



Warrant Committee Report Town of Belmont FY 2015 Budget

May 2014

2013 – 2014 Warrant Committee Members

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Warrant Committee Report

Town Meeting, June 2, 2014

Authorization: *As prescribed by the Town of Belmont's By-Laws, it is the duty of the Warrant Committee to consider for all town meetings all articles in the Warrant that involve an appropriation of money and to report thereon to Town Meeting. The Warrant Committee is specifically charged with recommending a budget to Town Meeting and such recommendations are contained herein.*

I. Background on budget development: 2013-2014

The past year demonstrated continuing stability in the management of the Municipal and School budgeting processes. Unlike previous years when the economy was suffering from deep recession (generating reductions in non-property tax revenues), we were experiencing leadership transition, or there was imperfect cooperation between Municipal leadership and the School Department, 2013-2014 marked another step in a positive direction. In 2013-2014, Belmont is fortunate to have strong, seasoned, collaborative leadership across all aspects of Town-wide government.

State aid has maintained its upward trajectory, with an increase of \$619,615 in FY2015. It is also important to note that thoughtful decisions in prior years have also played an important role in keeping health care costs manageable, generally with a 0% increase over FY2014. Belmont's control of rising health care costs over the past few years has been an important factor in maintaining level services in most departments.

This year, Belmont employed a budgeting process consistent with years past. Late in 2013, we developed a perspective on Belmont's available revenue, including property taxes, local fees and other revenues, such as motor vehicle excise taxes, and what the state budget would likely be, determining the level of state aid. After subtracting out the fixed costs, such as pensions, Minuteman, and roads override funds, the total operating budget was identified. This allows us to determine a starting point allocation of available revenues for both Municipal and School budget categories. The Board of Selectmen, School Committee, and Warrant Committee all agreed, as we have in the past, to use the FY2014 budget allocations to set the starting point for FY2015 and all departments started their budgeting work using these targets set in December.

Subsequently, this revenue picture has been refined, with more accurate numbers on state aid becoming clear and the Board of Assessors finalizing their forecast of tax revenues from new growth. As of October, we were already able to see a considerable increase in student enrollments (up 139 since a year ago), putting pressure on the School budget. After a collaborative discussion amongst Belmont leadership, an additional \$701,900 of available revenue was added to the School budget. Without this assignment of additional revenue to the School budget, cuts would have certainly been required.

II. Overview of FY2015 budget The net result of these positive developments is a recommended budget for FY2015 of \$95,238,925 (Exhibit 1).

Exhibit 1: Overview of FY2015 Budget vs. FY2014 (Adj.) – \$000’s

	FY2014 (Adj.)	FY2015	% Change
Total Budget	\$ 91,781	\$ 95,239	3.8%
minus fixed costs*	\$ 15,179	\$ 15,668	3.2%
equals operating budget	\$ 76,602	\$ 79,571	3.9%
School	\$ 44,349	\$ 46,156	4.1%
Town	\$ 31,031	\$ 32,020	3.2%
Capital Budget (Discretionary)	\$ 1,222	\$ 1,395	14.1%

*Legally binding obligations, such as: pensions, debt replacement, state charges (e.g., MBTA), capital budget (roads override), Assessor’s abatement reserves, and assessment for Minuteman Vocational Regional School

FY2015 Budget Highlights

- Available revenue has allowed Belmont to maintain level services across municipal budgets and avoid major cuts in services in the School budget
- The School budget is increasing by 4.1% from General Funds (3.5% across all funding sources), with an incremental 16.8 FTEs to cover increased enrollment and special education costs. Belmont Public Schools are 58% of the Operating Budget (Exhibit 2)
- Municipal budgets have increased by an average of 3.2%, retaining level services, and re-establishing the position of School Resource Officer in the Police Department
- Rising compensation and school enrollments are key drivers causing overall costs to continue to rise faster than revenue, putting pressure on the future budgets
- Generally flat health insurance costs have allowed more resources to flow to direct services
- FY2015 is the first year to consolidate Municipal and School facilities management and under a single Director of Facilities (found in Public Services); the budget is not yet fully consolidated
- Pensions and debt service account for 71% of fixed costs (Exhibit 3)

Exhibit 2: Operating Budget by Department

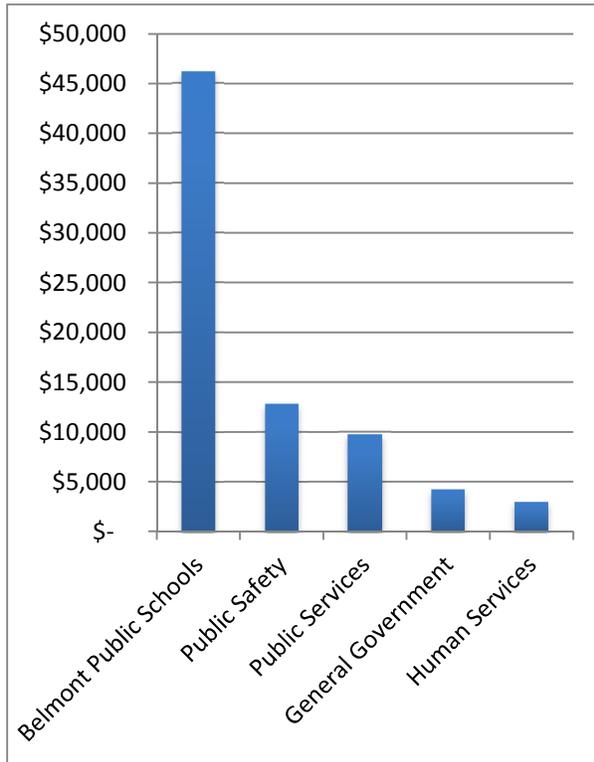
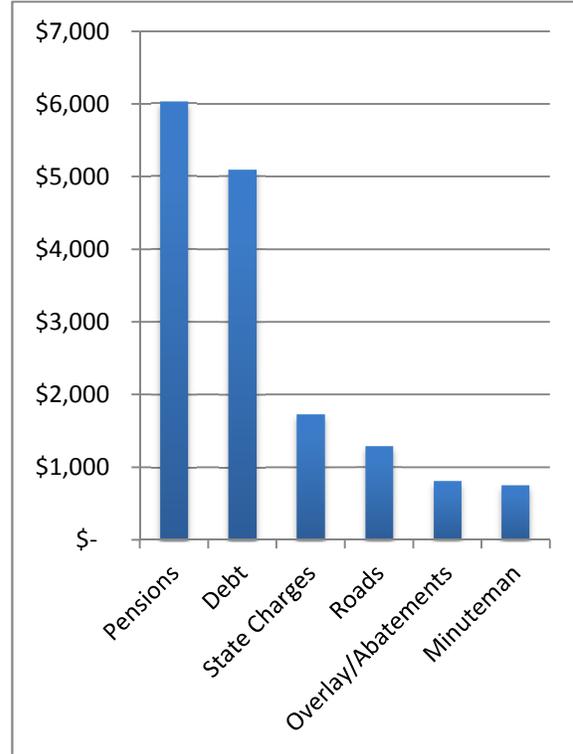


Exhibit 3: Fixed Costs by Expenditure



III. Departmental Highlights: The key analyses and recommendations for specific departments are summarized below. Detail and support is provided in the report that follows.

Education (*Belmont Public Schools and Minuteman*):

1. *Increased Enrollment:* It is clear that the enrollment growth over the past two years (236 new students from FY2012 to FY2014) is having, and will continue to have, a significant impact on the Department’s budget requirements. This growth over the past two years, which has impacted all grade levels, represents a 5.9% increase, nearly equaling the 6.5% increase experienced in the eight years from 2004 to 2012. Also, this increase has had a particularly significant impact on the ELL program, as students who need English language instruction have increased by 71.7% (from 102 to 182 as of October 1, 2013).

2. *Personnel Cost Growth:* Increasing personnel costs continue to be the principal driver of overall budget growth. While the total FY2015 budget (including General Fund, Grants, and Revolving Accounts) is increasing by 3.5%, personnel costs are increasing by 4.5%. Salary costs alone, which constitute 61.3% of the budget, are rising by 4.5%, or 5.3% if one includes contract allowances for additional raises to be granted in FY2015. Moderating this growth, particularly in the context of increasing staffing requirements (21 FTEs added in the last two budgets), is clearly a critical need, which the Department is seeking to address in the contract negotiations currently taking place.

3. *Reduced Utility Costs:* On a more positive note, the Department has been taking steps to reduce utility costs. The FY2015 budget is projecting heating costs to decrease by \$309,000 (16.9%), mostly due to the conversion of the high school's heating system from fuel oil to natural gas. (This conversion was delayed this year, leading to higher-than-expected heating costs but is projected to be completed for FY2015.) According to this year's budget narrative, all school buildings except the White Field House will now be heated by natural gas.

4. *Minuteman:* The Minuteman is at a critical juncture with several key decisions looming, including the passage and implementation of a new District agreement, scoping and decision-making regarding a new school building, and negotiations regarding cost allocations to non-member towns. In addition, the Warrant Committee continues to express its concern about ongoing increases in the operating budget.

Public Services (*Department of Public Works (DPW), Community Development, Facilities*)

1. DPW continues to provide an outstanding level of service in the face of budget constraints. However, lack of funding compels deferring a significant amount of infrastructure maintenance and instead reacting to emergencies as they arise. Approval this spring of a new Underwood Pool replaces a 100-year-old asset but other infrastructure needs remain. The consolidation of Recreation into DPW is an opportunity to revisit the type of programming offered and the fees charged.

2. Community Development includes responsibility for pavement management (repaving), stormwater management, illicit sewer connections, and other major engineering projects. CD also provides building permit and inspection services as well as planning, including support for the Zoning Board of Appeals and the Planning Board. Staffing for the entire Department is only 8.97 FTE, which limits the amount of code enforcement and other essential services.

3. A new Facilities Director is in place, with responsibility for the Town and School Department buildings (not including the Library). Facilities faces many demands in managing the physical condition, energy use, infrastructure requirements (e.g., telecommunications) and general maintenance and upkeep of our intensively used buildings within significant budget constraints.

Public Safety (*Police, Fire, Emergency Management*)

1. Both Police and Fire departments will continue to have to manage staffing levels carefully, including planning for trainees and upcoming retirements in order to minimize strain on overtime budgets. The FY2015 budget re-establishes the School Resource Officer position.

2. Data mining may strengthen department resource allocation and targeted educational / community outreach (internally and externally).

3. Transition of staff in next five years and growth in Town create dialogue for vision – “What are our needs in Public Safety?” and, “What type of department/services would we like to have?”

General Government (*Financial departments: Assessors, Accounting, Treasurer; Administrative departments: Human Resources, Information Technology, Town Administrator, Town Clerk*)

1. The need for another professional in the HR department has been unaddressed for a number of years, despite the increased duties for the department and the lack of a succession plan.
2. The non-union pay plan study results will be received soon and we look forward to reviewing the report.
3. All departments should coordinate their IT related activities to find efficiencies.

Human Services (*Council on Aging, Health, Library*)

1. The Council On Aging (COA) has reached approximately one-third of the senior population in Belmont, based on unique user data.
2. The Health Department is under the review of the Board of Health. Town Meeting did not support having either the BOS or Town Administrator gain supervisory control. It may make sense to relocate those services that are not mission-critical to the Health Department by adding them to the COA (and under the direction of the BOS).
3. Library – the Warrant Committee had anticipated that planning for the future of the Library would be underway, but instead is on hold. Library services are otherwise stable.

IV. Risks and Concerns regarding the FY2015 Budget

The FY2015 budget cycle was comparatively manageable. The state economy appears to be strengthening, which should insulate us against midyear cuts in state aid. We have an experienced team across the board in Town and School leadership.

There are, however, four areas that require ongoing attention:

- The Belmont Public Schools have experienced unusually large enrollment growth in the past few years, with 139 new students this year as of the October census. The School department forecasts an additional 100-115 new students in FY2015, though there is some risk that the number could be higher, putting added pressure on the budget and classroom sizes.
- Belmont's model of self-insurance for healthcare has enabled budgeted cost to remain flat once again in FY2015. If our actual experience with healthcare expenses exceeds our forecast, these additional costs would need to be absorbed. Belmont does employ reinsurance policies to manage extraordinary events.
- Special education costs continue to occupy a larger and larger percent of the Education budget. While the special education student population fell from 2006-2011, the number of students requiring IEPs has risen steadily since then. This cost category, particularly out-of-district placement costs, is difficult to forecast and small changes can have meaningful impact.

- The overall School budget, factoring enrollment growth, compensation increases, rising special education costs, and past increases in healthcare expenses, has outpaced revenue growth for a decade, even with substantial costs having shifted to parents in the form of larger direct fees. This increase in expenditures will not be sustainable without altering either the trajectory of costs, increasing operating revenues, or both.

V. Outlook for FY2016 and Beyond

Other major issues for FY2016 and beyond include:

Revenue growth: Our “organic” annual revenue growth will be in the 2 1/2 – 3 1/2% range. While the Planning Board has several new projects before it, most of these projects would have a modest impact on Belmont fiscal resources once additional costs are netted out. As a “Town of Homes”, Belmont’s revenue growth is likely to be constrained for the foreseeable future.

Compensation: For some time, employee compensation has been on the short list of major Town and School issues, as it represents 69.5% of the operating budget. As long as compensation growth exceeds revenue growth, Belmont will continue to be challenged in our ability to maintain level services. While Town and School employees and managers are our single most valuable resource, finding an appropriate and sustainable way to compensate them compatible with our financial resources is not easy. Collective bargaining negotiations are currently underway and we encourage all parties to strive for a sustainable solution. We believe that opportunities for efficiencies also remain with benefited part time employees, where generous municipal benefits can more than double the effective wage rate.

Infrastructure: Belmont continues to have a long list of infrastructure investments on the horizon, including core elements such as roads, sidewalks, and sewer systems, as well as the expressed need to replace or renovate the high school, library and DPW buildings, Police station, skating rink, and White Field House (in alphabetical order). The Treasurer’s rule of thumb is that each \$1 million borrowed for a capital project raises taxes on the average single family home by \$16.

Pension and Retiree Healthcare (OPEB) Obligations

Employee pensions. The proposed FY2015 budget includes a contribution of \$6,023,545 into the Town’s pension fund, an increase of 6.9% over FY2014, designed to keep Belmont on pace to fully fund our pension liability by 2027 (which is earlier than the state-required deadline of 2040). Approximately 85% of these costs are to address the town’s \$60M unfunded pension liability with the balance to pre-fund new benefits projected to be earned by current employees in FY2015. The unfunded liability is primarily the result of underfunding for the pension system in decades past, as well as the impact of investment losses in 2008 and 2009, offset in part by stronger investment returns in recent years. The contributions to the pension system are based on a funding schedule recommended by the Belmont Retirement System, which is periodically reviewed and updated based on the system’s biennial actuarial valuation.

Post-employment health insurance (OPEB). There has been considerable discussion of the \$196 million liability for retiree benefits on the Town’s balance sheet and its potential impact on the town’s AAA

rating. Following the guidance of our actuarial consultants, Belmont adheres to GASB 45 rules by using pay-as-you-go funding as well as an annual contribution to future liabilities. Specifically, the FY2015 budget includes \$1,243,722 to pay for health care benefits for currently eligible Belmont retirees. The financial articles also include a contribution of \$264,882 into the Town's OPEB Stabilization Fund for the purpose of funding future benefit payments. In addition, the Town has implemented a series of measures to address the future cost of these benefits including: changes to health insurance plan design, required participation in Medicare for eligible retirees, and providing the state allowable minimum 50% contribution for retiree health insurance. Finally, funding now allocated annually to cover pension costs will be available for the OPEB obligation once the unfunded pension liability is resolved in 2027.

Innovation/productivity/structural reform: The need to revisit the structure of town government and the way work is performed to allow productivity growth to offset compensation costs has been studied at length but remains largely undone. The recent Facilities consolidation effort is a step in the right direction.

Financial Task Force (FTF): The Warrant Committee is represented on the Financial Task Force, created by the Board of Selectmen, to develop a multi-year financial and capital investment plan. The work of the FTF is continuing, with a report expected later this year.

VI. Organization of the report

As in the past, the Warrant Committee takes a programmatic approach to analyzing the budget. Under this approach, we identify the programs provided by each department and then analyze the cost and FTE allocations of those programs. For each department, we have provided a description of the core mission and services provided. We then present a spending overview on a programmatic basis. An expense analysis follows, detailing and explaining those expense items that have changed by more than \$5,000 and 5%. There is description of proposed additions to programs and services, whether budgeted or not. Where useful, we have included special analyses on issues confronting a department. Each section concludes with a recap of progress with respect to recommendations made in FY2014, and then our observations and recommendations for FY2015. We continue to refine this format and welcome all feedback on how to make this report more useful to Town Meeting Members. Our email address is WCPublic@belmont-ma.gov.

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HUMAN SERVICES

Council on Aging

Budget Overview

FY 2015 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2015 FTEs
\$374,782	\$19,469	5.48%	5.91

Department Mission / Description of Services

Mission: Provide services to enrich the ability of seniors to live safe, independent, meaningful and healthy lives.

Services: Transportation; social services for seniors and their families; on-site and home-delivered meals through Springwell, a funded non-profit; fitness activities and health education; recreation, education and arts programs for socialization; volunteer service opportunities; and, senior trips. Also manages the Beech Street Center rental program. The number of users of services and programs increased by 8% from the previous year to a total of 1,879.

Budget by Program

Transportation accounts for the largest percentage of FTEs (34.3%) and highest percentage of budget dollars (36.6%). FTEs for volunteers or grant-funded programs are not included.

Program	FTEs	FTE%	Budget \$	Budget %
Transportation	2.03	34.3%	\$125,846	33.6%
Social Services	1.25	21.1%	\$76,744	20.5%
Nutrition	.12	2.0%	\$9,374	2.5%
Health & Wellness	.98	16.6%	\$88,969	23.7%
Socialization	.95	16.0%	\$47,509	12.7%
Volunteer Services	.42	7.1%	\$13,446	3.6%
Senior Trips	.10	1.7%	\$6,494	1.7%
Rentals	.07	1.2%	\$6,399	1.7%
Total	5.92	100%	\$374,782	100%

Expense Analysis

The \$19,469 increase in the budget is driven primarily by approximately \$16,000 health insurance cost for an employee who did not need health insurance the previous year. Transportation is again approximately 1/3rd of the budget. The increase in ridership was approximately 26% from the previous year and in fact the cost per ride was reduced from the previous year. Transportation expenses are supported in part by State and private grants. Although most of the Health and Wellness budget line items are largely self-supporting by revolving funds, the significant increase of these services, particularly in the fitness program, resulted in the increase in this line item budget.

Requested Adds (not included in budget above)

Request	Rationale/Support
An additional \$5,400 to provide social worker coverage during the Summer	The social worker shared with the Health Department does not work in the Summer

Data Collection: COA Data Collection was markedly improved this year.

Beech Street Center Rentals: The Beech Street rentals showed a slight profit. It has become apparent that the rental of the Beech Street Center is not likely to ever become a significant revenue producer.

Transportation: Greatly enhances the independence of elders and has been expanded this past year to include new medical destinations. Transportation cannot be means tested without the loss of a State grant.

Overall Funding: It is difficult to assess the all in total funding administered by the Council on Aging because in addition to the budget, their activities are supported by State and Federal grants, revolving funds, gifts and donations, as well as very significant volunteer services.

Consolidation: There is an obvious synergy between the services rendered and the constituency served between the Board of Health and the COA. Evidence of the synergy is the current sharing of a social worker for 20 hours per week in each department.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Transportation	Some progress has been made in identifying users and although budget is increased the cost per ride has decreased
Consolidation	Other towns consolidate Veterans, COA and Social Worker services under one department and this approach should be considered
Data Collection	The electronic card swipe-in required by users, although not perfect, has significantly increased data collection
Inter-Departmental Cooperation	The coordination of the use of the Belderbus remains about the same and more effort is needed. The availability of the Beech Street Center for meetings and Town events is significant.

FY 2015 Recommendations

Recommendation	Rationale
Continue to track usage by different users	To have the data of the number of different participants in the several services provided so as not to be confused by statistics that would otherwise show significant usage but perhaps only by a limited number of persons
Identify non-Belmont residents as users	To gather data to analyze and show the extent to which Belmont taxpayers' money is benefiting Belmont residents
Concentrate data collection on transportation that represents 1/3 rd of the budget and attempt to identify total number of rides, cost per ride, types of rides (i.e., shopping, medical, etc.) and geographical origin of rides	Transportation represents 1/3 rd of budget. The more data collected, the more analysis is possible for achieving efficiencies. It is understood that the rides program cannot be means-tested but to the extent possible, data should be gathered to ensure that a significant amount of rides are not merely private taxi service

Health Department

Budget Overview

FY 2015 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2015 FTEs
\$499,177	\$10,859	2.2%	4.5*

* Excludes public health RN shared with Lexington through professional service contract.

Department Mission/Description of Services

Mission: Enforcement of state and local regulations, disease prevention, health promotion

Services: Inspection services, including licensing and enforcement, emergency planning, disease prevention, hazardous waste disposal. Also animal control, assistance to veterans, and social services to youths and families.

Budget by Program

The amount allocated to "other" represents the largest percentage of the departmental budget and includes disease prevention (mosquito control), hazardous waste disposal, expenses for the Veterans Officer, professional services, supplies, equipment, and vehicle maintenance. There are no significant changes in the budget allocation among programs.

Belmont contracts with Lexington for a 0.4 FTE Public Health RN. The position is not reflected in the FTEs below but the contract position cost is included in the budget.

Program	FTEs	FTE %	Budget \$	Budget %
Public Safety	1.3	29%	\$106,910	21%
Inspections	1.6	35%	\$132,536	27%
Social Services	0.8	18%	\$50,291	10%
Disease Prevention	0.8	18%	\$66,135	13%
Administration/Other			\$143,305	29%
Total	4.5	100%	\$499,177	100%

Expense Analysis

No line items changed by more than 5% and \$5,000 from the previous fiscal year, however part-time salaries are budgeted to increase by 18% due to the addition of an intern position.

Adds

The Health Department has again requested its half time social worker (shared with COA) be increased to full time. That addition is not reflected in the budget analysis above.

Special Analysis /Observations

Financial/operating information: This department does an excellent job of capturing cost and revenue information and has good activity indicators for its programs.

Digital progress: The department continues to make good progress with IT initiatives in its core functions of inspection and public health. An example of this is the expansion of the digital PC/tablet web-based food inspection program to include complaint investigations that will increase efficiency in the field.

Fee Structure: The Health Department reviews and adjusts permit and inspection annually and has increased the current fee structure for several categories of fees for food establishments and other services.

Provision of social services: The department has two part time social service providers. The Youth and Family Services Coordinator position, currently shared with the Council on Aging, is held by a highly credentialed social worker on a ten-month basis. (The COA Director covers during the summer months.) This professional provides a mix of referral services and non-means-tested counseling to teens and families.

Veterans Benefits: While the state currently reimburses towns 75% of the expense of veterans’ benefits, this reimbursement may be delayed by one year and is potentially subject to change. There is no reimbursement for social services. In February the Town of Belmont has hired a part time Veteran’s Service Officer (15 hours per week) to administer veteran’s programs

Animal control: The reporting structure differs from some surrounding communities, where the Animal Control Officer is a Police Department employee working in a 24/7 department.

Recommendations

The Health Department has regionalized and consolidated services in the past and continues to work on these measures.

Recap of Prior Year Recommendations

Recommendation	Status
Regionalization	Sharing public health nurse sharing with Lexington has continued and is working well*
Consolidation of all social services in single unit under Town management	No progress
Explore shifting of Animal Control responsibilities to Police Department	No progress

*Other regionalized activities include mosquito control, hazardous waste collection, emergency preparedness and under-age tobacco sales

FY 2015 Recommendations

Recommendation	Rationale
Explore combining all social services (COA, current teen/family effort at Health, Veterans Services) in single unit under Town management	Current social service FTE could allow year-round services to be provided if management were centralized. Consolidated unit would facilitate coordination across Town departments and with School Department
Explore shifting of Animal Control responsibilities to Police Department	May provide more consistent 24/7 response and improve dispatch/management of officer time

Library

Budget Overview

FY 2015 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2015 FTEs
\$2,085,071	\$59,881	2.96%	23.58

Department Mission/Description of Services

Mission: Serve as a resource for equal and open access to information, ideas and technology to enrich the lives of all; provide services that address the diverse needs and interests of the citizens of Belmont; and, promote and support a strong sense of community.

Services: Curate resource collections; facilitate circulation of resources; provide reference and research support; sponsor programs; maintain public community spaces and meeting rooms; support life-long learning, including technology training; and, participate in larger networks such as the Minuteman Library Network.

Budget by Program

The Library provides services in five primary program areas: Circulation Services; Adult/Reference Services; Young Adult Services; Children’s Services; and, Technical/Processing Services. The budget calls for an increase below the Town average. There are no significant changes in the allocation across program areas. The FY 2015 allocations are:

FY 15 Budget	Other			Total Budget	
	Salaries	Benefits	Expenses	\$	%
Program					
Circulation Services	\$ 229,585	\$ 33,074	\$ 165,819	\$ 428,478	21%
Adult Services	\$ 396,328	\$ 80,438	\$ 166,614	\$ 643,380	31%
Young Adult Services	\$ 55,107	\$ 847	\$ 26,489	\$ 82,443	4%
Children's Services	\$ 179,943	\$ 20,398	\$ 87,677	\$ 288,018	14%
Technical Processing	\$ 158,982	\$ 53,164	\$ 89,267	\$ 301,413	14%
Administration	\$ 224,964	\$ 27,638	\$ 88,737	\$ 341,339	16%
Total	\$ 1,244,909	\$ 215,559	\$ 624,603	\$ 2,085,071	100%

Expense Analysis

One line item other than health insurance increased by more than 5% and more than \$5,000:

Line Item	FY2015	Prior Year	% Increase	Explanation
Repair and Maintenance of Library Building	\$134,234	\$126,180	6.4%	Painting interiors; Move/add data lines; New electrical wiring for public computer stations

There were no line items that decreased by more than 5% and more than \$5,000:

Requested Adds (not included in budget above)

- \$6,072 to add one evening in the Children’s Departments for 44 weeks from September to June
- \$10,000 for Electronic Resources including Databases, eBooks, and eReaders
- \$10,000 for Print and Audiovisual Materials to help meet state requirement that 15% of budget allocation be for Library materials and for purchasing multiple copies of high demand items

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Finalize a Memo of Agreement with the Town for facility coordination	This is still under discussion as the Library and consolidated Facilities department discuss budget process and governance issues
Allow a more structured role for the Town Administrator to facilitate inter-department collaboration	Representatives from the Library opposed this recommendation at town meeting in 2013

FY 2015 Recommendations

Recommendation	Rationale
Finalize a Memo of Agreement with the Town for facility coordination	The Warrant Committee continues to support opportunities to generate efficiencies across Town functions through consolidation
Ongoing attention to the use of benefitted part-time positions	The Warrant Committee encourages town departments to recognize the total cost of employment, including benefits, and to consider benefit costs when making staffing decisions, particularly given the availability of subsidized, high quality health care under the Affordable Care Act and through the state's Health Connector
Develop additional management information and long-term plans for Digital Expansion	While Digital Expansion is likely to be an important element of the Library's evolution, management information to evaluate the use of services can be difficult to come by. The Warrant Committee encourages the Library to continue working to develop useful information to evaluate and rationalize additional spending for Digital Expansion. Identifying specific items for longer term investment in this area, informed by local and national trends around library technology, will further help to prioritize spending.

GENERAL GOVERNMENT

Administrative Departments

Budget Overview

FY 2015 \$	Change from Prior Year	% Change from Prior Year	FY 2015 FTEs
\$2,402,787	\$18,752	0.7	17.42

Department Mission/Description of Services

General Government Administrative Departments are responsible for the administrative, legal and management functions of the town.

Town Clerk: *Mission:* To support town governance by gathering, recording and communicating vital information in a timely and accurate manner.

Services: (a) Elections and Registration: conduct elections, maintain the town census and voting lists, promote voter registration and participation. (b) Town Clerk maintains the town's vital records from 1859 to present; licenses; maintains information about Town Meeting, boards and committees in compliance with Open Meeting Laws; ensures compliance with ethics and campaign reporting requirements. (c) Legislative: provides support for Town Meetings.

Information Technology: *Mission:* Provide the technology infrastructure for the town government.

Services: (a) Maintain core network infrastructure (including backup and security); (b) provide essential enterprise software systems; (c) provide coordinated support for GIS data and software; (d) provide and maintain desktop and field hardware and software equipment, applications and support; (e) provide user training.

Human Resources: *Mission:* Provide a range of personnel services to the Town.

Services: Administer benefits for current employees, retirees, and survivors; handle employee and labor relations matters; implement pay and position classification revisions; ensure compliance with Federal and State employment regulations; assist other departments in recruiting staff; and provide information and assistance on HR-related matters to Town departments, external agencies, and the general public.

Town Administrator: *Mission:* Under the policy direction of the Board of Selectmen, the Town Administrator shall: (i) serve as the town's chief administrative officer; (ii) act as the agent for the Board; (iii) be responsible to the BOS for the proper operation of town affairs for which said administrator is given responsibility; (iv) supervise, direct and be responsible for the efficient administration of all departments and employees under the jurisdiction of the BOS; and (v) perform all functions for which the administrator is given responsibility, authority or control by this act, by-law or by vote of the BOS.

Services: Oversees and coordinates activities of Town departments; initiates and organizes planning and budgeting; senior point of contact for residents regarding town services and issues.

Budget by Program

Town Clerk: Most of the cost is distributed between two areas – elections and registration and town clerk responsibilities.

Information Technology: The distribution of expenses is fairly even, with the exception being in technical training. Most of the costs fall in the “other” category, which included hardware refresh, software licensing and maintenance for each function.

Human Resources: The largest amount of time and money is spent on Benefits Administration services, which include health, dental and life insurance enrollments, deductions, bill processing, COBRA notices and assistance to all Town and School employees and retirees.

Town Administrator: The largest amount of time is spent in General Management services, which includes but is not limited to, meeting with department heads, overseeing and procuring insurance, and handling community relations.

Program	FTEs	FTE %	Budget \$	Budget %
Town Clerk	4.5	26%	\$395,218	16%
Information Technology	5	29%	\$887,432	37%
Human Resources	2.92	16%	\$280,311	12%
Town Administrator	5	29%	\$839,826	35%
Total	17.42	100%	\$2,402,787	100.0%

Expense Analysis

Items that have changed by more than 5% and more than \$5,000:

Line Item	FY2015	Prior Year	% Change	Explanation
TA Legal Services	\$264,250	\$235,000	12.45%	Increase in cost of services
TA Wages	\$436,854	\$414,641	5.36%	New personnel getting step equivalent increases
TA Health insurance	\$44,590	\$38,580	15.58%	One employee’s plan coverage changed
Town Clerk Elections	\$202,125	\$237,843	(15%)	Fewer elections expected
Board of Selectmen Innovation/Merit Pool	\$0	\$20,000	(100%)	Relocated to the salary reserve

Additions (Not Presently Funded)

Request	Rationale/support
HR-Add a full-time professional position (\$60,000)	Assist with research, projects and non-clerical duties and cover expanded role and new requirements

Special Analysis/Observations

Town Clerk: There are projected to be fewer elections in FY15 than last year, leading to a decline in the budget request for elections.

Town Administrator: This department is undertaking new tasks, such as work on the Underwood Pool replacement proposal, the Financial Task Force, the Green Communities Initiative, the Harris Field renovation, implementing the Demolition Delay and Snow Removal Bylaws, and the new Minuteman and cable television contracts. In addition, oversight of the newly combined Facilities Department has been expanded. The new liquor licenses, being 1 full retail, 2 beer and wine retail and 8 beer and wine restaurant licenses, are being promoted, with 4 applications being received. The updated website should be rolled out in spring 2014.

HR: The non-union pay plan study results are to be released soon. The request for another full time professional position is becoming more critical. In FY15, more time and resources will be shifted to labor relations, as all 7 bargaining units will be in negotiations.

Recommendations:

HR: Recommend continued exploration of the addition of new professional staff and succession planning.

IT Licenses: Recommend other departments examine and coordinate their IT-related activities for efficiencies and consolidation within the Town’s IT department.

Town Administrator: Automated Agendas: A small cost which could save a lot of administrative staff time in scheduling BOS and committee meetings.

Recap of Prior Year Recommendations

Recommendation	Status
Work with school department to streamline services wherever possible	Limited progress
Consolidation with School HR	Reviewed and no benefits or efficiencies found
Review pay classifications	Results forthcoming

Regionalization	Being explored
Further use of technology	Upgrades to desktop operating systems completed. Migrating more software and hardware to the cloud. More use of GIS data being made
Re-work the VFW payment/lease	May be looked at by the Financial Task Force
Re-bid services	Legal services rates increased after two years of no increases
Market Town Hall for rentals	More promotion has led to more rentals
Better coordination between these small departments	Increased communication and coordination ongoing

FY 2015 Recommendations

Recommendation	Rationale
More training regarding IT resources	Increased efficiency if more people are training to use the technology in all departments
Town Clerk look to new website engine	Streamline and further automate open meeting law process

Financial Departments

Budget Overview

FY 2015 \$	Change from Prior Year	% Change from Prior Year	FY 2015 FTEs
\$1,385,787	\$35,782	2.7%	14.58

Department Mission/Description of Services

General Government Financial Departments are responsible for the assessing, billing, and collection of town revenues in addition to managing the town's accounting function.

Accounting: *Mission and Services:* Accounting – prepare Town financial statements, maintain general ledger, prepare required filings to MA Department of Revenue, and assist with recapitulation for tax rate certification. Auditing – work with external auditors, review internal procedures and perform fraud risk assessments, assist with Town compliance with Personal Information Protection Program
Contracts/Accounts Payable – act as Chief Procurement Officer, maintain custody of all contracts, prepare and approve all warrants for payments in accordance with Massachusetts General Laws.
Budgets – provide financial information to all town departments, assist in preparation of department budgets and monitoring revenues and expenditures.

Treasurer: Mission: To manage all cash collections, borrowings, investing and disbursements for the Town.

Services: The Treasurer’s Department manages all cash collections, borrowings, investing and disbursements, insuring the safety of all funds and adequate liquidity to pay obligations as due. In addition, the Treasurer is responsible for other financial functions including the administration of payrolls, deferred compensation plans, management of real estate and other tax collections, preparation of quarterly reports for the IRS, liaison with debt rating agencies, and serving as the Parking Clerk.

Assessors: Mission: To list and value all real and personal property for purposes of taxation by the Town.

Services: The Assessor’s office is responsible for listing and valuing all real estate and personal property in Belmont. It is also charged with the administration of tax exemptions, excise and real estate and personal property abatements as well as inspections and changes in value due to structural additions and modifications. It operates under the oversight and direction of an elected Board of Assessors.

Budget by Program

Program	FTEs	FTE %	Budget \$	Budget %
Accounting	3.53	24%	\$379,016	27%
Treasurer	7.25	50%	\$631,783	46%
Assessors	3.8	26%	\$374,988	27%
Total	14.58	100%	1,385,787	100%

Expense Analysis*

Items that have changed by more than 5% and more than \$5,000:

Line Item	FY2015	Prior Year	% change	Explanation
Accountant PT salaries	\$67,716	\$40,887	65.62%	New hire to replace intern
Accountant Health Insurance	\$44,590	\$38,580	15.58%	Same

Requested Adds

Request	Rationale/support
None	NA

Special Analysis /Observations

Accounting: This department has decided to make a new hire instead of relying on an intern. The intern was paid and the hourly wage for the permanent position is about the same. The rationale is to have the ability to meet contingencies, maintain continuity in the essential departmental duties, and to

deal with the increase in review, reporting and analysis of projects under the CPA. Replacement of interns with employees should be cautioned due to the potential added increase in benefits.

Treasurer: This department has been effective in reducing the amount of tax receivables, which benefits the Town.

Assessors: This department’s budget has decreased 2.74% or \$10,583.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Town parking lot spaces priced below market	Continued progress
Savings through technology	Continued progress
Timely information distribution	Continued progress
Use of technology	Continued progress
All billings and collections for water, sewer and light should be centralized in the Treasurer’s Department	No progress
Expand Payment in Lieu of Taxes program (PILOT)	No progress, but being reviewed by the Financial Task Force
Encourage more use of paperless billing	Continued progress
Use part-time non-benefited workers whenever possible	No progress

FY 2015 Recommendations

Recommendation	Rationale
Continue with the prior recommendations	See above

PUBLIC SAFETY

Police Department

Budget Overview

FY 2015\$	\$ Change from Prior Year	% Change from Prior Year	FY 2015 Headcount
\$7,010,263	(\$31,898)	-0.40%	118

Department Mission/Description of Services

Mission: The Police Department's primary responsibility is to protect and serve the Town residents.

Services: There are five primary services: 1) Police Patrol Services; 2) Traffic Management; 3) Detectives and Investigations; 4) Community Services; and 5) Public Safety Communications.

Budget by Program

The budget calls for a spending reduction of .40%, with changes in the allocation of personnel and benefits among programs, in addition to the hiring of new staff at the start of the pay scales. The Board of Selectman approved funding for an SRO as a .75 FTE, within the Community Services Program area. Patrol Services accounts for the highest percentage of FTEs (40%) and the highest share of budget dollars (59.4%).

Program	FTEs	FTE %	Budget \$	Budget %
Patrol Services	36	39.7%	\$4,163,242	59.4%
Traffic Management	26	28.7%	\$498,206	7.1%
Detectives & Investigations	5	5.5%	\$529,280	7.6%
Community Services	3.75	4.1%	\$330,470	4.7%
Public Safety Comm.	15	16.5%	\$954,437	13.6%
Administration	3	3.3%	\$447,908	6.4%
Records	2	2.2%	\$86,720	1.2%
Total	90.75	100.0%	\$7,010,263	100.0%

The chart below points out the Incidents by Sector as tracked by the Police Department:

Total Incident By Sector 2013		
Sector	Total Incidents	Percentage
383	4,911	27%
386	8,288	45%
387	4,596	25%
999	656	4%
Total	18,451	100%

Expense Analysis

In the Police Department budget, there are 12 line items that change by more than 5% and more than \$5,000 from the previous fiscal year. We highlight six below as the remainder were largely driven by settlement with bargaining units and accounting changes, with a number of wage and healthcare line items reallocated to more accurately reflect personnel assignments.

<i>Line Item</i>	<i>FY2015</i>	<i>Prior Year</i>	<i>% Change</i>	<i>Explanation</i>
Patrol: Overtime	\$300,000	\$262,000	14.5%	Cover shift shortages
Patrol: Benefits	\$395,300	\$374,750	5.5%	Align benefits to staff
Traffic: Salaries	\$214,010	\$282,510	-24.2%	Beginning pay scale
Patrol Medical Bills	\$30,000	\$15,000	100%	Increase injury claims
Detectives: Overtime	\$30,000	\$20,188	48.6%	Case follow-up
Community Service Salary	\$277,463	\$219,534	26.4%	Addl .75 FTE SRO

Requested Adds with Additional Funding if Available (included in budget above)

<i>Request</i>	<i>Rationale/support</i>
Add one officer as School Resource Officer (SRO); time-to-hire results in increase of .75 FTE for FY2015	The Board of Selectmen plan to restore a position that previously existed, with the goal of increasing school safety.

Requested Adds with Additional Funding if Available (not included in budget above)

<i>Request</i>	<i>Rationale/support</i>
Detailed data mining	See recommendation section below

Special Analysis/Observations

Cost Allocation: The Town Administrator and Police Department leadership team have completed staff/benefit re-allocation to report out staffing. In addition to 47 sworn officers, the Police Department relies on a cadre of 27 volunteer and per diem staff for total headcount of 117 (not including the SRO position).

Staffing/Service Model: The Department has been short-staffed during FY2014, due to retirement and voluntary separation creating the need to seek three candidates from the Police Academy for FY2015. The K-9 program has been deployed in the field as an additional resource in the Department and the additional benefit of community awareness and engagement.

Regionalization: The Police Department continues to be actively involved with regionalization of Public Safety Communication/911 services and participates actively with NEMLAC, RRT, SWAT, ICS, STARS, to name a few.

Sick / Disability Management: The Warrant Committee continues to support efforts by the Police Chief (and Fire Chief) to take tighter control over sick / disability costs by employing Meditrol, a benefits consulting firm, to drive cost savings and management of incidents.

Department Metrics Data Analytics: The department tracks data as required by federal, state and local regulations. Using data as business tool may provide insight to better deploy resources and create targeted educational/community outreach opportunities.

Recommendations

Recap of Prior Year Recommendations

<i>Recommendation</i>	<i>Status</i>
Data Analytics by Patrol Region	Limited action taken this year. Preliminarily data was reviewed; further opportunity exists for data analytics/mining to provide insight
Cost allocation	The Town Administrator and the Chief of Police reallocated the number of uniformed officers to various departments to better reflect reality and adjusted healthcare expenses accordingly. This activity has met its objective.

FY 2015 Recommendations

<i>Recommendation</i>	<i>Rationale</i>
The decision regarding increasing one uniformed officer as School Resource Officer (SRO) will likely add approximately \$75-90K of implied annual cost obligation (fully-loaded) with the goal of improving safety. Assessment of the cost of the incremental FTE should factor in the full lifetime cost implications (health, pension, etc.).	The Board of Selectmen has viewed the SRO as a priority and has funding the return of this position to the line of duty, assigned to the School system. This position has been on the margin for the past three budget years.
Consider increasing trainees based on analysis of historical turnover/vacancies	Reducing ongoing vacancies will reduce overtime expenditures and support administrative transition.

Assess software/tech resource needs as a comprehensive department-wide exercise	Data analytics would give Department leadership a business platform more than simply mandated tracking tools; would allow more targeted resource allocation. Strengthen the case leadership team needs to manage personnel/labor issues and other metrics within the department.
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Fire Department

Budget Overview

FY 2015	\$ Change from Prior Year	% Change from Prior Year	FY 2015 FTEs
\$5,791,213	\$75,694	1.32%	55.49

Department Mission/Description of Services

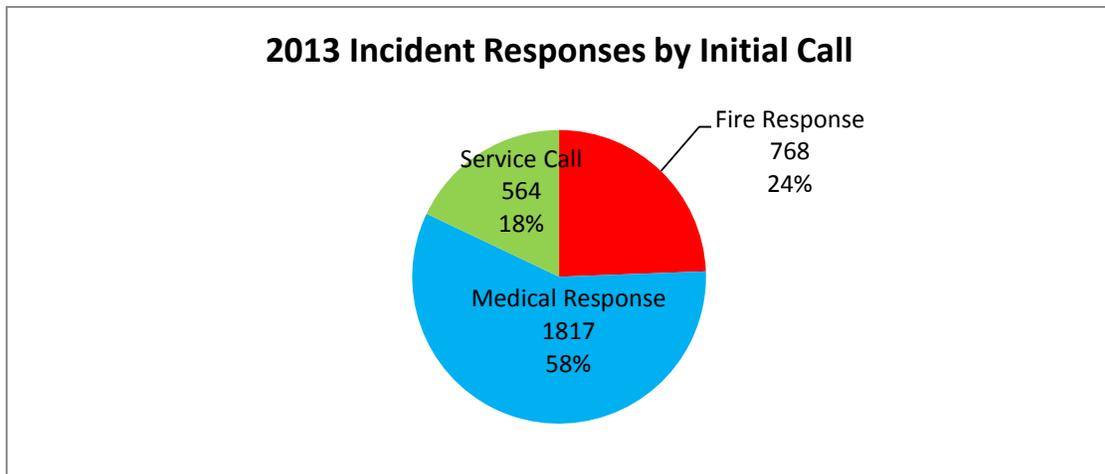
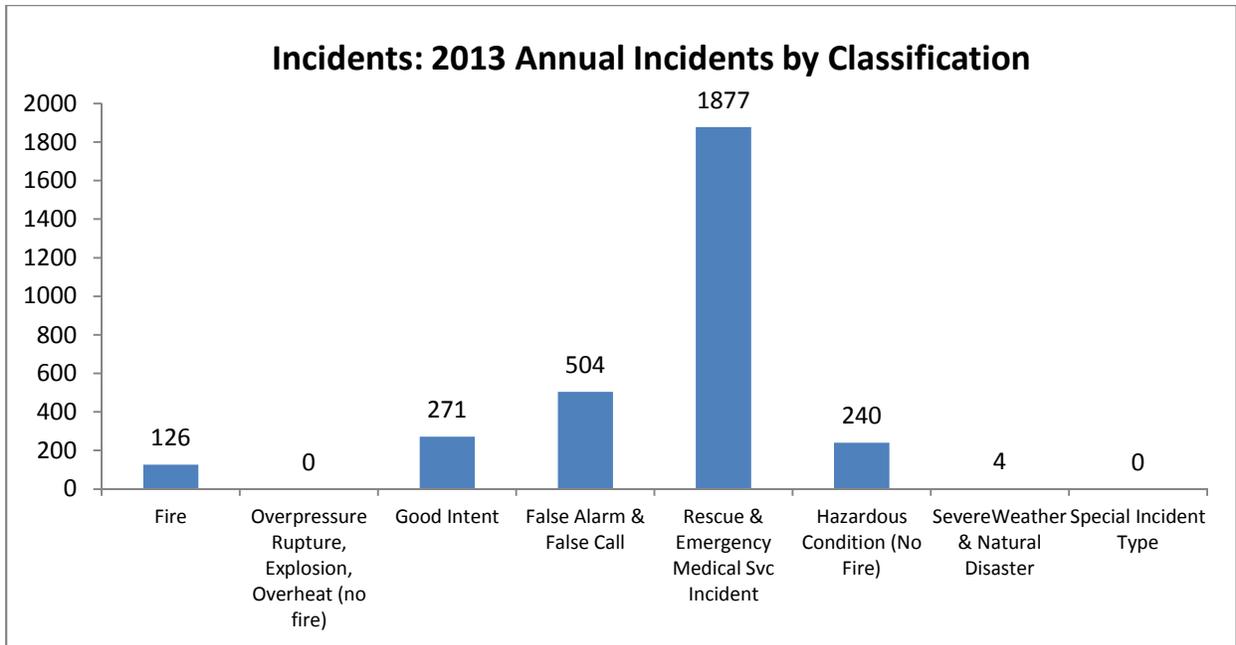
Mission: The Fire Department’s primary responsibility is providing emergency response to Town residents.

Services: There are four primary services: 1) suppressing the spreading of fires, including responding to calls where a fire is likely; 2) fire prevention; 3) providing rescue services to the Town; and, 4) service calls.

Budget by Program

The budget as submitted shows a modest increase of 1.3%, below the town average. FTEs have been allocated across programs using 2013 activity statistics from the annual incident report. Each activity is assumed to have a value of “1” meaning all activities are equal (smoke detector inspection is equal to a fire). Rescue Services accounts for the largest % of both FTEs (41.5%) and budget dollars (41.5%); this program includes the ALS program. Rescue Services has generated over \$627,996 in revenues for the first nine months of FY 2014, which includes six months of operation at the ALS level.

Program	FTEs	FTE %	Budget \$	Budget %
Fire Suppression	9.73	17.5%	\$1,015,909	17.5%
Fire Prevention	15.58	28.1%	\$1,625,720	28.1%
Rescue Services	23.03	41.5%	\$2,403,525	41.5%
Service Calls	7.15	12.9%	\$746,059	12.9%
Total	55.49	100.0%	\$5,791,213	100.0%



Expense Analysis

Excluding items that were reallocated for a net zero impact on the budget, line items that have changed by more than 5% and more than \$5,000 from the previous fiscal year include:

<i>Line Item</i>	<i>FY2015</i>	<i>Prior Year</i>	<i>% Change</i>	<i>Explanation</i>
Overtime	\$525,925	\$485,925	8.2%	More accurate reflection of costs
Medicare	\$59,608	\$53,755	10.9%	Direct calculation on salaries to be paid
Longevity	\$6,446	\$12,140	(46.9%)	Members eligible under collective bargaining agreement
Education Incentive	\$29,588	\$23,300	27.0%	More employees in

Capital Outlay	\$40,000	\$15,000	166.7%	school Mandatory 10 year replacement of gear
Software Supplies	0	\$7,500	n/a	
ALS Specialty Stipend	\$46,500	\$33,750	37.8%	12 mos. vs. 9 mos. of operation
ALS Start-Up Supplies	0	\$20,000	n/a	Start-up phase ended
Equipment Replacement	\$18,000	\$74,000	(75.7%)	ALS start-up equipmt. phase ended

Requested Adds (not included in budget above)

The decision regarding increased staffing will likely add approximately \$75-90K of implied annual cost (fully loaded) per FTE with the goal of improving safety and operational effectiveness. Assessment of the cost of the incremental FTE requests should factor in the full lifetime cost implications (health, pension, etc.) and the impact of near term departmental turnover (30% over the next 5 years) should be examined before positions can be fully funded.

Special Analysis /Observations

Administration: Over the next five years, approximately one third of the Department's administration will be eligible for retirement. We encourage the Department to assess whether this creates opportunities to reorganize or outsource non-core duties for greater efficiency while ensuring that Departmental priorities are not compromised.

Vacancies: Overtime costs are in part driven by vacancies that arise in the Department, and the time requirements to train new hires. Anticipation of vacancies, based on historical data, and a corresponding increase in trainees should result in a reduction in overtime charged and assist in upcoming departmental transition.

Advanced Life Support: The ALS service instituted by the Department in September 2013 has resulted in improved service to residents while covering costs, and is expected to meet the revenue projection of \$804,750 in EMS revenue.

Recommendations

Recap of Prior Year Recommendations

<i>Recommendation</i>	<i>Status</i>
Evaluate existing service/ staffing model	Ongoing
Explore federal SAFER grant for buffer expansion and long-range retirement planning	The Fire Department continues to pursue SAFER grants

FY 2015 Recommendations

<i>Recommendation</i>	<i>Rationale</i>
Evaluate and address succession of leadership	30% of FD admin will retire within 5 years, affording an opportunity to restructure non-core duties and realize efficiencies while maintaining Departmental priorities
Consider increasing trainees based on analysis of historical turnover/vacancies	Reducing ongoing vacancies will reduce overtime expenditures and support administrative transition
Assess software/tech resource needs as a comprehensive department-wide exercise	Data analytics would give the FD leadership a business platform more than simply mandated tracking tools; would allow more targeted resource allocation.

Note: In addition to the Police and Fire Departments, one more line item in Public Safety exists for Emergency Management (BEMA) in the amount of \$24,246, bringing the total budget to \$12,825,722.

PUBLIC SERVICES

Public Services include Public Works, Community Development, and Facilities. These departments are discussed separately.

Public Works

Budget Overview

Program	FY 2015 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2015 FTEs
Public Works excluding Recreation	\$6,338,193	(\$51,154)	-0.8%	50.85
Recreation	\$831,899	\$196,763	31.0%	14.31
Total	\$7,170,092	\$145,609	2.1%	65.16

Note: \$ figures exclude water and sewer enterprise accounts

Department Mission/Description of Services

Mission and Services: The Department of Public Works (DPW) provides a wide variety of key Town services including street and sidewalk maintenance; snow removal, vehicle fleet maintenance, forestry, grounds and delta maintenance, solid waste collection and disposal, street lighting, parks and playing fields maintenance, cemetery maintenance, water and sewer maintenance and construction. In 2013 the Recreation Department was consolidated into Public Works.

Recreation provides Belmont residents with healthy, enjoyable and affordable activities regardless of age, gender or physical ability. Offerings include Summer Underwood and Higginbottom Pool Programs, Summer Sports and Activity Programs, School Year Programs, Skating Rink Programs, Spring Programs and Special Needs Programming.

Budget by Program

Program	FTEs	FTE %	Budget \$	Budget %
Administration	3	4.6%	\$332,457	1.6%
Street Maintenance	5	7.7%	\$663,611	3.1%
Snow Removal	0	0.0%	\$602,820	2.8%
Central Fleet Maintenance	4	6.1%	\$593,433	2.8%
Forestry	1	1.5%	\$290,778	1.4%
Delta & Grounds	1	1.5%	\$61,333	0.3%
Solid Waste Collection & Disposal	1.5	2.3%	\$2,476,686	11.7%
Street Lighting	0	0.0%	\$278,676	1.3%
Cemetery Maintenance	5.70	8.8%	\$461,606	2.2%
Parks & Facilities	5.25	8.1%	\$576,793	2.7%
Water Administration	2	3.1%	\$629,684	3.0%
Water Distribution	10.4	16.0%	\$5,262,458	24.9%
Sewer Maintenance	8	12.3%	\$7,642,622	36.1%
Stormwater Maintenance	4	6.1%	\$462,137	2.2%
Recreation	14.31	22.0%	\$831,899	3.9%
Totals	65.16	100.0%	\$21,166,993	100.0%

Expense Analysis

The following budget line items changed by more than 5% and by more than \$5,000 from 2014 Estimated Expenses:

Line Item	FY2015	Prior Year	% Change	Explanation
Street Maintenance Sidewalks	\$17,100	\$7,100	141%	Repair priority
Street Maintenance Signs	\$45,365	\$38,440	18%	Repair/replace
Snow Removal Contractors	\$159,985	\$131,050	22%	Forecasted need
Central Fleet Maintenance	\$42,000	\$2,000	2,000%	Purchase additional asphalt hot box for pothole repair
Forestry Contractor	\$185,330	\$155,660	19%	Need for increased services
Solid Waste Collection & Disposal	\$629,000	\$684,000	-8.0%	New contract
Cemetery	\$16,615	\$9,000	85%	Replace dump truck body
Recreation FT Salaries	\$ 51,145	\$43,422	17.8%	Reclassified grade for Program Coordinator
Recreation PT Salaries –SPORT	\$38,485	\$32,311	19.1%	Increase in SPORT Director’s hours

Requested Adds (not included in budget above)

None

Special Analysis /Observations

The department is constrained to work within the available revenue budget. However, an available revenue budget does not allow for additional investment to maintain Town infrastructure.

Sidewalk construction in the operating budget is budgeted at \$17,100. Given sidewalk reconstruction costs of approximately \$30/lineal foot, this budget allows for approximately 570 feet of sidewalk. Belmont has 97 miles of sidewalks, much of which is in deplorable condition. For FY 15 DPW has asked the Capital Budget Committee (CBC) for \$200,000 for sidewalks. Over the past three years the CBC has funded approximately \$290,000 in sidewalk maintenance.

With Town Meeting approval of necessary CPA funds, a new Underwood Pool should be ready by summer 2015. As we have noted in the past, the Skip Vigliolo Skating Rink is past its useful life. The deteriorating condition of the DPW yard facilities also needs to be addressed. These assets may fail with little warning.

The dual pool design of the new Underwood Pool represents an opportunity to increase programming and expand the user base throughout the community. Additional revenues can also be generated through rentals, vending machines, and special events.

The Parks Program budget is reduced from FY 2014 and the Recreation Program has a corresponding increase resulting from the transfer of expenses for the Underwood Pool and Skating Rink from the Parks Program into the Recreation Program.

Recreation, operating as part of Public Works during the past fiscal year, has improved data collection and information. This will be helpful as the Town evaluates various operating models for recreation services.

The FY15 budget includes \$7,500 for a professional review of the Recreation Department’s current financial, organizational, and programming operations and to make recommendations for the future operations. Other towns similar to Belmont operate self-supporting recreation departments through several different models.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Increase recycling percentage	Examining trade off of recycling vs. disposal expense

Work with COA to explore ways to free up space for use by Recreation	SPORT Fitness was introduced at the Beech St. Center, using existing equipment as well as equipment secured by SPORT through a grant
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FY 2015 Recommendations

Recommendation	Rationale
Progress on incinerator site	Funds have been set aside for this purpose. The process is moving forward but post-closure use must be resolved
Continue to evaluate Recreation operating as a self-supporting entity	Expanded programming can generate revenues to cover operating expenses, maintenance, and capital costs
Develop new programming across all age groups for new Underwood. Identify new revenue sources	Additional pool and expanded usage present an opportunity to increase revenues to cover Recreation costs.
Collaborate with the School Dept. regarding operating Higginbottom and Underwood under an Aquatics Director	Maximizing the use of both indoor and outdoor pools through additional programming and rentals could justify hiring an experienced aquatics director and teacher
Develop relationships with other, self-supporting Recreation Departments	Increases efficiency and identifies additional successful programming.
Expand programming to utilize available space/facilities	Programming for preschool and adults and other groups can generate revenues during the daytime hours

Community Development

Budget Overview

FY 2015 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2015 FTEs
\$978,924	\$24,600	2.6%	8.97

Department Mission/Description of Services

Mission and Services: There are four functional areas in Community Development:

- **Administration** – administers and monitors requests for proposals, grants, contracts, and reimbursements.
- **Inspection Services** – issues building permits and conducts building inspections, also responsible for code enforcement. Plumbing and gas inspector is a shared position with the Town of Watertown.

- **Engineering** – responsible for the development, design, and oversight of road reconstruction and major sanitary sewer and storm drain rehabilitation projects.
- **Planning** – provides services and guidance on land use and related issues to the Board of Selectmen, Town Administrator, Town boards, residents, and developers.

Budget by Program

Program	FTEs	FTE %	Budget \$	Budget %
Administration	1.78	19.8%	\$168,903	17.3%
Engineering	2.44	27.2%	\$263,743	26.9%
Inspection/Enforcement	2.70	30.1%	\$333,317	34.0%
Planning	2.05	22.9%	\$212,961	21.8%
Total	8.97	100.0%	\$978,924	100.0%

Expense Analysis

The following budget line items changed by more than 5% and by more than \$5,000 from 2014 Estimated Expenses:

<i>Line Item</i>	<i>FY2015</i>	<i>Prior Year</i>	<i>% Change</i>	<i>Explanation</i>
Planning – Health Insurance	\$22,295	\$16,285	36.9%	Change in coverage selected by employee
Admin – Health Insurance	\$48,855	\$32,570	50.0%	Coverage for new position

Requested Adds (not included in budget or discussed by Board of Selectmen above)

None.

Special Analysis /Observations

The retirement of the previous Town Planner in January 2013 is an opportunity to redefine and re-scope this position before filling it again.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Obtain historical document imaging system	No progress
Review organization of Planning Division and coordination with Planning Board	Planning Division now reports to Director of Community Development instead of Town Administrator

FY 2015 Recommendations

Recommendation	Rationale
Selection of streets for repaving	Criteria should include traffic count as well as coordination with water/sewer improvements

Facilities

Budget Overview

FY 2015 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2015 FTEs
\$5,276,934	n/a	n/a	27.10

Note: changes from FY2014 not available due to consolidation of Town and School facilities budgets

Department Mission/Description of Services

In September 2013 the consolidation of the Town and School building maintenance departments into a single department was accomplished with the hiring of a new Director of Facilities. The consolidation process continues to evolve. In this report the Town building services will be shown with a comparison to the previous year and the total combined budgets will be shown separately but totaled as consolidated.

Mission and Services:

The new combined Facilities department is responsible for the maintenance, cleaning, repair of all Town buildings with the exception of the library, including managing the fuel and utilities for the Town buildings. The department also assists with the oversight of Town capital projects.

Budget by Program

The combined budget both Town and School buildings broken down by function in dollar amount and percentage is as follows:

Program	Town	School	Total	Percent of Total
Personnel	\$421,902	\$1,359,689	\$1,781,591	33.8%
Admin.	\$2,000	\$10,350	\$12,350	0.2%
General Services	\$100,400	\$83,927	\$184,327	3.5%
Utilities	\$454,674	\$1,505,550	\$1,960,224	37.1%
Building Maintenance	\$25,000	\$119,252	\$144,252	2.7%
Contracted Services	\$189,000	\$516,450	\$705,450	13.4%
Supplies and Equipment	\$40,815	\$172,925	\$213,730	4.1%
Major Bldg. Repairs	\$275,000	\$0	\$275,000	5.2%
Total	\$1,508,791	\$3,768,143	\$5,276,934	100.0%

The functions of the Facilities department include administration, building maintenance and major repairs/capital projects and have a total 27.1 full time personnel allocated as shown below:

	Administration	Building Maintenance	Major Repairs / Capital Projects	Total
Management	1.37	1.30	1.20	3.87
FT Custodial/Technical	0.20	21.30	0.00	21.50
PT Custodial/Technical	0.00	1.73	0.00	1.73
TOTAL	1.57	24.33	1.20	27.10

Requested Adds (not included in budget or discussed by Board of Selectmen above)

None

Special Analysis /Observations

The FY2015 budget includes an additional \$90,002 for anticipated increases in the cost of electricity.

Recommendations:

It is recommended that the department maintain careful allocations on personnel and expenditures to be able to track efficiencies resulting from consolidating the Town and School facilities operations.

FY 2015 Recommendations

Recommendation	Rationale
Evaluate including maintenance of Library within consolidated building facilities program	More efficient building management

MINUTEMAN

Budget Overview

FY 2015 Assessment	\$ Change from Prior Year	% Change from Prior Year
\$751,050	(\$100,934)	-11.9%

The reduction results from fewer Belmont students enrolled this year and a slight increase in enrollment from other municipalities.

Department Mission/Description of Services

Mission: Minuteman's mission is to serve a diverse student body with multiple learning styles within academic, career, and technical areas.

Services: Minuteman provides instruction to high school students in traditional academic subjects and 21 career and technical training areas, such as carpentry, plumbing, culinary arts, early education, telecommunications, biotechnology, environmental science, and computer programming/web design. Minuteman also provides career and technical training to post-graduate students.

Budget by Program

Minuteman's major program areas are shown below. Because many post-graduate students are embedded into the high school programs, Minuteman does not break out the costs of post-graduate programs separately. Instructional support includes services such as special education, technology support, guidance, the library, and health.

Program	Budget FY 2015	Difference from FY 2014	Percent Change
Administration	\$1,821,306	\$399,979	28.1%
Student Instructional Services	\$9,804,463	\$710,614	7.8%
Student Services	\$2,078,000	\$91,049	4.6%
Operation & Maintenance	\$1,835,044	\$118,349	6.9%
Insurance, Retirement, Leases	\$3,061,579	\$77,995	2.6%
Asset Acquisition & Improvement	\$550,985	(\$341,178)	(38.2%)
Debt Service/ Tuition Payments	\$493,477	\$41,159	9.1%
TOTALS	\$19,645,065	\$1,097,967	5.9%

Expense Analysis

The total Minuteman budget is increasing by \$1,097,967 or 5.9% in FY 2015. As shown on the previous schedule, the largest factors driving the increase are: a) Student Instructional Services (up by 7.8%), impacted by increase in enrollment, and, b) Administration (up by 28.1%), in part a result of hiring a communications communicator into a newly created role. A 38.2% reduction in Asset Acquisition &

Improvement helps mitigate these two increases. Overall, the Warrant Committee continues to express its concern about ongoing increases in the operating budget.

Special Analysis/Observations

Enrollment Trends: The current total enrollment at Minuteman is comprised of 796 high school students, up from 743 students the previous year. 440, or approximately 55% of those students, are from the 16 member towns, with the rest representing tuition students from outside of the district. Belmont currently has 31 high school students attending Minuteman. Belmont's high school enrollment is down approximately 25% over the last three years.

Non-Member Tuition Students: Out-of-district students pay a tuition that is set by the state Department of Elementary and Secondary Education (DESE). Presently, the out-of-district tuitions pay less than the total per-pupil cost for each member town. However, the out-of-district towns must provide their own transportation, as opposed to the transportation that is provided for the district-town students, which reduces the disparity somewhat.

Potential Building Renovation Project: The Minuteman school facility was constructed in 1975 and has not undergone any significant renovation since that time. The Massachusetts School Building Authority (MSBA) has approved a renovation/rebuilding of Minuteman. The Minuteman School Committee voted a bond issue to raise \$724,000 to fund a feasibility study for a new or renovated school. The Minuteman district agreement requires unanimous consent by all 16 member towns to incur debt. Belmont's consent to allow Minuteman borrow the funds for the feasibility study was predicated on assurances that before funds were expended on the feasibility study, the enrollment and the sizing of the school would be agreed to by the member towns. (Non-member towns have no responsibility for capital expenditures such as a new or renovated school.) Nevertheless, with no direct input from the School Committee or the member towns, the Minuteman administration negotiated with the MSBA. Presently, the Minuteman School Committee has voted to continue the design process for a new school of up to 800 students.

Proposed Amendment to the Regional District Agreement

There is a growing consensus that the Minuteman Regional School District is unsustainable under the present Agreement. A revised Agreement has been approved by the Minuteman School Committee that has been submitted to all 16 Towns for a vote at their annual Town Meeting. An amendment to the Agreement requires unanimous approval of all 16 towns. The significant changes in the revised Agreement include establishing the operational budget based upon a 4-year rolling average of enrollment from each Town, capital assessments based 50% on the 4-year rolling average of enrollment, 1% for each of the 16 Towns, and the remaining 34% determined by the State DESE so-called combined effort variable, which is substantially a consideration of the Town's wealth factors. Other changes include weighted voting, revised procedures for entries by new municipalities, and procedures for incurring debt. Finally, the revised agreement would, for the first time, create a viable

mechanism for a town to withdraw from the District.

The debate concerning the revised amendment has raised legitimate issues that include determining: (1) sizing and costs of the new school building, (2) devising a procedure for non-member towns to pay capital costs (discussed below), and, (3) assessing the impact of one or more of the existing 16 Towns withdrawing from the District. The Warrant Committee has not completed its analysis at the time of this report but will make a recommendation to Town Meeting prior to the June vote.

Proposed Inter-Governmental Agreement

The Commonwealth DESE has under consideration a possible amendment to its regulations that would allow regional vocational school district such as Minuteman to charge a facilities’ fee to non-member towns sending students that would be based upon their pro-rata share of the capital costs.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Complete enrollment study	The sizing of the school remains unresolved
Address non-member and post-graduate enrollments	The inter-governmental agreement providing a facility fee shows some progress in this area
Continue exploring admitting new Towns to the District	The amended agreement presumably is more attractive and will encourage other municipalities to join particularly if they are faced with a facilities fee on top of tuition and yet have no vote unless they join

FY 2015 Recommendations

Recommendation	Rationale
Settle upon a preferred alternative for the renovation or rebuilding of a new Minuteman High School by explicitly obtaining support from the 16 member towns to proceed before the full extent of the feasibility study funds are spent	It is wasteful of public funds to proceed with a study through schematic drawings and working drawings without assurances that the final construction funding will have the necessary unanimous approval of the member towns
Resolve the proposed amended agreement and proposed inter-governmental agreement	The sustainability of the Minuteman district is in doubt without these two new agreements in place

BELMONT PUBLIC SCHOOLS

Budget and Staffing Summary

Funding Source	FY2014		FY2015		% Change	
	FTEs	Budget	FTEs*	Budget	FTEs	Budget
General Fund	439.47	\$44,349,100	457.95	\$46,156,000	+ 4.2%	+ 4.1%
Grants	16.23	\$3,005,833	16.13	\$3,140,936	- 0.6%	+ 4.5%
Revolving Accounts	34.33	\$3,349,602	32.73	\$3,185,466	- 4.7%	- 4.9%
All Funding Sources	490.03	\$50,704,535	506.81	\$52,482,402	+ 3.4%	+ 3.5%

* The FY2015 FTE increases listed above reflect additional hiring carried out in the current year. These additional positions were not included in the FY2014 budget approved last year.

Department Mission/Description of Services

The School Department, responsible for K-12 education of all Belmont children and for pre-kindergarten services to children with special needs, is Belmont’s largest department. In addition to its core classroom education, it provides Belmont students with a wide array of athletic, cultural, and service opportunities. The School Department also manages an adult education program and recreation programs open to both children and adults.

Budget by Program

In its FY2015 budget proposal, the School Department has provided program and line item detail both for its General Fund budget, which has grown by 4.1% and now represents 87.9% of total funding, and for Grant and Revolving Account funds. The table that follows presents the FY2014 and FY2015 program allocations for both General Fund dollars and total funding. Data provided for each program include FTEs, budget dollars, and the program’s percentage of the total budget.

The FY2015 budget exhibits some shifting of financial resources among the programs, largely due to FTE changes already implemented in FY2014, although not reflected in the current year’s budget. Most notable are the following.

- The budget allocation for Special Instruction programs has increased by 0.9% for both General Fund dollars and total funding. The primary drivers of this growth are staffing increases in the English Language Learner program, where teacher FTEs have nearly doubled (from 2.60 to 5.00), and in the Special Education program, which has seen an increase of 1.9 teachers and 13.1 professional aides.
- Also increasing in FY2015, in this case by 0.5%, is the budget allocation for Contract Allowances and Fringe Benefits, due to a seven-fold increase (from \$44,867 to \$346,211) in the allowance for bargaining unit raises expected to result from labor contract negotiations currently underway.
- Conversely, Regular Instruction programs show decreases of 0.8% and 0.6% in General Fund and total funding allocations respectively. Most notably, the allocation for Elementary-Grades 1-4 is decreasing by 0.4% and 0.3%, reflecting a 1.8 FTE reduction in classroom aides, as well as

Program/Budget Category	General Fund Only						All Funding					
	FY2014 Budget			FY2015 Budget			FY2014 Budget			FY2015 Budget		
	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %
Regular Instruction												
English	24.85	1,841,545	4.2%	24.00	1,862,851	4.0%	24.85	1,846,445	3.6%	24.00	1,868,251	3.6%
Reading	8.15	715,030	1.6%	9.20	802,050	1.7%	9.60	845,136	1.7%	10.65	931,317	1.8%
Elementary	64.71	4,781,831	10.8%	62.90	4,789,634	10.4%	64.71	4,781,831	9.4%	62.90	4,789,634	9.1%
Fine Arts	1.30	106,462	0.2%	1.30	108,660	0.2%	1.30	164,457	0.3%	1.30	167,116	0.3%
Art	10.71	906,677	2.0%	10.80	941,769	2.0%	10.71	906,677	1.8%	10.80	941,769	1.8%
Music	9.94	783,609	1.8%	10.20	817,359	1.8%	11.44	932,414	1.8%	11.70	972,456	1.9%
Theater Arts	-	-	-	-	-	-	-	-	-	-	-	-
Kindergarten	10.10	733,401	1.7%	9.05	673,339	1.5%	31.60	1,654,104	3.3%	29.28	1,597,152	3.0%
Math	24.55	1,846,488	4.2%	24.85	1,915,356	4.1%	24.55	1,851,388	3.7%	24.85	1,920,756	3.7%
Physical Education	7.45	545,353	1.2%	7.65	577,634	1.3%	7.45	545,353	1.1%	7.65	577,634	1.1%
Science	24.75	1,938,061	4.4%	25.20	2,004,274	4.3%	24.75	1,938,061	3.8%	25.20	2,004,274	3.8%
Health Education	2.40	153,320	0.3%	2.40	159,649	0.3%	2.40	153,320	0.3%	2.40	159,649	0.3%
Technology Education	2.00	154,332	0.3%	2.00	159,388	0.3%	2.00	154,332	0.3%	2.00	159,388	0.3%
Social Studies	25.05	1,871,923	4.2%	25.20	1,883,412	4.1%	25.05	1,871,923	3.7%	25.20	1,883,412	3.6%
Foreign Language	17.40	1,355,785	3.1%	17.77	1,388,772	3.0%	17.40	1,355,785	2.7%	17.77	1,388,772	2.6%
Subtotal	233.36	17,733,816	40.0%	232.52	18,084,147	39.2%	257.81	19,001,225	37.5%	255.70	19,361,580	36.9%
Special Instruction												
English Language Learners	4.79	260,248	0.6%	5.57	368,644	0.8%	4.79	293,978	0.6%	5.57	387,237	0.7%
Pre-Kindergarten	11.98	487,760	1.1%	12.85	536,846	1.2%	14.78	725,630	1.4%	15.65	774,622	1.5%
Special Education	87.29	8,804,675	19.9%	102.25	9,439,899	20.5%	87.29	11,069,174	21.8%	102.25	11,836,209	22.6%
Subtotal	104.06	9,552,683	21.5%	120.67	10,345,389	22.4%	106.86	12,088,782	23.9%	123.47	12,998,068	24.8%
Student & Instructional Services												
Athletics	1.00	290,628	0.7%	1.00	317,427	0.7%	1.00	732,455	1.4%	1.00	803,074	1.5%
Student Activities	0.25	41,979	0.1%	0.25	42,910	0.1%	0.25	96,119	0.2%	0.25	103,449	0.2%
Food Service	-	-	-	-	-	-	16.38	867,544	1.7%	15.56	791,761	1.5%
Guidance	11.00	835,040	1.9%	11.00	826,313	1.8%	11.00	835,040	1.6%	11.00	826,313	1.6%
Psychological Services	6.73	485,897	1.1%	6.73	498,362	1.1%	6.73	485,897	1.0%	6.73	498,362	0.9%
Health Services	7.90	576,617	1.3%	7.90	597,233	1.3%	7.90	576,617	1.1%	7.90	597,233	1.1%
Library	5.64	217,791	0.5%	5.64	275,929	0.6%	5.64	217,791	0.4%	5.64	275,929	0.5%
Technology & AV	9.50	1,066,801	2.4%	9.52	1,197,811	2.6%	9.50	1,066,801	2.1%	10.00	1,232,811	2.3%
Curriculum Development	1.00	110,520	0.2%	1.00	119,619	0.3%	1.80	178,995	0.4%	1.70	186,591	0.4%
Staff Development	1.00	229,300	0.5%	1.00	240,419	0.5%	1.00	240,985	0.5%	1.00	240,419	0.5%
Substitutes	-	485,000	1.1%	-	435,000	0.9%	-	485,000	1.0%	-	435,000	0.8%
METCO	-	-	-	-	-	-	5.83	509,256	1.0%	5.83	530,372	1.0%
Adult Education	-	-	-	-	-	-	-	20,000	0.0%	-	19,000	0.0%
Transportation (Reg. Ed.)	-	91,800	0.2%	-	140,000	0.3%	-	425,800	0.8%	-	340,000	0.6%
Subtotal	44.02	4,431,373	10.0%	44.04	4,691,023	10.2%	67.03	6,738,300	13.3%	66.62	6,880,314	13.1%

Program/Budget Category	General Fund Only						All Funding					
	FY2014 Budget			FY2015 Budget			FY2014 Budget			FY2015 Budget		
	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %
Operations												
Buildings & Grounds	6.60	814,950	1.8%	7.10	848,667	1.8%	6.60	814,950	1.6%	7.10	895,666	1.7%
Custodial Services	13.00	1,033,434	2.3%	13.00	1,021,995	2.2%	13.00	1,033,434	2.0%	13.00	1,021,995	1.9%
Utilities	-	1,604,048	3.6%	-	1,380,253	3.0%	-	1,829,048	3.6%	-	1,520,253	2.9%
Subtotal	19.60	3,452,432	7.8%	20.10	3,250,915	7.0%	19.60	3,677,432	7.3%	20.10	3,437,914	6.6%
Leadership & Administration												
Building Administration	30.23	1,913,286	4.3%	31.72	1,984,352	4.3%	30.23	1,913,286	3.8%	31.72	1,984,352	3.8%
Central Administration	8.20	831,378	1.9%	8.90	899,996	1.9%	8.50	851,378	1.7%	9.20	919,996	1.8%
Legal Services	-	169,950	0.4%	-	169,950	0.4%	-	169,950	0.3%	-	169,950	0.3%
School Committee	-	17,700	0.0%	-	15,800	0.0%	-	17,700	0.0%	-	15,800	0.0%
Subtotal	38.43	2,932,314	6.6%	40.62	3,070,098	6.7%	38.73	2,952,314	5.8%	40.92	3,090,098	5.9%
Allowances & Benefits												
Contractual Allowances	-	166,517	0.4%	-	414,667	0.9%	-	166,517	0.3%	-	414,667	0.8%
Fringe Benefits	-	6,079,965	13.7%	-	6,299,761	13.6%	-	6,079,965	12.0%	-	6,299,761	12.0%
Subtotal	-	6,246,482	14.1%	-	6,714,428	14.5%	-	6,246,482	12.3%	-	6,714,428	12.8%
Grand Total	439.47	44,349,100	100.0%	457.94	46,156,000	100.0%	490.03	50,704,535	100.0%	506.81	52,482,402	100.0%

relatively modest increases in total salary dollars, principally due to staff turnover. Also, the allocation for the Kindergarten program is decreasing by 0.2%, due mainly to FTE reductions: 1.4 fewer teachers and 0.9 fewer aides are budgeted in FY2015.

- Finally, the allocation for Operations is also showing a significant reduction, 0.7%, in both General Fund monies and total funding, driven primarily by a \$309,000 decrease in the Utilities budget.

Expense Analysis – Significant Line Item Changes

With respect to individual line items, the proposed School Department budget contains 122 items (out of a total of 829 across the three funding streams) that are changing – either increasing or decreasing -- by at least 5% and \$5,000 or are greater than \$5,000 in FY2015 after having received no funding in FY2014. The 15 line items included in the table below represent the largest such changes in absolute terms, ranging from a \$701,882 reduction in spending for Special Education Private Tuitions to an increase of \$86,846 for High School Electricity.

Line Item (Funding Source)	FY2014 Budget	FY2015 Budget	Change	% Change	Explanation
Spec. Education Private Tuitions (GF)	\$ 1,521,978	\$ 820,096	(\$ 701,882)	-46.1%	Shift in Placement Mix
Spec. Education LABBB Tuitions (GF)	\$ 1,153,633	\$ 1,603,306	\$ 449,673	39.0%	Shift in Placement Mix
Contract Allowance – Bargaining (GF)	\$ 44,867	\$ 346,211	\$ 301,344	671.6%	Contract Negotiations
Spec. Education MA Tuitions (GF)	\$ 272,654	\$ 550,000	\$ 227,348	101.7%	Shift in Placement Mix
Wellington - Spec. Educ. Aides (GF)	\$ 143,175	\$ 324,120	\$ 180,945	126.4%	6.87 FTE Increase
Spec. Education Private Tuitions (GR)	\$ 1,119,257	\$ 1,276,808	\$ 157,551	14.1%	Incr. Circuit Breaker Grt.
English Language Learner Tchrs (GF)	\$ 193,278	\$ 349,986	\$ 156,708	81.1%	2.4 FTE Increase
Spec. Education Home Tutoring (GF)	\$ 100,000	\$ 250,000	\$ 150,000	150.0%	Incr. Service Needs
Transportation–School Bus Fees (RV)	\$ 334,000	\$ 200,000	(\$ 134,000)	-40.1%	Changed Distance Calc.
HS Social Studies Teachers (GF)	\$ 822,256	\$ 936,119	\$ 113,863	13.8%	1.2 FTE Increase
MS Social Studies Teachers (GF)	\$ 885,767	\$ 778,863	(\$ 106,904)	-12.1%	1.05 FTE Decrease
High School Fuel Oil (GF)	\$ 135,060	\$ 30,000	(\$ 105,060)	-77.8%	Conversion to Nat. Gas
MS Special Education Teachers (GF)	\$ 647,968	\$ 739,127	\$ 91,159	14.1%	1.0 FTE Increase
School Lunch Staff Medical Ins. (RV)	\$ 130,000	\$ 40,000	(\$ 90,000)	-69.2%	Costs Shifted to Fringe
High School Electricity (GF)	\$ 33,154	\$ 120,000	\$ 86,846	261.9%	Costs Shifted from RV

Adds and Cuts

There are three new or expanded components within the proposed FY2015 budget that are receiving significant additional funding. The first and most noteworthy of these is the additional 16.8 FTEs hired to address school enrollment increases, more complex Special Education service needs, and new ELL program requirements. (As noted at the beginning of this report, although these positions were not included in the FY2014 budget, they have in fact been hired this year.) These additional FTEs, estimated by the Department to cost about \$500,000 during the current school year, include the following.

- Teachers: 4.8 additional FTEs. Regular Instruction programs have seen a net increase of 0.3 FTEs, with decreases in kindergarten and middle school staffing offsetting increases in grades 1-4 and at the high school; the ELL program has seen its teaching staff doubled (from 2.6 to 5.0) in response to an enrollment increase of 69 students (a 61% increase from last year and nearly 50% of the total

enrollment increase experienced by the district this year), as well as more stringent state program requirements; and, Special Education has added 1.9 positions across grades K-12.

- Classroom and Professional Aides: 9.4 additional FTEs. The Pre-K and K-12 Special Education programs have hired 13.74 additional professional aides, offset by reductions of 2.73 FTEs in Regular Education and 1.62 FTEs in the ELL program.
- Other notable staffing additions from the FY2014 budget include the high school librarian (this position was to have been eliminated this year following the incumbent’s retirement), a 0.5 FTE maintenance position, and a 0.7 FTE central office clerical support position.

Two non-personnel budget additions are worth noting. First, the budget for Technology Services – Hardware Replacement is being increased by \$62,000 (69%), with \$58,000 of this increase being allocated to support year two of the Department’s iPad initiative. Second, funding for textbooks is increasing by \$41,000 (86%), all of which is being allocated to purchase new math textbooks in the elementary and middle schools as part of the implementation of the new mathematics curriculum.

On the cuts side, although the proposed budget is certainly constrained by available revenues, there are no identifiable major cuts being made to either program offerings or department staffing.

Administrative/Overhead Expenses

For FY2015, administrative expenses -- consisting of management, clerical support, technical support, and operations staff, as well as building maintenance and utilities, general equipment and supplies, and dues, conferences, and other professional development activities – account for approximately 23.6% of the proposed budget, down from 24.3% in FY2014. The primary factor underlying this lower percentage is a \$1.6M increase in direct service salaries and other compensation resulting from the new teacher and instructional aide hires described in the previous section.

Use of Part-Time Staff

This year, the School Department has 145 part-time employees, down from 149 last year. Of these, 91 work 20 or more hours per week, and are therefore eligible for health insurance, and 69 work 25 or more hours weekly, making them also eligible for retirement pensions. (The comparable numbers in FY2013 were 95 and 76.) These are important thresholds, in that the cost of a part-time employee who works 25 hours per week can be 2-3 times the cost of a 19-hour-per-week employee. The following table provides a breakdown of these employees by functions and hours worked per week.

School Department Part-Time Positions – FY2014						
	Hours Worked per Week					
	1 – 9	10 – 19	20 – 24	25 – 29	30 – 34	35-Plus
Teachers/Other Professional Staff	2	6	10	1	6	
Instructional Aides, Tutors	2	12	8	49		
Administrators			1		1	
Secretarial Staff		1				
Clerical Aides		2		3		
Lunch Aides		17				
Cafeteria Staff		12	3	7	2	
Totals	4	50	22	60	9	0

Note: 47 of the 71 Aides listed above work 27 or more hours per week; full-time for these staff is 30 hours.

Observations / Special Analyses

Increasing Enrollment

Higher-than-expected enrollment growth continues to be the most significant development affecting the budgetary requirements of Belmont's schools. Following the 97-student growth experienced last year, FY2014 has seen an even larger jump, with 139 additional students attending district schools as of October 1, 2013. Moreover, looking to the future, the Department expects significant annual increases to continue for the next several years, and has estimated growth of 100-115 new students in FY2015.

These increases are occurring at every grade level. Of the 236 new students in Grades K-12 since the 2011-2012 school year, 81 have enrolled in the four elementary schools, 56 at the Chenery Middle School, and 99 at Belmont High School. Additional hiring during the past two years has compensated somewhat for these increases, however, the Department's Class Size Reports indicate that average class sizes have still grown in the elementary schools (from 22.25 to 22.85) and at the high school (from 21 to 23). Middle school classes have declined on average, from 24.5 to 22.75.

Last year, because increased enrollments were impacting the four elementary schools differently, we presented detailed data regarding class sizes in grades K-4 at the individual schools. The following table provides similar data for the current school year, again comparing actual class enrollments to both the Class Size Guidelines developed by the School Committee several years ago and the 25-student limit suggested by school officials last year to be a level above which educational quality will suffer.

School	Measure	Grade Level				
		K	1	2	3	4
Burbank	Total Enrollment	67	71	69	72	76
	Average Class Size	22.33	23.67	23.00	24.00	25.33
	Add'l. Capacity within Guideline	-1	-2	0	0	-4
	Add'l. Capacity within Cap (25)	8	4	6	3	-1
Butler	Total Enrollment	71	69	68	72	89
	Average Class Size	23.67	23.00	22.67	24.00	22.25
	Add'l. Capacity within Guideline	-5	0	1	0	7
	Add'l. Capacity within Cap (25)	4	6	7	3	11
Wellington	Total Enrollment	111	100	120	89	94
	Average Class Size	22.20	20.00	24.00	22.25	23.50
	Add'l. Capacity within Guideline	-1	15	-5	7	2
	Add'l. Capacity within Cap (25)	14	25	5	11	6
Winn Brook	Total Enrollment	88	91	94	83	91
	Average Class Size	22.00	22.75	23.50	20.75	22.75
	Add'l. Capacity within Guideline	0	1	-2	13	5
	Add'l. Capacity within Cap (25)	12	9	6	17	9
Totals	Total Enrollment	337	331	351	316	350
	Average Class Size	22.47	22.07	23.40	22.57	23.33
	Add'l. Capacity within Guideline	-7	14	-6	20	10
	Add'l. Capacity within Cap (25)	38	44	24	34	25

Source: Belmont School Department Official Enrollment for year 2013-2014, dated October 1, 2013.

The maximum guidelines established by the Belmont School Committee are 22, 23, 23, 24, and 24 respectively for grades K-4.

These data reflect the impact not only of this year's elementary school enrollment increase of 51 in grades K-4, but also of the strategies employed by the Department to accommodate this increase.

- Last year there were 5 instances where the average class size in a particular grade and school exceeded the School Committee's guidelines and 2 instances where it exceeded the 25-student limit; this year, the comparable numbers are 7 and 1 respectively.
- Total enrollment across all grades and schools last year showed additional capacity for 59 students within the guidelines and 191 students within the 25 limit; that additional capacity has been reduced this year to 31 students within the guidelines and 165 within the 25-student limit.
- While the number of instances where average class size has exceeded the relevant guideline has grown by two, the Department's policy of assigning new students to schools where additional capacity exists has resulted in a more even distribution of such cases. Last year, four out of the five instances occurred at the Wellington School, and the largest excess enrollment in any particular grade was nine; this year, they are distributed across all four elementary schools, with the largest number – five – occurring at two of the schools.
- Finally, the fact that the changes to the additional capacity measures are smaller than the enrollment increase is due to the addition of one second grade class at the Wellington School.

Historical Trends in Student Enrollment, Staffing, and Budgets

The FY2013 and FY2014 enrollment increases have led to a corresponding increase in long-term trends. The following table provides updated findings concerning long-term trends in student enrollment, teachers and other classroom staffing, and annual budgets for the period from FY2004 to FY2014, as well as estimates for FY2015. These findings are drawn from a combination of School Department annual reports and, for the more recent years, the Department's detailed budget submissions.

- Based on the increases experienced in FY2014 and expected in FY2015, long-term enrollment will have grown by 15.88% since 2004, for an average annual rate of 1.35%. (This compares to the 1.0% average cited in last year's report.) This higher growth rate is most pronounced in Regular Instruction programs, with overall growth at 19.5% and an annual rate at 1.63% (vs. 1.27% last year). Long-term Special Education enrollment continues to trend downward, decreasing by 14.85% since 2004.
- Increases in teaching staff have not kept pace with this recent enrollment growth. The total number of teachers has grown by 14.80% since 2004, an average of 1.26% annually. This disparity is driven primarily by the Regular Instruction programs, where teacher counts have grown by only 11.19% since 2004 (0.97% annually). In the Special Education program, teacher growth has slowed, but remains substantial, at 47.36% overall and 3.59% annually. The resulting student-teacher ratio in regular classrooms this year is 16.68:1, and, assuming level staffing, the estimate for FY2015 is 17.13:1, representing an increase of 1.2 students per teacher since 2004. In Special Education, the ratio declines to 9.51:1 in FY2014 and increases slightly to an estimated 9.77:1 next year.
- The number of instructional aides working in Regular Instruction classrooms, which had been increasing for several years through 2013, decreases sharply in both FY2014 and FY2015, from 27.02 to 19.13. This reduction has moderated somewhat the long-term growth rate for these staff (from 22.4% to 18.9% annually), as well as reduced their impact on the ratio of students to total classroom staff. In Special Education, however, the use of these aides continues to yield very low student-to-staff ratios (2.93:1 in FY2014 and 3.01:1 in FY2015).

Historical Trends in Enrollment, Staffing, and Budget

	Fiscal Years												Total Growth	Avg. Ann. Growth
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
Enrollment														
Total Enrollment	3,727	3,715	3,696	3,733	3,760	3,862	3,957	3,937	3,968	4,065	4,204	4,319	15.88%	1.35%
Regular Instruction	3,335	3,280	3,251	3,293	3,345	3,476	3,604	3,632	3,662	3,737	3,879	3,985	19.50%	1.63%
Special Education	392	435	445	440	415	386	353	305	306	328	325	334	-14.85%	-1.45%
Staffing														
Classroom Teachers	232.37	242.60	243.30	240.90	245.35	251.19	250.22	258.03	258.82	261.75	266.77	266.77	14.80%	1.26%
Regular Instruction	209.17	219.65	218.83	216.78	220.24	223.97	221.94	226.90	225.93	229.84	232.58	232.58	11.19%	0.97%
Special Instruction	23.20	22.95	24.47	24.12	25.11	27.22	28.28	31.13	32.89	31.91	34.19	34.19	47.36%	3.59%
Instructional Aides/Tutors	35.30	36.65	39.34	43.60	48.44	52.15	53.14	86.37	82.33	90.07	95.77	95.77	171.30%	9.50%
Regular Instruction	2.85	2.60	2.81	2.78	2.73	7.10	2.97	19.39	25.71	27.02	19.13	19.13	570.06%	18.88%
Special Instruction	32.45	34.05	36.53	40.82	45.71	45.05	50.17	66.98	56.62	63.05	76.64	76.64	136.22%	8.13%
All Classroom Staff	267.67	279.25	282.64	284.50	293.79	303.34	303.36	344.40	341.15	351.82	362.54	362.54	35.44%	2.80%
Regular Instruction	212.02	222.25	221.64	219.56	222.97	231.07	224.91	246.29	251.64	256.86	251.71	251.71	18.72%	1.57%
Special Instruction	55.65	57.00	61.00	64.94	70.82	72.27	78.45	98.11	89.51	94.96	110.83	110.83	99.17%	6.46%
All Department Staff	380.09	394.97	400.72	403.90	414.52	424.14	422.84	482.43	483.30	493.52	506.31	506.81	33.34%	2.65%
Student-Staffing Ratios														
Student-Teacher	16.04	15.31	15.19	15.50	15.33	15.37	15.81	15.26	15.33	15.53	15.76	16.19		
Regular Instruction	15.94	14.93	14.86	15.19	15.19	15.52	16.24	16.01	16.21	16.26	16.68	17.13		
Special Instruction	16.90	18.96	18.19	18.24	16.53	14.18	12.48	9.80	9.30	10.28	9.51	9.77		
Student-All Classroom Staff	13.92	13.30	13.08	13.12	12.80	12.73	13.04	11.43	11.63	11.55	11.60	11.91		
Regular Instruction	15.73	14.76	14.67	15.00	15.00	15.04	16.02	14.75	14.55	14.55	15.41	15.83		
Special Instruction	7.05	7.63	7.30	6.78	5.86	5.34	4.50	3.11	3.42	3.45	2.93	3.01		
Student-Department Staff	9.81	9.41	9.22	9.24	9.07	9.11	9.36	8.16	8.21	8.24	8.30	8.52		
Budgets (millions)														
General Fund Only	\$29.655	\$30.924	\$33.005	\$34.869	\$37.040	\$38.471	\$37.824	\$39.703	\$41.634	\$43.084	\$44.349	\$46,156	55.64%	4.10%
All Funding	\$30.639	\$31.824	\$34.589	\$36.580	\$38.915	\$40.885	\$42.311	\$44.225	\$47.417	\$49,288	\$50.665	\$52,482	71.29%	5.01%

Notes: Enrollment, staffing, and budget totals for FY04-10 are taken from Annual Reports; totals for FY11-15 from School Department budget documentation.

All enrollment counts exclude Special Education out-of-district placements.

Because ELL students are in both the regular education and special education student populations, ELL teachers and tutors are distributed proportionally across both staffing counts.

The 59.6 FTE increase in total staffing indicated in FY2011 appears to reflect both an increase in the classroom staffing included in this table (+41 FTEs), plus the inclusion of cafeteria staff who were not included in the FY2004-FY2010 Annual Reports.

The staffing and budget totals for FY2010 and FY2011 reflect ARRA and SFSF Grant funding. For years prior to FY2011, however, only General Fund and Revolving Account funding is included, as no data were found for other grant funding. It is unclear whether grant-funded staffing counts are also missing.

- Long-term budget growth continues to exceed 4% annually, whether one looks at the 4.10% annual increase in the General Fund budget or the 5.01% average growth rate for total funding.

In reviewing the data contained in this table, the reader should remember that we are reporting only district-wide numbers here. The Education Subcommittee believes that measuring the overall student-to-teacher ratios is a valuable way to assess the changes that occur from year to year in the level of teaching and other resources (relative to enrollment) being funded through the Department’s budget. The data do not reflect enrollment, staffing, or ratios within the individual schools or grade levels, nor do they say anything about individual class sizes. Finally, the analysis does not attempt to evaluate these ratios against any established standard, but only to measure the extent to which they have changed over time.

Significant Cost Increases or Savings

The FY2015 budget proposal represents a 4.1% increase in the General Fund budget and a 3.5% increase if we include Grants and Revolving Account dollars. An earlier section described changes to program budget allocations. The following table summarizes the changes to the major line item categories that comprise this budget. (Note that the table reflects all funding.)

Line Item Category	FY2014 Budget	FY2015 Budget	Change	% Change
Personnel Costs				
FTEs	490.03	506.81	16.78	3.42%
Salaries	\$ 30,812,276	\$ 32,194,232	\$ 1,381,956	4.49%
Stipends	\$ 457,709	\$ 464,920	\$ 7,211	1.58%
Fringe Benefits	\$ 6,394,544	\$ 6,517,818	\$ 123,274	1.93%
Contract Allowances	\$ 166,517	\$ 414,667	\$ 248,150	149.02%
Substitutes	\$ 485,000	\$ 435,000	\$ (50,000)	-10.31%
Total Personnel Costs	\$ 38,316,047	\$ 40,026,637	\$ 1,710,590	4.46%
Non-Personnel Costs				
Contract Services	\$ 1,024,865	\$ 1,101,431	\$ 76,566	7.47%
Legal Services	\$ 169,950	\$ 169,950	\$ ---	0.00%
Technology	\$ 521,229	\$ 590,083	\$ 68,854	13.21%
Equipment & Supplies	\$ 1,317,024	\$ 1,350,334	\$ 33,310	2.53%
Textbooks/Other Books	\$ 47,588	\$ 88,557	\$ 40,969	86.09%
Out-of-District Placements	\$ 5,287,522	\$ 5,457,232	\$ 169,710	3.21%
Transportation	\$ 1,565,320	\$ 1,457,390	\$ (107,930)	-6.90%
Facilities Maintenance/Repair	\$ 315,502	\$ 362,501	\$ 46,999	14.90%
Utilities	\$ 1,829,048	\$ 1,520,253	\$ (308,795)	-16.88%
Total Non-Personnel Costs	\$ 12,388,489	\$ 12,455,765	\$ 67,276	0.54%

Note: The individual cost lines do not sum to the totals provided, as not all line item categories are listed.

What is most obvious from this table is that the Department’s budget growth is driven almost entirely by personnel costs, which are increasing by 4.46%, compared to just 0.54% for non-personnel costs. With respect to the individual categories, the following cost drivers are worth noting.

- The increase in salary costs, at \$1.4M, remains the most significant contributor to overall budget growth, with this year’s increase driven largely by the addition of 16.8 FTEs discussed earlier. The

difference in terms of percentage increase (4.49% vs. 3.42%) is attributable to salary increases that are already locked in, including deferred cost-of-living raises from 2013.

- The 149% increase in contract allowances is being budgeted to provide for as-yet-unknown compensation increases that might result from the current round of negotiations. (All existing labor agreements expire this year.)
- On the non-personnel side, the increases for technology and textbooks have already been discussed as supporting year two of the iPad initiative and the implementation of a new mathematics curriculum in grades 1-5. The only other significant increases are 7.5% for Contract Services in support of the Special Education program and 14.9% for Facilities Maintenance and Repair, reflecting \$47,000 in Revolving Account funds that are being allocated as a hedge against potential building repair needs.

In addition to these sources for budget growth, there are three areas where the Department is projecting significant savings.

- The budget for Substitute teachers is being reduced by \$50,000. During the last school year (2012-2013), these costs were budgeted at \$485,000, however, actual costs were far higher, at \$733,000. To date this year, these costs are significantly lower, at \$183,722 through 3/31/14, and the Department's budget for FY2015 projects continued lower spending for this account next year.
- The budget for Transportation is decreasing by \$108,000, or 6.9%, with the primary contributor to this decrease being reduced special education transportation costs.
- Finally, the Utilities budget shows a decrease of \$309,000, or 16.9%, reflecting a reduced estimate for heating costs due largely to a conversion from fuel oil to natural gas at Belmont High School.

Unfunded Priorities

In its budget submission, the Department listed a number of spending priorities that are not funded by the proposed available revenue budget. Primary among these are twelve additional positions that it would look to hire if funding became available, including:

- Five elementary school teachers;
- Four middle school teachers;
- One middle school guidance counselor;
- One district-wide ELL teacher; and
- One high school drama teacher.

It is difficult to project whether there are potential savings in the proposed FY2015 budget that might free up monies to address at least some of these additional personnel needs. As noted in last year's report, the personnel cost estimates contained the Department's budgets tend to be high, in that they assume current staff will remain in place for the entire year, when, in fact, both staff turnover and unpaid leaves of absence will occur, and replacement staff and substitutes are likely to receive lower compensation.

This year, 16.8 unbudgeted positions were added in response to enrollment growth and other changes. Also, the Department has indicated that staff turnover was unusually low this year. Consequently, as of March 31, 2014, the Department is estimating a budget deficit of \$220,265 at the end of FY2014, and has submitted a request to the Warrant Committee for a Reserve Fund transfer of \$200,000. Although this is a significant shortfall, the fact that the projected deficit is only \$220,265 following the hiring of

16.8 new staff, including 4.8 teachers, suggests that there might be some funding within the FY2015 budget that will become available next fall for hiring additional staff.

Recommendations

In this report, we try to analyze the major components of the School Department’s budget, to understand those factors that contribute to budget growth, and to recommend steps that Department leadership might take to bring that growth more into line with Belmont’s revenue growth. In doing so, we focus on ways to improve management information, to control major cost components like employee compensation and special education out-of-district placement costs, and to explore and, if appropriate, adopt more cost-effective instructional methods. In our view, all of these strategies become even more critical in the face of significant enrollment growth.

Recap: FY2014 Recommendations and Follow-Up

The following table lists the recommendations made in last year’s Warrant Committee Report and the current status of the Department’s implementation of those recommendations. Further discussion is then provided regarding recommendations that have not yet been implemented or otherwise resolved.

FY2014 Recommendation	Status / Follow-Up
Moderate long-term salary growth by negotiating changes to the current labor agreements, particularly with respect to the Unit A step-and-lane advancement grid (originally recommended in FY2012).	Pending. The Department agrees that the step and lane system is unsustainable in its present form and is seeking changes to this system in contract negotiations that are currently underway.
Establish sub-accounts for Special Education Out-of-District tuition and transportation line items to provide greater detail regarding the costs of component services.	Pending. The Department has agreed to this recommendation and is working with the Town’s IT Department to identify and implement the necessary changes to the financial information system (MUNIS); it is expected that it will take some time to complete these changes.
Conduct an evaluation of out-of-district placement costs for the past three years to develop detailed information regarding underlying cost dynamics (originally recommended in FY2012).	Pending. The recommended three-year analysis has not been completed. Two internal reviews, one by program staff and a second by Walker Partnerships, did not yield the cost detail requested. We continue to look for the requested cost information at a sufficiently aggregate level that will not violate student confidentiality.
Implement new instructional models and/or classroom staffing strategies to achieve more cost-effective delivery of educational services (originally recommended in FY2012).	Pending. The Department’s current use of classroom aides and initiatives to expand the use of technology are not designed primarily to improve cost efficiency; it does not appear that these approaches will have a measurable impact on class sizes, the number of teaching staff required, or the Department’s operating costs.
Establish procedures and approval criteria for accessing monies from the Special Education Stabilization Fund.	Completed. In preparing its recommendation to Town Meeting, the Warrant Committee will apply criteria similar to those applied to Reserve Fund transfer requests, namely, that the expense was not budgeted, that the need could not have been anticipated at the time the budget was prepared, and that there are no other funds within the Department’s budget to cover the expense in question.

Recommendations for Fiscal Year 2015

Implement Changes to Moderate Long-Term Salary Growth: With employee salaries accounting for about 61.3% of total costs in the Department's proposed FY2015 budget, salary increases are a major determinant of overall budget growth. While this budget represents a 3.5% increase over the FY2014 budget, salaries are increasing by 4.5%; furthermore, when combined with contract allowances included in the budget for compensation increases not yet granted, the latter percentage grows to 5.3%. Such increases virtually guarantee that school budget growth, which has averaged more than 4% annually for the past ten years, will continue to outpace the tax increases allowed by Proposition 2½.

Of particular concern is the compensation structure in place for Bargaining Unit A employees, including teachers and other professional staff, who in this year's budget accounted for 59.3% of Department FTEs and 71.6% of total salaries. As has been reported before, even in the absence of negotiated cost-of-living raises, these employees receive annual "step" increases averaging 4.2% during their first 14 years of employment, as well as "lane" increases, ranging from 1.5% to 5.6%, based on graduate school credits or degrees earned.

As the Department has emphasized, this kind of salary growth is unsustainable. Absent real reform, it will continue to place tremendous pressure on the Department's budget and is likely to require some combination of service cuts, including reductions to both personnel and non-personnel accounts, and revenue increases, in the form of operating overrides, increased student fees, and/or development of new revenue sources.

The Department is currently engaged in negotiations with all its bargaining units, and has stated its intention to seek more sustainable compensation terms going forward. The Warrant Committee is encouraged by this development and urges the parties to work together to achieve contract provisions that are both equitable and sustainable over the long term. While no doubt difficult to achieve, we believe such changes are necessary.

Generate More Detailed Information Regarding Out-of-District Placement Costs: For the past three years, the Warrant Committee has been urging the Department to develop more detailed cost information for its out-of-district tuition and transportation accounts. Currently its budgets contain only five General Fund line items for these costs, plus three Grant and Revolving Account items. However, these accounts incorporate a wide range of component services that vary by individual placement and the budget provides no information about them.

Out-of-district placements are very costly. In FY2013, their average cost, including transportation, exceeded \$72,000, as compared to the overall average per-student cost of \$12,250 cited in the Department's budget submission. Moreover, at \$6.3M, these costs represent a significant portion of both the FY2015 Special Education budget (53%) and the Department's total budget (12%), and we believe greater accounting detail is needed to enable both the Department and this committee to have a more complete understanding of the dynamics underlying them.

We have asked the Department to provide this greater level of detail through two initiatives. First, we have asked that it create sub-accounts within its accounting system to identify routinely the specific services that comprise the tuition and transportation categories. As noted above, the Department has accepted this recommendation and is working toward it, but has also indicated that it will take some time to implement the necessary system modifications.

Second, as a near-term strategy, we have asked the Department to review three years of invoices or other records for out-of-district tuitions and transportation services, identifying for each the placement type and the detailed component service costs. As noted in the table above, two reviews have in fact

been conducted – one by special education program management staff and the other by Walker Partnerships, a consulting organization hired by the Department to conduct a program review. While both reviews shed some additional light on program costs, neither produced the kind of detail needed.

At this point, the Department has described two barriers to providing the kinds of detailed cost information we have requested.

- First, the Department has raised legitimate concerns about disclosing individual student-level information; in fact, in responding to the Education Subcommittee’s offer to assist in the review, Department leadership obtained a legal opinion that confirmed that allowing us access to student records is prohibited. We understand and accept this restriction.
- Second, the Department has pointed to the inability of current automated systems to maintain or provide the requested information. We understand that the systems in question are limited and that much of the information, if it exists at all, may exist only in manual form, thus making the proposed review more burdensome. At the same time, considering that this is a program that serves an average of 80 children, we believe a time-limited audit, although it will require some effort, is achievable. As it is, we have reduced our request to a review of some 84 placements from the 2012-2013 school year for which Walker Partnerships listed gross tuition amounts in their January 2013 report and have provided the Department with a proposed data collection format.

The Education Subcommittee will continue to work with the Department to try to generate this information. In doing so, we understand that Special Education services are mandated and that the Department has limited ability to control placement costs. We are also aware that individual placement decisions must be based solely on what placement/services will best meet a child’s educational needs. We nevertheless believe that, besides providing greater transparency regarding the expenditure of public funds, a greater knowledge of the detailed service costs can have value to the Department when selecting from equally appropriate placement options.

Implement New Instructional Models to Reduce Costs: In recent years, the Department has been faced with significant budgetary constraints that have forced it to modify its educational approaches, increase class sizes, and, in some instances, curtail program services. Given that such fiscal limitations are likely to continue for the foreseeable future, as well as the relatively high costs associated with the traditional classroom instruction model, the Education Subcommittee has encouraged the Department to consider alternate models that might improve the cost-effectiveness of its programs. In our view, the recent trend toward higher student enrollment only makes the adoption of appropriate cost-containment strategies more critical going forward.

The types of strategies that we have recommended for consideration take two forms – increased use of new information technologies and alternate staffing models. With respect to technology, we have been recommending that the Department explore technologies like distance learning, as such innovations seem to offer opportunities to maintain, or even expand, the educational offerings available to Belmont students while reducing the costs associated with the more traditional staff-intensive models. This past year has seen the Department expand its use of technology, most notably with a pilot program involving student use of iPads to support classroom instruction and independent research. Such innovations clearly enrich the Belmont schools’ educational environment, and we applaud them. At the same time, they add cost: \$58,000 in General Fund money is being budgeted for 2015 to purchase additional iPads for this program. We believe that technology also offers significant opportunities to create greater cost-efficiencies in how educational services are provided, and we urge the Department to pursue those opportunities.

In the area of staffing models, we have recommended that the Department explore the increased use of classroom aides to assist its teaching staff, as their use would seem to offer a way to accommodate larger class sizes, in effect, to extend the reach of teachers, while still allowing for individual attention where needed. The Department has expressed understandable skepticism toward any approach that would violate the requirement that students always be taught by licensed teachers, and we agree; the strategy we envision would only expand the use of aides to provide the same classroom assistance they provide now. This recommendation is driven primarily by the large difference in salaries for these positions; its cost-effectiveness therefore would of course depend of the relative cost of adding classrooms (and teachers) versus hiring sufficient numbers of aides to enable existing classrooms to accommodate any additional students without jeopardizing education quality.

Alternate staffing approaches can also involve changes in the way that teachers are assigned to individual classes or grades. Last year's Class Size Advisory Group looked at the impacts of increasing enrollments and not only identified a need for additional staff, but also recommended that the Department explore the use of new instructional models at the Chenery Middle School, including multi-grade classrooms, in order to improve flexibility in student class assignments and distribute students more equitably. We support this recommendation and believe further that any strategy that increases the flexibility of the Department's workforce can provide important benefits. For example, by hiring teachers certified to teach multiple subjects or grades, the Department improves its ability to respond to changing demands, whether due to year-to-year fluctuations in grade-specific enrollments or to unexpectedly high registration numbers for particular classes.

Future enrollment increases like the ones that the Department has experienced during the past two years would clearly require the hiring of additional staff and likely result in budget increases that could not be funded without either an operating override or other revenue increase. Moreover, as recently suggested by the Department's Enrollment Modeling Group, continued growth in the coming years might also require an expansion in the number of available classrooms, most likely through the use of modular units in the near term, but possibly including new construction at some future time. (The Group's final report, issued in January 2014, is available on the Department's website.)

While the Department may need to respond to such enrollment growth in the coming years, the need to address changing requirements within individual grades is likely to exist whether or not district-wide enrollment increases. To illustrate, enrollment in grades K-12 increased this year by 142, however, the impact felt across the grade levels varied widely: nine grades saw increases averaging 24 students, while enrollment in four grades decreased by an average of 19. Further, if we look forward to 2015, even if no new students were to enter the system, individual grades would still experience significant fluctuations, ranging from an additional 35 students in grade 3 to a reduction of 34 students in grade 4. Creating greater flexibility in terms of staff certifications or skill sets can only improve the Department's capacity to respond to such changes.