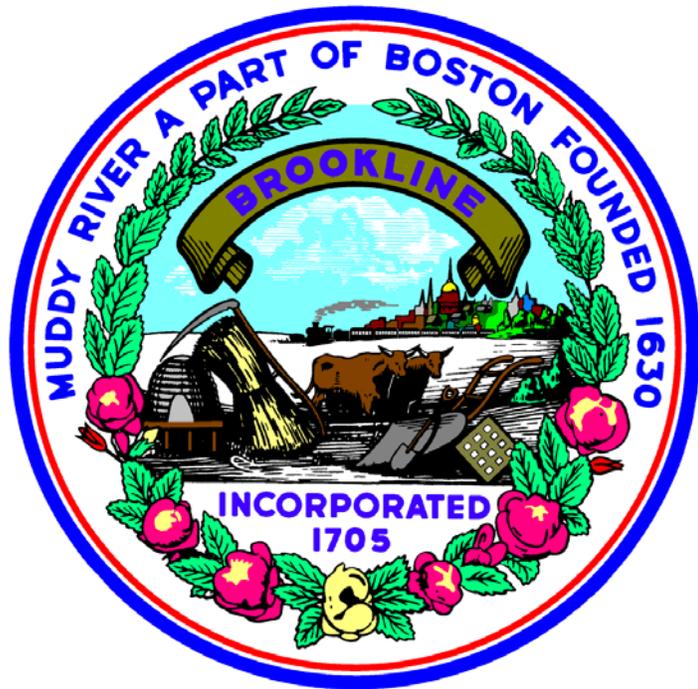


# School Committee Workshop



PRELIMINARY 2015 OVERRIDE STUDY REVIEW, ANALYSIS, AND UPDATE

JULY 10, 2017

## Executive Summary

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## 2015 Override Report

FY 18 – FY 21 Budget projection (attached)

2015 Override Report

- (1) Override for FY 16, FY 17, FY 18 Projected Budget vs Annual Town Meeting Budget;
- (2) Review of Mgt Ratios (student:adult; and other non-personnel ratios)
- (3) Update Projections for new CBAs - November;
- (4) Update Projections for Project Costs – September
  - a. New Elementary School - overhead costs, enrollment cost captured in annual enrollment report adjustment
  - b. High School Expansion - overhead costs, enrollment cost captured in annual enrollment report adjustment
- (5) Update Report with Annual Enrollment Report – December
- (6) Historical Comparisons – January with release of FY 19 budget

## Preliminary Draft of Reconciliation of 2015 Override Budget to Actual and updated Projection through FY 22

**Table A:** Original Override Projection Table for the School Department for Enrollment Growth Cost Projections FY 15- FY 22 (any field in gray requires additional verification with published reports)

The original override amount for three years for the school department was to be \$6,983,000. However, there isn't a document that publishes the expenditures that total this amount. The closest I can get to this number is the Enrollment Grant Total for FY 15 and FY 16, which equals \$6,359,995. It also appears that the majority of the funds were received in the first year of the override as part of our base appropriation.

To begin to answer the question and reconcile the override to the operating budget appropriations the following two documents were used to inform the review

1. Override Budget Scenarios, Fiscal Years 2016 – 2018, William H. Lupini, Superintendent of Schools, Tuesday, January 6, 2015:  
{<http://www.brooklinema.gov/DocumentCenter/Home/View/6792>}

The Override also included assumptions regarding non-property tax revenue

2. Analysis of Non-Property Tax Revenue and Municipal Expenditure Reductions  
{<http://www.brooklinema.gov/DocumentCenter/Home/View/6801>}

The Table is expanded from its original presentation to the Override Study Committee to include the proposed operating budgets at the time they were

established as part of the initial request to Town Meeting. The attempt is to show and reconcile the variances between the projection due to enrollment and the proposed budget for appropriation by Town Meeting. You will note that the column labeled “Override Funds/Other Sources” does not equal the override amount of \$6,983,000.

The Table also shows, based on original assumptions of pay rates and the enrollment projection at the time to require another \$12 million in additional funds. The assumptions as to the rate increase to the base are added in and were not part of any original calculation. The Town Meeting appropriation growth is assumed at 3% and the current non-tax revenue offsets remain as they appear in the FY 2015 and 2016 Operating budget documents.

**Table B:** Original Override Estimate Adjusted for 2016 Enrollment Report and BEU Contract only Table for the School Department for Enrollment Growth Cost Projections FY 15 - FY 22 (any field in gray requires additional verification with published reports)

Table B updates only the enrollment information in the override projection file and the new BEU negotiated teacher rates to M-5 for all years that are agreed. An assumption of 2% is used for FY 20 – 22 compounded. The original file did not compound salaries in future years and therefore there was not inflationary growth in the file for teacher salaries. This adjustment attributes for a significant adjustment to the original file.

The remaining work on this table is to verify the staffing assumptions. There are assumptions about the number of staff added. Verification that staff were added in the areas outlined needs to be completed as FY 16 added significant number of staff, but not necessarily in the same positions as originally outlined. This reconciliation will be completed over the next month. In addition, the methodology being used will also be reviewed in more detail than has been able to occur in the past.

**Table C:** Variance of Original Override Estimate Adjusted for 2016 Enrollment Report and BEU Contract only Table for the School Department for Enrollment Growth Cost Projections FY 15 - FY22 (any field in gray requires additional verification with published reports)

Table C provides the variance between Table A and Table B.

### Establish Comparable Communities

The following is a proposal for determining Brookline’s comparable districts.

Ten similar communities located east of Route 495 are determined by a comparative analysis of the following legitimate criteria:

- (1) the percentage of students going on to four year colleges,
- (2) standardized test scores,

- (3) class size,
- (4) average per pupil expenditure, and
- (5) the salary maximums and minimums on the Bachelors, Masters, and Masters +30 salary columns.

### **Long Term Efficiency Projects**

- (1) Scheduling
- (2) Operationalizing Buildings
- (3) FTE analysis (High School FTE based on course registrations, elementary co-teaching, IEP, etc)

### **Metrics**

- (1) DESE Tools for Data Comparison (EDWIN)
- (2) Comparative District data review (FTE, CBAs, Programs, Monitoring Results)

## Tables

**Table A:** Original Override Projection Table for the School Department for Enrollment Growth Cost Projections FY 15 - FY22 (any field in gray requires additional verification with published reports)

**Table B:** Original Override Estimate Adjusted for 2016 Enrollment Report and BEU Contract only Table for the School Department for Enrollment Growth Cost Projections FY 15 – FY 22 (any field in gray requires additional verification with published reports)

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**FY 2018 – FY 2021 Operating Budget**

Copy of last published projection as it appears in the FY 2018 School Committee Budget request.

## FY 2018 – FY 2021 School Department Budget Projections

The FY 2018 – FY 2021 School Department preliminary financial projection is provided in a summary format. The purpose of this projection is to provide a baseline expenditure rate of the school district for what is currently being provided. The projection does not make assumptions about

- The cost of adding new school buildings (such as the 9<sup>th</sup> Elementary School) or their operating costs,
- New initiatives,
- Employee benefit increases, or
- Technology expansion.

Salaries / Expenses	Annual Adjustments	FY17 FTE	FY17 Appropriation	FY18 Estimated	FY19 Estimated	FY20 Estimated	FY21 Estimated
Salaries		1,211.34	\$ 89,459,092	\$ 94,445,475	\$ 99,767,749	\$ 105,356,136	\$ 111,223,943
	COLA (2%)				\$ 1,888,910	\$ 1,995,355	\$ 2,107,123
	Steps (3%)			\$ -	\$ 2,833,364	\$ 2,993,032	\$ 3,160,684
	Turnover/Resignations/Retirement Savings			\$ (1,000,000)	\$ (1,000,000)	\$ (1,000,000)	\$ (1,000,000)
	Lane Changes			\$ -	\$ -	\$ -	\$ -
	Enrollment Personnel (\$68,000 +\$12,000 benefits)			\$ -	\$ 800,000	\$ 800,000	\$ 800,000
	2018 Override Proposals						
	Special Education/504/Accommodations			\$ -	\$ 800,000	\$ 800,000	\$ 800,000
Expenses			\$ 15,237,450	\$ 15,273,369	\$ 15,758,836	\$ 16,254,013	\$ 16,759,093
	Level Fund			\$ 15,373,369	\$ 305,467	\$ 315,177	\$ 325,080
	Program Review			\$ -	\$ 100,000	\$ 100,000	\$ 100,000
	Enrollment			\$ -	\$ 40,000	\$ 40,000	\$ 40,000
	Special Education/504/Accommodations			\$ -	\$ 40,000	\$ 40,000	\$ 40,000
	2018 Override Proposals			\$ -			
	One-Time Expenses			\$ (70,000)			
	Out of District Tuitions			\$ -	\$ -	\$ -	\$ -
Grand Total		1,211.34	\$ 104,696,542	\$ 109,718,844	\$ 115,526,585	\$ 121,610,149	\$ 127,983,036
\$ Increase over prior year				\$ 5,022,302	\$ 5,807,741	\$ 6,083,564	\$ 6,372,887
% Increase over prior year				4.80%	5.29%	5.27%	5.24%
Revenue Sources							
General Fund Appropriation (FY18 3.64%,FY19 3.1%, FY20 2.3%, FY21 2.5%)			\$ 101,118,781	\$ 104,803,806	\$ 108,052,724	\$ 110,537,937	\$ 113,301,385
Tuition and Fees (3%)			\$ 675,744	\$ 696,016	\$ 716,897	\$ 738,404	\$ 760,556
Facility Rental (removed to CIP)			\$ 225,000	\$ 225,000	\$ -	\$ -	\$ -
Health Insurance Supplement			\$ -	\$ -	\$ -	\$ -	\$ -
Circuit Breaker Reimbursement			\$ 2,167,657	\$ 2,700,000	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000
Revolving Fund Reimbursement			\$ 150,680	\$ 150,680	\$ -	\$ -	\$ -
Other Revenue			\$ 358,680	\$ 358,680			
Transfer to Voc Tech Tuition and Transportation				\$ (92,895)			
Total Revenue			\$ 104,696,542	\$ 108,841,287	\$ 111,369,621	\$ 113,876,340	\$ 116,661,941
\$ Increase over prior year			\$ 0	\$ (877,557)	\$ (4,156,964)	\$ (7,733,809)	\$ (11,321,095)
% Increase over prior year				3.96%	2.32%	2.25%	2.45%

## Economic Assumptions

Enrollment: The projection consists of basic economic assumptions to continue at the current service provided with limited and conservative enrollment expansion of 200 students per year as supported by the 2016 Enrollment Report.

Town/School Partnership Allocation: The projection includes Town/School Partnership increases that are subject to revision annually by the allocation model currently in use.

Cost of Living Adjustments (COLA): COLA adjustments are included in each of the years and compounded once from year to year. No COLA adjustments were imbedded in the line items as it would potentially compound at a greater rate than reasonable and defensible. Review of this will be conducted as the final Union Contract negotiations are completed, Enrollment Projection and Town/School Partnership data become available.

## Salaries

Cost of Living Adjustments (COLA 2%): The 2015 Override vote has a working assumption included that all contracts and collective bargaining agreements salary tables will not exceed a 2% cost of living adjustment for the near term. This assumption has been included as an overarching 2% applied to the base of the total salary budget of the prior year. The School Committee has settled all of its bargaining units and has an obligation for FY 2016, FY 2017, FY 2018 and FY 2019.

Steps (3%): A one year analysis has been completed using the 1st Quarter Financial Projection of the current employees and the step increases they will receive in FY 2018. We also do not have complete trend data for a number of years to determine if the three variables that impact this percentage increase is historically accurate. The three variables are the step at hiring of new employees on the salary table; the churn of retirees and new hires, and the number of FTEs at top step.

The average increase for all employees being used is 3%. Due to the variance by bargaining unit by bargaining unit, and the variance of the steps within each grade and step table, the analysis uses a number that is rounded up to the next whole percentage. The raw pivot table is provided below by bargaining group for information purposes without decoding the bargaining group. Note that no step increases or salary adjustments are provided for in our Administration and non-aligned employee groups where steps do not already exist. Any pay adjustments for non-aligned employees must be funded through the operating budget request process and or by School Committee adjusting the salary range for these positions. The Superintendent has discretion to designate compensation within the School Committee voted range for these employees.

Step Increase Analysis from FY17 to FY18 without COLA impact				
Group/BU Description	Sum of FY17 Projection	Sum of FTE	Sum of Step Cost	Average of %
<b>General Fund</b>	<b>\$ 85,670,043</b>	<b>1,738.13</b>	<b>\$ 1,822,096.82</b>	<b>2.82%</b>
Senior Staff	\$ 717,529	4.00		
Principals	\$ 1,622,510	12.00		
Directors	\$ 1,906,347	16.00		
Individual Contracts	\$ 1,024,134	17.40		
Custodians	\$ 2,059,653	40.95	\$ 17,843.75	0.90%
Employees/No Benefits	\$ 258,063	506.06		
Secretaries - 45 Weeks	\$ 339,710	8.37	\$ 4,936.44	1.50%
Secretaries - 47 Weeks	\$ 517,173	9.53	\$ 1,000.47	0.20%
Secretaries - 52 Weeks	\$ 1,213,125	21.80	\$ 8,372.38	0.80%
Summer School	\$ -	28.00		
UNIT A - BEU Teachers	\$ 65,397,047	803.65	\$ 1,507,242.53	2.60%
UNIT B - CCs/PCs	\$ 3,895,287	35.00	\$ 21,032.37	0.57%
UNIT C - Paraprofessionals	\$ 5,916,038	221.57	\$ 244,261.88	4.42%
UNIT C - 52 Week Paras	\$ 768,813	13.00	\$ 17,406.99	2.72%
UNIT C - Contracted Paras	\$ 34,613	0.80		
<b>Special Funds</b>	<b>\$ 6,775,001</b>	<b>825.64</b>	<b>\$ 83,362.10</b>	<b>2.02%</b>
Principals	\$ 148,876	1.00		
Directors	\$ 155,824	2.00		
Individual Contracts	\$ 305,011	5.00		
Custodians	\$ 51,250	1.00	\$ -	0.00%
Food Services Employees	\$ 920,129	32.53	\$ 4,986.38	0.90%
Employees/No Benefits		406.53		
Secretaries - 52 Weeks	\$ 531,575	9.40	\$ 2,475.00	0.51%
Summer School	\$ -	272.77		
UNIT A - BEU Teachers	\$ 2,436,657	27.75	\$ 28,151.90	1.52%
UNIT B - CCs/PCs	\$ 477,473	6.00	\$ -	0.00%
UNIT C - Paraprofessionals	\$ 1,748,206	61.65	\$ 47,748.82	3.16%
<b>Grand Total</b>	<b>\$ 92,445,044</b>	<b>2,563.77</b>	<b>\$ 1,905,458.92</b>	<b>2.73%</b>

Turnover/Resignations/Retirement Savings: Every year there are 70-100 employees who make decisions to leave the district for reasons that include retirement, promotion, or other life changes. It is important to acknowledge that many times these employee departures generate savings due to hiring people at a lower rate than their experienced predecessor. Therefore an amount is deducted from the projection as well as from the general operating budget request annually. The FY 2016 the assumption was \$675,000 per year for all bargaining units. In FY 2017 and FY 2018 we are using a number of \$1,000,000, which is unsustainable without monitoring it for a longer term period.

Lane Changes: Teachers are required to renew their teaching licenses every five years with the Department of Elementary and Secondary Education. A byproduct of the renewal process is often additional college coursework and credits that then result in a teacher being eligible for what is termed a "Lane Change." A Lane change occurs when a teacher moves from one degree lane/grade to another. For example, it is not uncommon for new teachers to move from a Bachelor's Lane/Grade to a Masters

Lane/Grade at maintains their same step level within a year or two years of employment. The amount used is an average \$10,000 cost impact for a lane change and 25 teachers per year will be requesting an adjustment. We do not have readily available monitoring reports on this at this time. They will be developed and trend analysis generated over time.

Enrollment Personnel (net 200 Students per year/21 student case load @ 80,000 inclusive of benefits) = 10 FTEs minimum (no COLA adjustment): Until the Enrollment Working Group finishes their projection work each year, the district has the working assumption that additional employees will be added to the district each budget cycle. At this time, barring any additional information from the Enrollment Working Group the assumption is that the district will grow a net of 200 students a year and require a minimum of ten teachers across the district.<sup>5</sup> This is consistent to what the district has been added for the last few years for just classroom expansion. The assumption is that the average cost of each new FTE is \$80,000 including the cost of benefits.

Special Education/504/ Accommodations Personnel (same ratio as Enrollment as we identify and support new IEPs within the district and move ins to student rosters) = 10 FTEs minimum (no COLA adjustment):. The same assumption is being used for Special Education, 504 Accommodations, and other Accommodations such as ELL, RTI, Literacy Coaches, and other district supports that may be necessary as the district's enrollment continues to rise. This is not an exact analysis and trend data needs to be built for better future predictions and adjustments. The assumption is that the average cost of each new FTE is \$80,000 including the cost of benefits.

#### Expenses:

CPI (2 %): Using the New England Consumer Price Index Card for a general sense of where the economy for supplies and materials, an average of 2% was selected.<sup>6</sup> The actual CPI is more towards 2.6%. No additional COLA or CPI are included in other expense projections to prevent compounding.

Program Review: The district is facing updates and upgrades to its curriculum over the next few years. The \$100,000 is in acknowledgement that there may be an increment each year that needs to fund expanded online content, content development, and district wide replacement of textbooks and literacy materials.

Enrollment (\$200 per student increment for net growth of 200 students per year, no COLA adjustment): Generally, as a net number of students arrive into the district we can accommodate their supply and material needs. However, there is occasionally a tipping

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<sup>5</sup> Source for 200 student estimate is based on the future projection of district wide growth from the 2016 Enrollment Report, issued as a preliminary report December 2016. Summary tables included in this document.

<sup>6</sup> <http://www.bls.gov/regions/new-england/cpi-summary/ro1xg01a.htm>

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point at which an impact is felt and supply budgets need to be increased permanently. The district does not yet budget on a per pupil basis for supplies and materials so a loose average is being used.

Special Education/504/Accommodations (same ratio as Enrollment as we identify and support new IEPs, 504, ELL within the district and move-ins to student rosters. (No COLA adjustment): Generally, as a net number of students arrive into the district we can accommodate their supply and material needs. However, there is occasionally a tipping point at which an impact is felt and supply budgets need to be increased permanently. The estimate provided is above and beyond the general education needs. Occasionally, additional equipment is needed and required in order for students to access the education that is not available in the regular classrooms.

Out of District Tuitions: The Town is responsible for the out of district tuition expenses for Special Education, Charter, School Choice, Vocational, and Agricultural schools.<sup>7</sup>

We most commonly budget for Special Education Tuition.

However, the Cherry Sheet deducts the cost of Charter and School Choice students along with wards of the state that are in hospital schools. The \$400,000 is included to assume an approximate 5% increase in the total tuition assessments to the Town for all types of non-Public School of Brookline costs.

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<sup>7</sup> <http://www.doe.mass.edu/finance/schoolchoice/choice-guide.html>