	2	\$ 2,417,120	2	\$ 7,978,161	4	\$ 243,727,161	6.5%
School Avg	\$ 7,733,465	6	\$ 3,551,353	5	\$ 11,284,818	12	\$ 89,005,225	15.1%

Comparison of Per Capita and Household Incomes

Because Brookline’s households tend to be somewhat smaller than most peer communities, they tend to be worse off financially than those in communities with the

same per capita income and better off than those in communities with the same household income. Ideally, we would have an appropriate measure that adjusted household income for household size. Dividing by size implies that there are no cost advantages to sharing a household, which is obviously false. Not adjusting for household size implies not only that “two can live as cheaply as one” but that three or four can. Therefore we present data using both household and per capita incomes while cautioning readers about the shortcomings of both.

Among the “school peer” communities, Brookline is 10th of 12 in per capita income at about 90% of the average. Brookline’s much higher relative per capita income than median household income reflects the tendency of Brookline households to be small. Brookline’s residential levy per capita is only about 60% of the school peer average. And Brookline residents spend less than 4% of their per capita income on residential real estate taxes, compared with an average of about 5.4% among school peers. (See Figure 4, below).

Among “municipal peer” communities, Brookline’s per capita income is above the average of the 11 communities. Only Medford residents devote a lower proportion of their incomes to residential property taxes on a per capita basis. (See Figure 5, below). Housing decisions are, however, made at the household level. We have taken state data on the 2014 residential property tax levy and combined it with the number of occupied living units in the 2010 Census to calculate the average residential property tax per household. To facilitate comparisons, we also show this tax as a percentage of median household income and in comparison to median household income in dollar terms, although there is no natural interpretation of a mean divided by a median or a median minus a mean. A further caution is that Brookline does not have the same mix of residential parcels as other communities. The results are shown in Figures 4 and 5, below.

In our set of comparisons communities, Medford, Framingham, Arlington, Dedham and Natick all have lower median household incomes and lower average residential property taxes per household. All of these except Dedham also have a lower ratio of this average to median household income. The remaining thirteen communities all have higher median household incomes than Brookline and also have higher average tax bills per dwelling and a higher ratio of this bill to median household income. It is evident from the table that there is a strong positive relation between the ratio and median household

income. Brookline’s tax levy is very much in line with that tendency. Virtually all of the communities where this ratio of tax bill to household income is higher than Brookline’s also have a higher percentage of the total population in the public schools. (See Figures 1 and 2, above).

Figure 4: School Peer Income and Property Tax Comparisons

School Peers	Per Capita Income	Per Capita Levy as % of Per Capita Income	Median Household Income	Avg. Residential Tax Bill per Household	Average Bill Divided by Median Income	Median HH Income Minus Avg. Res. Tax Bill
Brookline	\$64,102	3.86%	\$95,471	\$5,828	6.10%	\$89,643
Carlisle	\$75,856	6.00%	\$160,000	\$13,364	8.35%	\$146,636
Concord	\$69,288	5.11%	\$131,507	\$10,355	7.87%	\$121,152
Dover	\$84,070	5.74%	\$187,598	\$14,774	7.88%	\$172,824
Lexington	\$70,132	5.08%	\$138,095	\$9,970	7.22%	\$128,125
Lincoln	\$54,811	6.86%	\$119,205	\$10,165	8.53%	\$109,040
Newton	\$61,530	4.04%	\$113,416	\$7,267	6.41%	\$106,149
Sherborn	\$75,030	6.69%	\$151,944	\$14,664	9.65%	\$137,280
Sudbury	\$67,166	5.45%	\$164,337	\$11,495	7.00%	\$152,842
Wayland	\$65,981	5.88%	\$124,702	\$10,727	8.60%	\$113,975
Wellesley	\$71,369	4.81%	\$155,000	\$11,349	7.32%	\$143,651
Weston	\$97,822	5.64%	\$176,875	\$17,135	9.69%	\$159,740
Average	\$71,430	5.43%	\$143,179	\$11,424	7.89%	\$131,755

Figure 5: Municipal Peer Income and Property Tax Comparisons

Municipal Peers	Per Capita Income	Per Capita Levy as % of Per Capita Income	Median Household Income	Avg. Residential Tax Bill per Household	Average Bill Divided by Median Income	Median HH Income Minus Avg. Res. Tax Bill
Brookline	\$64,102	3.86%	\$95,471	\$5,828	6.10%	\$89,643
Arlington	\$49,168	4.44%	\$87,525	\$5,034	5.75%	\$82,491
Belmont	\$56,356	4.92%	\$105,717	\$7,236	6.84%	\$98,481
Dedham	\$41,878	4.94%	\$82,193	\$5,355	6.52%	\$76,838
Framingham	\$34,286	4.24%	\$68,906	\$3,892	5.65%	\$65,014
Lexington	\$70,132	5.08%	\$138,095	\$9,970	7.22%	\$128,125
Medford	\$34,983	3.64%	\$72,773	\$3,185	4.38%	\$69,588
Natick	\$49,792	4.28%	\$95,059	\$5,365	5.64%	\$89,694
Needham	\$60,368	4.60%	\$125,170	\$7,883	6.30%	\$117,287
Newton	\$61,530	4.04%	\$113,416	\$7,267	6.41%	\$106,149
Wellesley	\$71,369	4.81%	\$155,000	\$11,349	7.32%	\$143,651
Average	\$53,997	4.44%	\$103,575	\$6,579	6.19%	\$96,996

Framed in terms of real dollars of disposable income to meet other living costs once property taxes are paid, Brookline fares less well than communities with higher median household incomes, which include all of its “school peer” communities and many of its municipal peer communities. Stated otherwise, a 6.10% tax on Brookline’s median household income of \$95,471 would leave far less in remaining disposable income than a 7.87% tax on Concord’s median household income of \$131,507 (\$89,643 versus \$121,152). Brookline ranks ahead of only Medford, Dedham and Arlington in the amount of disposal household income after taxes, and well below all of its “school peer” communities. Thus, even though Brookline’s average household tax bill is below that of its school peers (on an absolute and percentage basis), because of the significant income differences between Brookline and its school peer communities, Brookline households have a net disposable income after property taxes of \$89,643 as opposed to an average amount of \$131,755

among the school peer communities. Even the municipal peer communities are higher at an average of \$96,996.

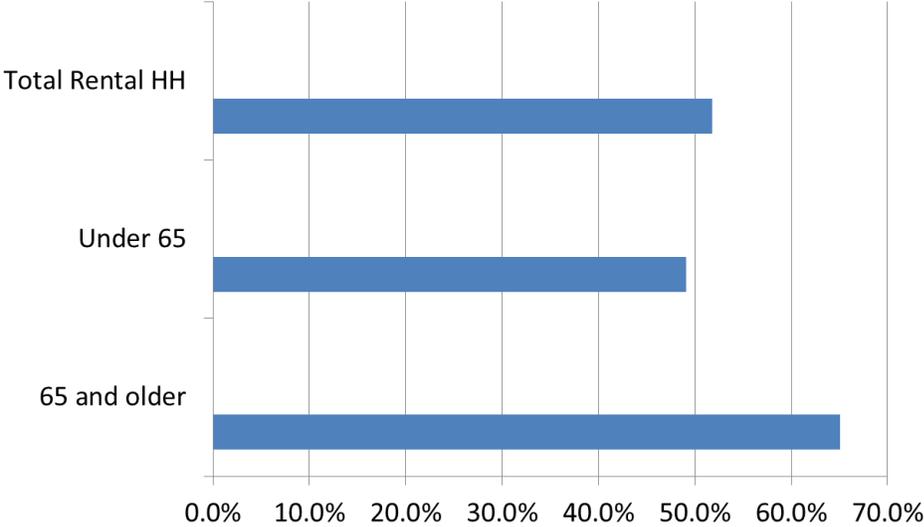
Affordability

As the foregoing discussion indicates, Brookline differs from its “peer” communities in a number of ways, including the mix of properties, household size, income levels and use of the residential exemption, and can look better or worse off relative to its peer communities in terms of tax burden depending on the metric and the comparison communities chosen. That being said, taxes are only one portion of housing costs and the foregoing discussion provides only some indication of what residents can afford to pay. As noted in the introduction, almost 30% (28.2%) of owner-occupants in Brookline spend 30% or more of their incomes in housing costs, the rule-of-thumb for affordability. The figures are slightly lower for those under the age of 65 (27.1%) than for those 65 or older (31.7%).

As also noted, the figures are higher for renters, where more than half (51.8%) of Brookline renters are spending 30% or more of their income in housing costs. While this number is, as noted, no doubt inflated (for younger renters) by college and graduate students living in Brookline, almost 2/3 of renters 65 or older (65.1%) are spending 30% or more of their income on housing costs prior to any override or debt exclusion increase.⁴ (See Figure 6, below).

⁴ This figure compares with 62.8% nationally and 57% in Massachusetts as a whole.

FIGURE 6: RENTAL HOUSEHOLDS BY AGE PAYING 30% OR MORE OF INCOME IN HOUSING COSTS



In this regard, it should be noted that measures of the “affordability” of a tax increase often focus on single-family homes and on condominiums, rather than renters. However, the standard Greater Boston Realty Board lease includes a tax escalator clause under which tax increases from the base year can be immediately passed on to renters.

Nominally, residential property taxes are paid by landlords. Beyond the tax escalator clause in the standard Greater Boston Realty Board lease, whether taxes will be passed on can be looked at as a matter of economic theory. In theory, Brookline landlords would bear most or all of the cost of a tax increase if the supply of rental housing responds very little to its price (in technical terms, supply is inelastic) and the demand for rental housing is very responsive to its price (in technical terms demand is elastic), say because potential tenants shift between Brookline and neighboring communities in response to small shifts in relative prices. Conversely, if the opposite conditions hold, tenants will pay most or all of the tax increase. The extent to which landlords would be successful in flowing through tax increases in rents is driven by the relationship between demand and supply elasticities. Since no studies of demand and supply elasticities applicable in Brookline have been undertaken, a precise estimate of the extent of flow-through cannot be determined at

this time. Thus, we do not resolve the issue of the magnitude of these “elasticities” of supply and demand or what portion of taxes could be passed through to tenants.⁵

At the same time, we should recognize that the services that are augmented through a general override or debt exclusion appeal to some individuals/households and not others. Those who value (i.e., have the willingness and ability to pay more for) the services more highly can be expected to bid up rents to some degree, displacing current tenants who value them less or who simply cannot afford to pay the higher rents irrespective of how much they may “value” residency in Brookline. To the extent the higher services appeal more to younger and higher-income tenants, they could result in lower-income or older tenants being replaced by higher-income, younger tenants, particularly given the housing-cost stress already felt by low-income renters and senior renters (see Figures 6 and 8).

Put differently, it is plausible that investing further in our schools will make them more attractive and thus ironically lead to yet greater demands on the schools and that increases in housing costs could have the unintended consequence of pushing lower-income and older residents out of Brookline.

The question of protection for those who are low-income and/or seniors has been raised. The Town does provide some housing for low-income families and seniors through

⁵ On the one hand, it could be argued that supply is relatively inelastic and there is evidence that large landlords oppose property tax increases, suggesting they would bear most of the cost. However, development proposals such as Hancock Village suggest that supply is not inelastic. We note that other evidence suggests that demand is not elastic and that Brookline landlords could pass through much of the cost of tax increases, although the economist among us argues that none of this speaks directly to supply or demand elasticities. Brookline’s historical median rent has been higher than that of neighboring communities, with Brookline’s at \$1,756; Newton’s \$1,632; Belmont’s \$1,606; Cambridge’s \$1,585; Needham, \$1,433; and Wellesley’s \$1,431. 2008-12 American Community Survey. Recent vacancy rates in Brookline are also low and fall below the 5.5% used as a benchmark below which renters compete for existing units and a buyers’ market turns into a seller’s market. *The Greater Boston Housing Report Card 2013: What Follows the Housing Recovery*, The Kitty and Michael Dukakis Center for Urban and Regional Policy, Northeastern University (October 2013), pp. 45-47. According to Brookline Assessor Gary McCabe, the overall apartment vacancy rate was 5% in 2012, while 2013 data, while not fully analyzed as of this writing, indicates that the overall apartment vacancy rate has fallen to about 4% in 2013, with average monthly rental rates increasing by 5% to 10% since 2012.

the Brookline Housing Authority and federal (Section 8) and state voucher programs. According to Patrick Dober, Executive Director of the BHA, the BHA has 56 one-bedroom, 211 two-bedroom and 115 three-bedroom units, but the waiting lists for 1, 2 and 3 bedroom Public Housing units currently are closed. There are 447 Public Housing units for the elderly and disabled in BHA buildings, of which about 20% are occupied by the disabled and 80% by seniors. There is currently a waiting list of several hundred. In addition, the Brookline Housing Authority administers 658 housing vouchers, all of which are “mobile” vouchers, with many actually used outside of Brookline because of rent caps imposed by the voucher program. Specifically, the vouchers cannot be used for a studio apartment that rents for more than \$1,303, a one-bedroom that rents for more than \$1,383, a 2-bedroom that rents for more than \$1,623, and so on. As a result, many of Brookline’s vouchers can only be used to rent apartments in other communities. About 150 to 160 of the vouchers are used by seniors in several Brookline properties that offer units within the voucher limits (Center Communities and Village Way); the latter development is, however, in the process of moving more toward market rates as its existing financing expires in the near future and tenants turn over. As with BHA housing, there is a waiting list for vouchers. Some tax relief is provided for age- and income-qualified owner-occupants. Brookline provides a \$1,000 Senior Tax Exemption for owner-occupants who meet certain qualifications (65+; owned and occupied the property for 5+ years; resided in Massachusetts for 10+ years; income and asset tests, e.g., for married couple, gross income of less than \$31,319 excluding SSI and assets excluding domicile of less than \$57,417). There is also a program permitting thirty property owners aged 60+, with incomes of less than \$40,000, to “work off” up to \$1,000 in taxes by volunteering 125 hours for Brookline government departments. Brookline also allows senior owner-occupants to defer their property taxes, up to 50% of the value of the property, if they meet certain qualifications (65+; owned and occupied property in Massachusetts for 5+ years; resided in Massachusetts for 10+ years; income of less than \$40,000 with amount raised to \$55,000 when May 2014 action of Town Meeting becomes effective). Under the deferral program, the unpaid taxes accrue interest at the rate of 5% and become a recordable lien on the property payable on the sale of the property or the death of the occupants. There are no

tax-deferral or tax-relief programs for lower- or middle-income owner-occupants who do not meet age qualifications.

On the rental side, to the extent that increased taxes would be passed through to low-income and/or elderly tenants, or they would be outbid for housing by higher-income or younger tenants, the Town does not have similar town-wide tax-relief, tax-deferral, rent-relief or rent-deferral programs for renters.

Not surprisingly, the percentage of owner-occupants and renters who exceed the 30% benchmark for housing unaffordability increases as income levels fall. (See Figures 7 and 8, below).

FIGURE 7: OWNER-OCCUPIED HOUSEHOLDS BY INCOME PAYING 30% OR MORE OF INCOME IN HOUSING COSTS

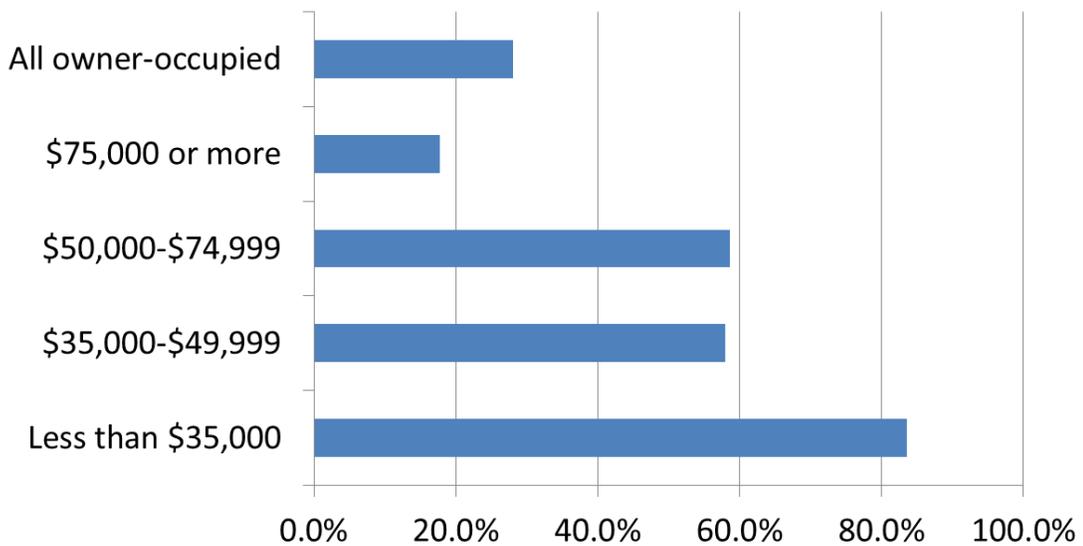
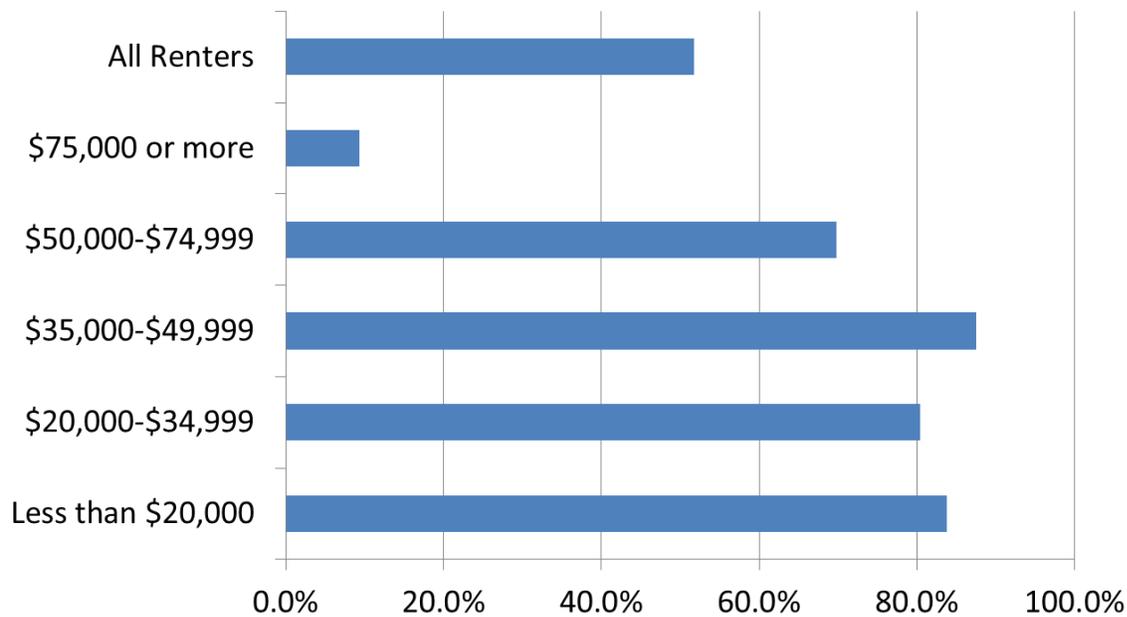


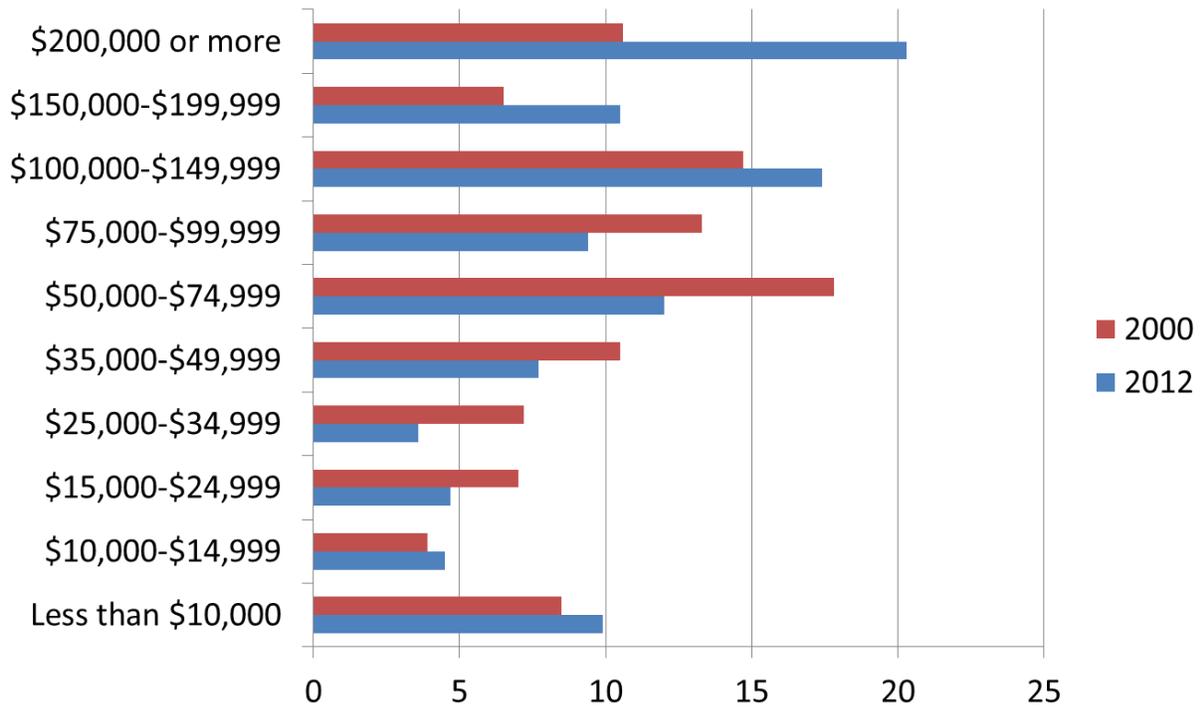
FIGURE 8: RENTER HOUSEHOLDS BY INCOME PAYING 30% OR MORE OF INCOME IN HOUSING COSTS



The best evidence suggests that income disparity has increased in Brookline over the period represented by the 2000 Census (1999) and the 2008-2012 U.S. Census American Community Survey, though some cautions should be noted in drawing definitive conclusions. In addition to the sampling error in the data, the 2008-12 ACS includes more students which might explain the growth in the lowest-income categories, and growth in upper-income categories would be somewhat less if inflation were taken into account. As noted above, the mean household income in Brookline increased by 49% and the median household income by only 43% during the time period, indicating that income disparity may have widened.⁶ In addition, reported changes in income distribution during the period indicates that Brookline has seen an increasing proportion of those in the upper tail of the income distribution and a falling proportion of households with more moderate incomes. (See Figure 9, below):

⁶ During the same time period, in Norfolk County the mean increased by more than the median, but only by 3% more (36% vs. 33%), versus 6% in Brookline, while in Suffolk County the mean actually increased less than the median (27% vs. 34%), indicating that the income disparity may have actually declined in Suffolk County.

FIGURE 9: BROOKLINE INCOME DISTRIBUTION 2000 CENSUS (1999) AND 2012 AMERICAN COMMUNITY SURVEY (PERCENT)



Another measure of affordability is the calculation of those living in poverty (poverty thresholds are adjusted annually for inflation). In addition, those between the ages of 18 and 24 can be removed from the calculation to eliminate the impact of students living in the town. The data are imprecise; for Brookline as a whole, the margin of error on the estimated change in the poverty rate is about 2 percentage points. For sub-groups, it is correspondingly larger and for small groups very large. Still, it appears that poverty has increased. At the time of the 2000 Census (1999), 6.5% of those living in Brookline (excluding 18-24 year olds) were below the poverty level; in the 2008-2012 ACS, that number had risen to 7.6%. The level of poverty among senior residents was not only initially higher but also increased more dramatically over the same time period, particularly among those 75 or older. Among those 65 or older, the poverty rate increased from 7.5% to 9.1% and among those 75 or older, the poverty rate increased from 8.3% to 13.7%.

The National Citizen Survey 2014 Community Livability Report, conducted for the International City/County Management Association, rated a number of items highly in Brookline, including K-12 education, safety, the natural environment and overall economic

health, with safety and economy identified as priorities for the Brookline community to focus on in the coming two years. Along with public parking, “affordable quality housing” and the “cost of living” were the items rated below national benchmarks by Brookline residents.

APPENDICES

APPENDIX A: Override Study Committee Members

The two co-chairs of the Committee were appointed as non-voting members:

Richard Benka was a Selectman from 2006-2014 and served more than thirty years as a member of Brookline Town Meeting. Dick chaired the Efficiency Initiative Committee (2009) that led to the implementation of substantial efficiencies in the Town budget, and has chaired or served on numerous other Town committees. Dick graduated from Harvard College (Economics), Harvard Law School and the Kennedy School of Government at Harvard (M.P.P.). After a clerkship with U.S. Supreme Court Justice William O. Douglas, Dick practiced law with a major Boston firm, specializing in commercial litigation and energy and regulatory matters. After retiring as an attorney, Dick passed the state licensure examination in Middle School Mathematics and currently volunteers as a mathematics tutor at a Boston public charter school. Dick has one daughter, who graduated from the Heath School and the High School.

Susan Wolf Ditkoff was elected to the School Committee in 2008 and currently serves as its Chairman. She previously served on the Town of Brookline's 2009 OPEB (Other Post-Employment Benefits) Task Force. Susan is a Partner and Co-Head of the Philanthropy Practice at The Bridgespan Group, a nonprofit affiliate of Bain & Co. Her work focuses on strategy consulting and leadership development for philanthropists, education, and youth development clients. She is the past Vice President of the Harvard Business School Alumni Board of Directors, and was a leadership coach at the school for six years. She has three young children and is a Driscoll School parent. Susan has a BA from Yale College and an MBA from Harvard Business School.

There are fifteen voting members of the Committee, including a mix of those who have previously been involved in Town affairs and those who have not, as well as a mix of those who have children in the public schools and those who do not:

Cliff Brown is a Town Meeting Member and also a member of the Town's Advisory (Finance) Committee, the Zoning By-Law Review Committee, the Economic Development Advisory Board and, as EDAB representative, the Board of Directors of the Brookline Chamber of Commerce. Cliff is a Principal of AKG-Advisors and CEPRA Investments, LLC,

investment and strategy consulting firms. He has a BS in Economics and an MBA from the Wharton School of the University of Pennsylvania. He has three children, two of whom graduated from the Runkle School, where Cliff was Vice-Chair of the school site council, and one of whom graduated from the Lawrence School. One child currently attends the High School, from which two have recently graduated.

Alberto Chang is a co-founder of AC3 Group, a management consulting firm. He was previously employed by PricewaterhouseCoopers, ultimately in the position of Director-Advisory Services, serving as an advisor to domestic and international firms including those on the Fortune 20 and Global 100 lists. Alberto is fluent in Spanish and Cantonese. He has a BS in Economics from the Wharton School at the University of Pennsylvania and an MBA from Columbia University, and, having made the decision to undertake a new career, has been accepted to the Simmons School of Social Work.

Chad Ellis is a Town Meeting Member and the parent of two Runkle School students. He is the co-founder and CEO of Your Move Games, Inc., a strategy game publisher. Chad has held positions as a research fellow at the Harvard Business School and executive positions with dotcom and technology companies, as well as recently serving as Chief Financial officer for the Planned Parenthood League of Massachusetts. Chad has a BA (Philosophy) from Johns Hopkins University and an MBA from the Harvard Business School. He is, in addition, a certified mediator with the Harvard Mediation Program. Chad has two children who currently attend the Runkle School.

Janet Gelbart has, during her career, served in executive financial positions in a variety of not-for-profit organizations, including serving as Director of Finance and Administration for Oxfam America; CFO for the Girl Scouts, Patriots' Trail Council; Director of Finance and Operations for the Partnership for Excellence in Jewish Education; and Vice President of Administration and Finance for Riverside Community Care. In addition to her responsibilities for strategic planning, budgeting and internal reporting and financial controls, she has had oversight during her career of human resources, information technology and facilities functions. Janet is a graduate of the University of Connecticut (English) and received her MBA from Northeastern University.

Michael Glover was elected a member of the School Committee in 2014. He is currently Deputy Counsel of the Massachusetts Department of Transportation, where he

advises Department staff on real estate, transportation and planning matters. Prior to joining the MDOT, he was a real estate attorney at two Boston firms and Assistant Director of Admissions at Northeastern University. Michael received his BS (Journalism) from Northeastern University and his JD from American University, Washington College of Law. He has two pre-school-age children.

Carol Kamin is a consultant to national foundations and state-based organizations on education and child and family public policy issues. Carol was raised in the Boston area and lived in Arizona, where she held significant public and non-profit positions in the fields of child welfare and education, before returning to Brookline. She was State Program Administrator for the Arizona Administration for Children, Youth and Families, responsible for the direction of Arizona's child welfare programs; Director of the Governor's Office for Children; Special Assistant to the Mayor of Phoenix with responsibility for human services and education; and founding President and CEO of Children's Action Alliance of Arizona, a child welfare advocacy organization. Carol has bachelor's degrees from Hebrew College in Brookline and Boston University, a Masters in Education from Boston University, and a Ph.D. with a concentration in Child Growth and Development from Arizona State University.

Kevin Lang is a professor in the Boston University Department of Economics, where he has focused on labor economics and has done considerable work on educational issues, including test-based accountability and value-added measurement in education. He has served on National Research Council/National Academy of Sciences boards on educational testing and assessment, instructional improvement, program evaluations and accountability. Kevin was a member of the Brookline School Committee for 13 years and served as its chair and chair of the finance sub-committee, and also served for more than 20 years as a Town Meeting Member. He was co-chair of the Town's Financial Planning Advisory Committee, which proposed changes in the Town's financial practices, certain efficiencies, and an override that was approved by the voters. Kevin holds a B.A. from Oxford University (Philosophy, Politics and Economics); a M.Sc. in Economics from the Universite de Montreal, and a Ph.D. in Economics from the Massachusetts Institute of Technology. Kevin has two children who graduated from the Devotion School and the High School.

Carol Levin is the founder and principal of RE-Advisors, a healthcare real estate consulting firm that advises hospitals in the expansion, planning and management of clinical, administrative and support facilities. She previously held positions as director of mortgage lending for a major insurance company, as director of finance for a privately held \$1 billion corporate real estate portfolio, and as manager of real estate portfolios for the Federal Deposit Insurance Corporation and Recoll Management. Carol has two children who graduated from Brookline High School and served as treasurer of the Runkle School PTO and as a member of the executive board of the Brookline High School PTO. Carol received her BS and MBA from Cornell University.

Sergio Modigliani is an architect and principal of his own architectural firm. Sergio has served the Town in a number of positions, including a variety related to school construction projects. He is currently a member of the Planning Board and was formerly a Town Meeting Member; chair of the Town's Advisory (Finance) Committee, serving on that committee for 9 years; vice-chair of the Brookline Preservation Commission; and a member of the Zoning By-Law Committee and the Davis Path Special District Zoning Study Committee. Sergio was a member of the Town Administrator's School Facilities Committee, charged with addressing Town-wide space issues, and is currently a member of the Devotion School Building Committee. He holds an A.B. (Architectural Sciences) and a Masters in Architecture from Harvard University. Sergio's two children attended the Driscoll School.

Lee Selwyn is the founder and president of Economics and Technology, Inc., a consulting firm specializing in telecommunications regulation, economics and policy issues. He has testified on rate design, cost analysis, economic modeling, taxation, regulatory structuring and deregulation issues before forty state regulatory commissions, the Federal Communications Commission, and U.S. House and Senate committees, and has served as consultant to numerous state utility commissions, to the FCC, the Internal Revenue Service, and to the telecommunications regulatory commissions of Canada, the UK and Mexico. He formerly taught at the Boston University College of Business Administration. Lee is a Town Meeting Member, a member of the Town's Advisory (Finance) Committee, and a member of the Town's Audit Committee and served on the Town's Redistricting and Parking committees, the latter as chair. His three children attended the Brookline schools from

kindergarten through their graduation from the High School. Lee received his B.A. (Economics) from Queens College of the City University of New York, and his M.S. in Industrial Management and his Ph.D. in Management from the Sloan School at M.I.T.

Lisa Serafin Sheehan is the founding principal and managing director of Redgate Real Estate Advisors, a real estate investment, advisory, development and project management firm. Prior to co-founding Redgate, Lisa was a National Director and Senior Vice President of Development at Jones Lang LaSalle, where she was responsible for major project development and evaluation of real estate investments for the firm's investment funds. Lisa has previously served as a member of the Brookline Zoning Board of Appeals. She is a graduate of Brookline High School and currently has two children enrolled at the Driscoll School. Lisa received her B.S. (Public Policy) from the Maxwell School at Syracuse University and her M.S. in Urban Planning and Economic Development from Columbia University.

Jim Stergios is Executive Director of the Pioneer Institute, a privately funded institute committed to civic discourse and intellectually rigorous, data-driven public policy research, including educational policy. Jim was formerly Undersecretary for Policy in the Massachusetts Executive Office of Environmental Affairs, and prior to that was a teacher and preparatory school headmaster. He received his BA (Economics and Philosophy) and his Ph.D. (Political Sociology and Cultural History) from Boston University. Jim has two children, one of whom graduated from the Driscoll School and one of whom now attends it.

Beth Jackson Stram is a strategy consultant at The Bridgespan Group, serving as an advisor to nonprofit organizations, philanthropists and government agencies, and developing financial forecasts and budgets for a wide variety of nonprofit organizations. Among other engagements, Beth collaborated with the Massachusetts Department of Elementary and Secondary Education to develop the Commonwealth's Race to the Top proposal to the U.S. Department of Education, leading statewide outreach to school committees, superintendents, teachers, parents and interest groups, and incorporating feedback into the DESE's reform plan. Prior to her work with Bridgespan, Beth was a financial analyst with Morgan Stanley. Beth received her B.A. (International Relations) from Brown University, and her M.B.A. from the Tuck School of Business at Dartmouth. She has three children at the Devotion School.

Timothy Sullivan currently is the Deputy Director for Finance and Rental Operations for the Massachusetts Housing Finance Agency (MassHousing), a not-for-profit public agency that provides financing for home buyers and for developers and owners of affordable rental housing. He brings significant experience in public budgeting, municipal finance and capital planning to the OSC. In addition to serving as Chief Financial Officer for MassHousing, Tim was Budget Director for the Commonwealth of Massachusetts, where he managed the state's operating and capital budgets and advised the Governor on fiscal policy matters, and was Director of Finance for the Executive Office for Administration and Finance, where he was responsible for production of the Commonwealth's operating budget. Tim has a B.A. in Political Science from Union College and a M.S. in Public Affairs from the McCormack Graduate School of Policy Studies of the University of Massachusetts at Boston. He has two children at the Baker School and a third in the Brookline Early Education Program.

Ann Connolly Tolkoff has previously served the Town as a member of the School Committee and as a Town Meeting Member. She taught in the Boston Public Schools, Millis High School, Chelsea High School, and Malden Catholic High School, served as a consultant to the Massachusetts Department of Education, and was a co-founder, English Teacher and Director of City on a Hill Public Charter School in Roxbury. Since her retirement, she has volunteered as a mentor to returning veterans seeking employment and as an E.S.L. tutor in Boston's Chinatown. Ann received her B.A. from Wellesley College (English Literature) and her M.A.T. in English from the Boston College Graduate School of Education. Her three children graduated from the Brookline Public Schools.

APPENDIX B: Base Case Assumptions in the Financial Model

1. The Operating Deficit

- The operating deficit is the amount calculated as needed to meet operating expenses in future years, making certain assumptions about future changes in costs and revenues.

The calculation is based on the following assumptions:

- No policy or practice changes; no service cuts: for example, with an entering kindergarten class of 630, assumes 30 classrooms of 21 per classroom, with no increases in class sizes, consolidation of existing sections in upper elementary grades, or reduction of entering class sizes with changes regarding non-resident students.
- 1% per year collective bargaining wage adjustments in the Schools
- “Steps” and “lanes” continue as under present collective bargaining agreement: net increases of \$675K in FY16, an additional \$700K in FY17, and an additional \$750K in FY18 (net amounts are the increases for teachers receiving step and lane increases minus retirements)
- Special Ed increases each year of \$750K (FY16), \$775K (FY17), \$800K (FY18)
- Health Insurance rate increase of 5% annually.
- \$225K annual inflation/miscellaneous increase
- ~\$400K annual increase in State Aid (2.5%)
- ~\$350K annual increase in Local Receipts (1.5%) (e.g., building permits, parking tickets)
- 2.5% per year annual increase in property taxes permitted by Proposition 2½, plus “new growth” property taxes (assumes two major projects with impacts occurring by FY18 — the redevelopment of the Red Cab site (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)

2. Use of Old Lincoln School

- \$680,000 increase in annual operating budget beginning in FY16
- Will be used as “swing space” for students during construction at Devotion, Driscoll or both
- Additional potential use as *de facto* school for upper elementary grades from certain North Brookline schools if additional classrooms are needed, and for potential High School use

3. Leases for Brookline Early Education Program Classrooms (Pre-K)

- \$550,000 increase in annual operating budget beginning in FY16

4. Proposed Items Identified as “Catch-Ups”

- Increases in annual operating budget, reaching a total increase of \$3.45 million by FY18
- Nurses, psychologists, K-8 Guidance Counselors; HS Guidance Counselors; HS Social Workers, Elementary World Language
- Occupational Therapists, Physical Therapists, Speech and Language Pathologists; Team Facilitators, Board Certified Behavior Analysts
- Administrative positions

5. Proposed Items Identified as Program “Enhancements”

- Increases in annual operating budget, reaching a total increase of \$2.63 million by FY18
- May include Steps to Success; Enrichment and Challenge Support; Technology Staffing; Literacy; Math; 2nd Grade Paraprofessionals; Textbooks and Supplies; Professional Learning and Innovation; Custodial Contract

6. Information Technology

- Increases in annual operating budget, reaching a total increase of \$1.85 million by FY18
- Involves network hardware and bandwidth; new devices and more prompt replacement; administrative and teaching/learning tools; student digital content; and various specialists, technicians, managers and administrators.

7. Capital - Potential Debt Exclusion

- Annual debt service of **\$5.3 million**
- Assumes \$77 million Town share of Devotion School (total project cost of \$110 million with MSBA contribution of 30%); 25-year level payment bond at 4.75% interest.
- Along with “run-off” of existing debt, frees up \$54 million in debt capacity for other projects, including, for example, \$34 million projected as the Town’s cost for the renovation and expansion of the Driscoll School, an additional \$20 million for the expansion of the High School, or for other or alternative projects.