



Warrant Committee Report Town of Belmont FY 2013 Budget

May 2012

2011 – 2012 Warrant Committee Members

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Warrant Committee Report

Town Meeting, May 14, 2012

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 which involve an appropriation of money and to report thereon to Town Meeting. It is specifically charged with recommending a budget to Town Meeting and such recommendation is contained herein.

I. Background on budget development: 2011-2012.

Challenged in 2011. In 2011, arriving at a recommended FY2012 budget was a painful process. Continuing declines in state aid, the somewhat incompatible budgeting approaches of town and school, double digit increases in pension charges, a substantial increase in health care costs and a double digit increase in Minuteman assessments proved very challenging. The last minute rescue through additional state aid and cost saving initiatives by DPW and several other town departments did not fully offset the pain of the process.

Better in 2012. Fortunately, 2012 has provided a much better foundation for building the FY2013 budget. Through April, School and most town departments have been on budget. The decision of the School Committee to recruit an experienced superintendent and create a Finance Subcommittee has produced a much more constructive budget process.

Belmont self insures for health care benefits. Thus better than expected claims experience allowed us to budget a 0% increase in health care costs for FY2013. The Board of Selectmen used new state legislation to implement design changes in the health care plans that will generate savings of \$353,000 in FY2013, and \$470,000 in FY2014. Our pension costs are stable since state regulations dictate an actuarial study only every other year.

Finally, state aid has stabilized. Absolutely final aid numbers will not be available until mid June, but it is now certain that that FY2013 state aid will not be below FY2012.

II. Overview of FY2013 budget The net result of these positive developments is a recommended budget for FY2013 of \$89,241,000 (Exhibit 1). The highlights of that budget are as follows:

- All departments will receive level service funding or more.
- Four departments will see increases in "full time equivalents" (FTE's) employees: School (13.2); General Government (2.0) Police (1.7); Library (.4)

- Reductions in health insurance costs allowed more resources to flow to direct services. Within the School budget, for example, \$412,000 formerly required to cover health care costs was redirected to curriculum and services.
- Pensions and debt service account for 70% of fixed costs. (Exhibit 2)
- Five departments -School, DPW/Public Services, Police, Fire, and General Government, account for 92% of the operating budget (Exhibit 3).

Special funds: In addition to the FY2013 annual revenues, Town Meeting is also being asked to approve the use of \$505,000 one time funds for three purposes, 1) the establishment of reserve/stabilization fund for Special Education (SPED) costs (\$250,000), 2) a facilities maintenance fund to pay for “orphan” infrastructure projects and allow the new facilities manager some discretion (\$150,000) and 3) to resume funding of “Other Post Employment Benefits” (OPEB), the retiree healthcare benefits fund (\$105,000).

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 (School and Minuteman):

The School budget is funded at level service as requested.

- In preparing a level service budget, the School Department used a \$200,000 one time distribution from the health care trust fund (the source of the 0 premium increase) to cover recurring expenses, primarily personnel.
- An issue was raised concerning erosion of services over time. At a macro level, an analysis of ten years of staffing and enrollment statistics does not support this concern. During this period, enrollment has grown at 0.53% per year, teaching staff at 1.21% and other classroom staff at 10.0%. The student/classroom staff ratio was 14.1 in 2004 and is now 11.5. A continuing conversation about this issue and alternative metrics would be helpful.
- SPED cost and management are an ongoing challenge. Per student costs in our regional collaborative LABB [Lexington, Arlington, Belmont, Burlington and Bedford] program averaged \$45,442 per student in 2011, almost \$10,000 more than SPED private school placements.
- The rate of compensation growth continues to be an issue. An important delay in the payment of some teacher compensation was negotiated in 2011. But because there has been no change in the step and lane structure of compensation, teachers’ salaries could potentially increase by 5.9% in FY2014.

- Belmont enrollment (35 students) at Minuteman has been flat for several years, but costs increases are the highest of any department

Public Service (DPW, Community Development, Building Services)

- DPW continues to turn in an outstanding performance re cost control
- The majority of Community Development's resources are spent on administration and planning, with only 12% of FTE's devoted to inspection.
- Much work awaits the new facilities manager authorized by Town Meeting in 2011.

Public Safety (Police, Fire, Emergency Management)

There are no new issues within these departments. The major ongoing issues are:

- Continuing issues of scale in the Fire Department and lack of willing partners for regionalization.
- Need for continuing analysis and management of disability and sick leave and the related issue of overtime. Police and Fire overtime is budgeted at \$750,000 for 2013; Fire exceeded its overtime budget in 2011 and 2012 largely because of disability and related issues.

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

- The budget provides additional personnel resources to all of the administrative departments with the exception of IT.
- Much work awaits the new Town Administrator.

Culture and Recreation (Council on Aging, Health, Library, Recreation)

- COA, Health and Recreation are very small departments, with combined operating budgets of approximately \$1 million. Given the similarities in mission and high administrative costs associated with such small departments, there would be increased benefits to their constituencies from consolidation.
- COA has improved in tracking the numbers of residents served, but more work is needed. Approximately 40% of the COA budget is devoted to providing transportation services, but the reporting does not tell us whether these services are widely used by many residents or intensively used by a few.
- The Library is the most widely used of all "discretionary" town services with 65% of town residents over 5 holding an active library card. Use of fully benefited part time employees has created a tradeoff with patron services.

IV. Risks and Concerns re the FY2013 Budget (operating and special funds)

There is reason for optimism in FY2013. The state economy is strengthening, which should insulate us against midyear cuts in state aid. A new Town Administrator should be in place by early summer, and the School Department will benefit from an experienced team.

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

- As already noted, there is considerable use of one time money to cover what may well be recurring expenses. Including the \$2,000,000 transfer from cash reserves into the operating budget, the proposed SPED fund, and the perhaps unique experience of a 0% increase in health insurance costs, one time funds total over \$2.5 million. This is a known problem and solutions are being studied which need to be implemented on a timely basis.
- Most of the departmental requests for new spending were requests for additional personnel. Some of the problems addressed by these requests undoubtedly require new person hours. But additions to personnel are by definition recurring costs. The lack of any departmental requests (outside of IT) for IT or other capital investment and the lack of full cost accounting for additional personnel make it more difficult for the town to stay on budget for FY2013 and beyond.
- The FY2013 requests for additional personnel resources were not typically accompanied by benchmarks by which the value of the additional hours or personnel would be judged. These metrics need to be developed – and revisited before the FY2014 budget is developed.

V. Outlook for FY2014 and Beyond

Several of the major issues that will arise in FY2014 have already been discussed, e.g. the need to innovate and manage well enough that the expenses supported by one time money in FY2013 become one time expenses. Other major issues for FY2014 will 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 balance. At current tax rates, a \$25 million project produces \$334,000 in gross annual revenue. Furthermore, there is no assurance that the development projects under discussion will generate substantial net revenue (gross tax revenues minus the costs of providing services) for the town.

Compensation: The multi-dimensional compensation issue is on the short list of major town issues. While town 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. This is particularly true for benefited part time employees, where generous municipal benefits can more than double the effective wage rate.

Employee pensions. Without a return to the bull markets of 2002-2007, the actuarial adjustment to our required pension contribution is likely to increase those costs by \$500,000 to \$600,000 in FY2014.

Post employment health care insurance (OPEB). There is a \$183+ million liability for retiree benefits on the Town’s balance sheet with potential impact on the town’s AAA rating. A portion of those future liabilities also flow through to the Town’s required spending each year. The FY2012 costs of health care benefits provided for early retirees not yet eligible for Medicare was \$1,528,734. By 2014 this annual cost will approach \$2 million.

Cash compensation. One key compensation issue has already been flagged: supporting the teacher salary increases that potentially average 5.9% on a revenue base that grows by 2 ½ to 3 ½ % per year is challenging. Major town contracts have been open for over a year. At the managerial level, increases have been small 1-2% and across the board. There is no meaningful performance incentive – financial or otherwise - even at the most senior level

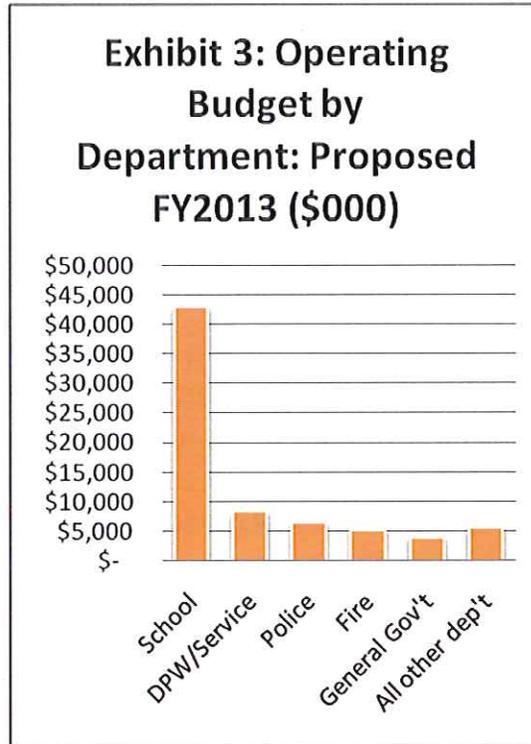
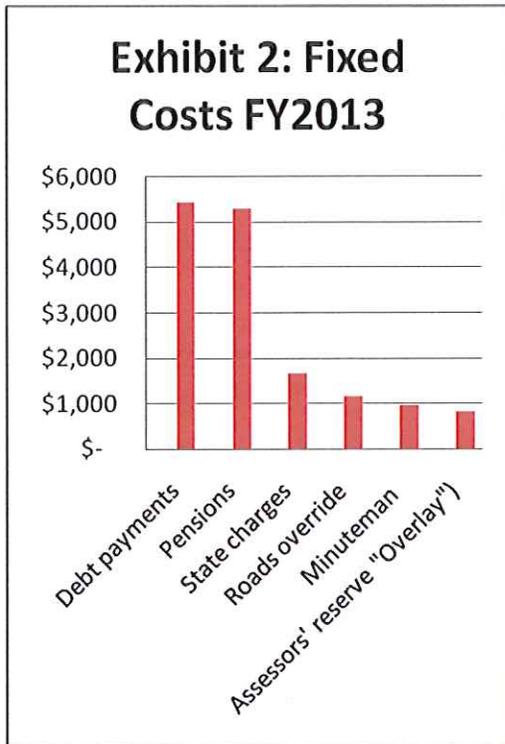
Innovation/productivity/structural reform: The need to revisit the structure of town government and the way work is performed to allow productivity growth to offset compensation costs has been studied at length but remains undone.

Infrastructure: Improvement of core infrastructure – roads, sidewalks, drainage systems, replace or renovate (alpha order) its high school, library and DPW buildings; and its recreational facilities remains an ongoing issue of ability and willingness to pay. 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 \$10.30.

Exhibit 1: Highlights of FY2013 Budget

	FY 2012	FY2013	% change
Total Budget	\$ 86,609	\$ 89,241	3.0%
minus fixed costs*	\$ 14,959	\$ 15,124	1.1%
equals operating budget	\$ 71,650	\$ 74,117	3.4%
School	\$ 41,576	\$ 43,068	3.6%
Town	\$ 28,850	\$ 29,749	3.1%
Capital Budget	\$ 1,224	\$ 1,300	6.2%

*Legally binding obligations, denominated in \$ terms: pensions debt repayment, state , charges (e.g. MBTA), Roads override, Assessor’s reserves, and assessment from Minuteman Vocational Regional School



VI. Organization of the report.

As in the past, Warrant Committee takes a programmatic approach to analyzing the budget. Under this approach, we endeavor to identify the programs undertaken or provided by each Town department and then analyze the cost of those programs. For each department, we have provided a spending overview and programmatic analysis. An expense analysis is provided if an ongoing expense item increased by more than \$5000 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 FY2012, and then our observations and recommendations for FY2013. 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.

In cases where there is more detailed information on department activities than could be accommodated within the printed report, additional detail will be posted on the Town website under the Warrant Committee heading.

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Culture and Recreation

Council on Aging

Budget Overview

FY 2013 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2013 FTEs
\$ 365,158	\$ 10,253	2.9%	5.91

Department Mission/ Description of Services

Mission: The Council on Aging's mission is to enrich the ability of seniors to live safe, independent, meaningful and healthy lives by providing appropriate services.

Services: The Council on Aging provides 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. It also manages the Beech Street Center rental program.

Budget by Program

Transportation accounts for the largest percentage of FTEs (2.456) and highest percentage of budget dollars (39.5%). FTEs for volunteers or grant funded programs are not included.

Program	FTE's	FTE %	Budget \$	Budget %
Transportation	2.456	41.6%	\$144,313	39.5%
Social Services	.9460	16.0%	\$65,315	17.9%
Nutrition	.1315	2.2%	\$9,021	2.5%
Health & Wellness	.8160	13.8%	\$46,912	12.9%
Socialization	.8950	15.2%	\$51,603	14.1%
Volunteer Services	.4150	7.0%	\$21,651	5.9%
Senior Trips	.1015	1.7%	\$7,217	2.0%
Rentals	.1500	2.5%	\$19,126	5.2%
Total	5.910	100.0%	\$365,158	100.0%

Expense Analysis

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

Adds

The BOS approved an additional \$ 4,300 to the initial COA Transportation program budget.

Request	Rationale/support
Additional \$ 4,300 for COA Transportation program	Allows transportation at OT rate on Tuesday evenings when Beech Street Center is open

Special Analysis /Observations

Data Collection: Although improving, data collection continues to be a challenge for the COA

Beech Street Center Rentals: Expenses exceed revenue

Transportation: Over one third of the budgeted FTEs (2.456 of 5.91) are for Transportation and the program represents 39.5% of the overall budget
Consolidation: COA shares a Social Worker with the Health Department and partners with the Recreation Department for transportation and space needs, illustrating the synergy between the departments

Recommendations

Although the COA has improved the data collection process, the department needs to continue to work on this issue and other prior year recommendations.

Recap of Prior Year Recommendations

Recommendation	Status
Improve Data Collection	Although improving, COA still has difficulty tracking usage
Regionalization	Shared Belder Bus use explored with Lexington, who ultimately decided on an alternative
Consolidation of COA with Health and Recreation	No progress to date
Means testing	No progress to date

FY 2013 Recommendations

Recommendation	Rationale
Consolidate Recreation, COA and Health departments	Small departments, potential efficiencies and cost savings, space sharing, shared general mission
Staff Alignment	Social worker FTE position should be aligned with community needs (year-long position), without incurring increased costs
Evaluate the \$4,300 increase in funding for the Transportation Program in light of usage	There was no usage projections or other data on which to base a recommendation to add \$ 4,300 to the Transportation Program budget
Improve data collection	Required for effective use of resources
Review model of Transportation Program, distribution of users	Major use of resources; private alternatives available; understand concentration of benefits

Health Department

Budget Overview

FY 2013 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2013 FTEs
\$437,628	\$ 31,804	7.8%	4.5

Department Mission/Description of Services

Mission: Disease prevention, health promotion and enforcement of state and local regulations.

Services: Emergency planning and response, hazardous waste disposal and animal control; inspection services, including licensing and enforcement; assistance to veterans and social services to youth and families and disease prevention.

Budget by Program

The budgeted rate of growth in expenses exceeds the average for town departments and available revenue growth. There are no significant changes in the budget allocation among programs. Inspections and Public Safety account for the highest percentage of FTE's and the largest share of budget dollars (26.8% for each program).

Belmont shares a Public Health Nurse with Lexington through a personal service contract. The nurse is not a Belmont employee so the position is not reflected in the FTE's but the contract position cost is included in the budget.

Program	FTE's	FTE %	Budget \$	Budget %
Public Safety	1.3	28.9%	\$117,284	26.8%
Inspections	1.6	35.5%	\$117,284	26.8%
Social Services	.8	17.8%	\$104,156	23.8%
Disease Prevention	.8	17.8%	\$98,904	22.6%
Total	4.5	100.0%	\$437,628	100.0%

Expense Analysis

Two line items, full time wages and recipients and other, miscellaneous increased by more than 5% and \$ 5,000 from the previous fiscal year.

Line Item	FY2013	Prior Year	% incr.	Explanation
Full Time Wages	\$206,356	\$193,086	6.9%	Contractual raises and COLA
Recipients & Other, Misc	\$24,000	\$6,600	264%	Veterans benefits

Adds

The Health Department did not request any adds for new programs or personnel.

Special Analysis /Observations

Fee Structure: In 2010 and 2011, the Health Department has reviewed and adjusted fees, adding new fees for non-mandated activities to avoid subsidizing inspections. The department will reevaluate fees annually.

Web-Based Inspections: The department contracted with a software development firm to implement a digital PC table web-based food inspection program, which should increase efficiency and productivity for inspectors. This program is in final testing mode and is scheduled to go live prior to the 1st quarter of FY13.

Part Time Employees: There are no PT employees. The Youth and Family Services Coordinator position is shared with the Council on Aging.

Veterans Benefits: Although this budget category increases 264% from FY12 to FY13, the impact to the town is limited, given a 75% state reimbursement.

Regionalization: The shared Public Health Nurse holds licenses and certifications that are used to expand department response capacity and allow him to also handle other functions of the department, including public health preparedness, hazardous waste issues, environmental inspections and disease prevention.

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	Initial planning and discussion is in the works to establish a regional kennel facility with Lexington and Bedford
Consolidation within the town	The Board of Health has begun internal discussions of departmental restructuring

FY 2013 Recommendations

Recommendation	Rationale
Consolidate Recreation, COA and Health departments	Small departments, potential efficiencies and cost savings, space sharing, shared general mission
Regionalization	Potentially large part of budget

Library

Budget Overview

FY 2013 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2013 FTEs
\$ 1,962,948	\$ 85,054	4.5%	23.43

Department Mission/Description of Services

Mission: The Library's core missions are to 1) provide free lifelong education, useful information and entertainment for adults, and 2) assist in the education of students, improve children's proficiency and enjoyment of reading; promote literacy readiness in young children.

Services: Curate and circulate books and digital materials; provide reference services; teach research skills (increasingly digital); provide school project assistance; sponsor summer reading for students and story hours for young children.

Budget by Program

The budget as submitted calls for an increase below the town average, with no significant changes in the allocation among programs. Circulation Services accounts for the highest percentage of FTE's (28.7%) whereas the Adult Services program consumes the highest share of budget dollars (31.4%), with the difference due to the levels of staff working in each program. Young Adult Services is by far the smallest program with respect to both measures.

Program	FTE's	FTE %	Budget \$	Budget %
Administration	1.78	7.6%	\$314,614	16.0%
Adult Services	6.63	28.3%	\$615,945	31.4%
Young Adult Services	1.08	4.6%	\$82,556	4.2%
Children's Services	3.59	15.3%	\$300,779	15.3%
Circulation Services	6.73	28.7%	\$401,177	20.5%
Technical Services	3.62	15.5%	\$247,877	12.6%
Total	23.43	100.0%	\$1,962,948	100.0%

Expense Analysis

Line items increased by more than 5% and \$ 5,000 from the previous fiscal year in building maintenance, part time salary – administration and public services and book/per/film/CD/rec.

Line Item	FY2013	Prior Year	% incr.	Explanation
Building Maintenance	\$78,725	\$68,060	15.7%	Window repair and painting
PT Salary – Administration	\$17,084	\$6,944	146.0%	Additional staff hours
PT Salary –Public Services	\$244,497	\$231,936	54.2%	Additional staff hours
Book/Per/Film/CD	\$257,960	\$306,005	18.6%	E-readers and materials

Adds

The BOS approved additional funds for library activities as identified below.

Request	Rationale/support
Materials budget @ \$20,000 to meet MBLC standards, or inflation offset (2.5%) @\$6650	Increase of 2.5% offsets inflation
Restore one evening in Children's Room in summer months @ \$1,100	Substantial usage when summer night offered in 2006 (300+ at story hour); provides access for working parents
Increase Young Adult/Reference Librarian to full time (+5 hours) @\$7,100	Allows librarian to spend time at BHS, supporting reference training and special projects
Electronic databases and eBooks, e.g. Medigap @\$20,000	New reference databases to help residents make key decisions
Add hours for PT personnel \$8,000	To cover during peak time, vacation and illness and for special projects

Special Analysis /Observations

Distribution of service: With the exception of DPW, this is the most widely used discretionary town service. Over 65% of all residents age 5 and over have an active library card. Families with young children are heavy library users. Children's books account for approximately 51% of library circulation.

Innovation and Adoption: The BPL has been a leader in the Minuteman Library Network in introducing digital access and services. Belmont has embraced these new services; on line book checkout is the fastest growing circulation category.

Administrative/back office overhead: Support programs- Circulation (checking out books and other) and Technical Services (cataloging and preparing materials for circulation)-account for 33.1% of the FY2012 budget.

Use of Part Time Employees: The hourly cost of a 25 hour per week employee (full benefits) is 2 to 3 times as much as a 19-hour employee. Had BPL converted its three benefited positions to four 19-hour positions – and been permitted to retain the cost savings– the savings would have covered the costs of the new personnel requests.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Add Sunday openings	13 additional openings added
Rationale custodial services	Trustees are deliberating on whether to join consolidated maintenance program

FY 2013 Recommendations

Recommendation	Rationale
Explore IT investments for back office operations	Major portion of budget, small value added of "human touch"
Revisit use of benefited PT positions	Substantial savings
Digital expansion	Right fit for Belmont community; potential space savings
Evaluate the increase in Young Adult/Reference Librarian to full time (+5 hours) @\$7,104 and the \$8,000 for PT personnel	Pursue evaluation (jointly with School Department) of the value of this investment

Recreation Department

Budget Overview

FY 2013 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2013 FTEs
\$694,708	\$ 17,408	2.6%	16.18

Department Mission/Description of Services

Mission: Provide Belmont residents with healthy, enjoyable and affordable activities regardless of age, gender or physical ability.

Services: Provides 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

The budget calls for an increase below the town average. There are no significant changes in the allocation among programs. The Summer Pool Program accounts for the highest percentage of FTE's (30%) and the School Year Programs, the largest share of budget dollars (28.4%).

Program	FTE's	FTE %	Budget \$	Budget %
Summer Pool Program	4.83	30%	\$147,822	21.3%
Summer Sports Program	4.62	29%	\$137,522	19.8%
School Year Programs	2.97	18%	\$197,792	28.4%
Skating Rink Programs	2.00	12%	\$64,381	9.3%
Spring Programs	.82	5%	\$71,939	10.4%
Special Needs	.94	6%	\$75,252	10.8%
Total	16.18	100.0%	\$694,708	100.0%

Expense Analysis

Only one line item increased by more than 5% and \$ 5,000 from the previous fiscal year, program wages.

<i>Line Item</i>	<i>FY2013</i>	<i>Prior Year</i>	<i>% incr.</i>	<i>Explanation</i>
Program Wages	\$47,013	\$38,663	21.6%	Program Coordinator salary upgraded from grade 7 to 10

Adds

The BOS approved additional funds to increase PT wages for the Special Needs program.

Request	Rationale/support
\$1,600	Increase PT wages for Special Needs program PT workers

Special Analysis /Observations

Distribution of Benefits: There are approximately 3,300 unique residents or 13% of the town who have participated in programs offered by the Recreation Department in 2012, the majority utilizing summer programming (40%), followed by school year programming at 40%, and the rink, spring and special needs programming each receiving 10%.

Shared Resources: The Recreation Department continues to share resources with the Council on Aging, including use of space for programming at the Beech Street Center, and shared use of transportation when the Belder bus is available.

New Programming: The Department is commended for offering new programming to the residents, including Musical Theatre, Dance, baby-sitting courses, added Special Olympics programs as well as fitness and social activities for special needs, an extended day option to the summer programs utilizing the Beech Street facility, and expanded private swimming lessons.

Expense Reduction and New Revenue Initiatives: Adding sponsorships opportunities for the spring ball programs will reduce expenses and a new revenue initiative to advertise on the boards at the Skip Virgilio skating rink is expected to defray program costs (revenue estimates range from \$8,000 - \$10,000).

Fees: Overall, fees have been increased to better represent the actual cost of the delivery of programming (17% increase).

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Centralization of admin of Rec. programs across town	No progress to date
Departmental Consolidation	No progress to date
Increase program volume to avoid operating losses	Progress is being made (see above, new programming)
Increase fees	Progress is being made – generally increased 17% across board

FY 2013 Recommendations

Recommendation	Rationale
Consolidate Recreation, COA and Health departments	Small departments, potential efficiencies and cost savings, space sharing, shared general mission
Evaluate use of CPA funds to repair/rebuild Underwood Pool	Possible method to address aging infrastructure

General Government – Administrative Departments

Budget Overview

FY 2013 \$	Change from Prior Year	% Change from Prior Year	FY 2013 FTEs
\$ 2,262,322	\$221,141	1.8%	17.41

Department Mission/Description of Services

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

Services:

Town Clerk: Organize and manage elections and voter registration responsibilities; create and maintain Belmont’s records including marriages, births, deaths, pet licensing, and census; maintain Town Meeting and board, committee, and commission meeting postings and minutes; provide administrative coordination of Town Meeting, keep accurate records of Town Meeting activities and communicate with Town Meeting Members.

Information Technology: Provide desktop services for all town departments, ERP system administration for MUNIS system and Municipal Light Department's Cogsdale System, file server and communications administration and technical training for town systems.

Human Resources: 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: Serve as the Town's chief administrative officer and chief of staff for the Board of Selectmen. Oversees and coordinates activities of Town departments and external counsel. Initiates and organizes planning and budgeting; senior point of contact for residents on 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 share 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	FTE's	FTE %	Budget \$	Budget %
Town Clerk	4.50	26%	\$368,482	16%
Information Technology	5.00	29%	\$874,730	39%
Human Resources	2.71	15%	\$278,829	12%
Town Administrator	5.20	30%	\$740,281	33%
Total	17.41	100.0%	\$2,262,322	100.0%

Expense Analysis*

Two lines increase by more than 5% and more than \$5,000.

Line Item	FY2013	Prior Year	% incr.	Explanation
IT Software Licenses	\$128,500	\$74,500	72%	Moving toward hosted solutions, various upgrades
Town Clerk Salary (excludes registrar stipend)	78,216	62,400	25%	Market survey and job classification study by external consultant

Adds

Request	Rationale/support
Town Clerk (TC) Audience response system requested through capital budget (\$19,000)	Accurate immediate vote count at town meeting-cuts costs by shortening number of nights at town meeting
TC – upgrade of PT position to full time: \$13,674 salary plus cost of benefits (benefit cost not included in request)	Need for more demands from state and federal regulations, e.g. Open Meeting Laws
HR- Increase current employee from 35 to 37.5 hours; increase PT employee from 25 to 32 hours (\$12,535)	Meeting new regulation requirement and free benefits staff from administrative tasks.
HR - Pay classification study (\$25,000)	Compare current Town pay scale with market rates- last done in 2002
Town Administrator (TA) -two positions increased from part time to full time (pension cost not included in request) (\$49,000)	Maximize office coverage and increase time for budget analyst
TA-increase Town Administrator salary (\$15,000)	Attract better candidates
TA-bonus merit pool increase (\$20,000)	Reward good performance
Information technology (IT) – Provide internet access for Library patrons (\$7000)	Current service is low speed and unreliable
IT-mobile device security (\$35,600)	Allow town employees to securely access Town intranet using own devices such as iPads and smartphones (“BYOD”)

Special Analysis/Observations

None

Recommendations:

Town Clerk Salary: Recommend using the median salary as calculated from data provided in the consultant’s report: \$66,052 (5.9% increase) bringing total compensation to \$69,052. Salary should be evaluated as part of overall pay classification study recommended for FY2013.

IT Licenses: Recommend approval for better performance and increased efficiencies of the IT system.

Pay Classification Study: Recommend approval as a town wide study has not been done in over 10 years.

Town Administrator staff increase: Recommend approval as one support staff for main town office is not adequate and targeted analysis of Town budgets likely to reduce costs by more than increase in salary.

Recap of Prior Year Recommendations

Recommendation	Status
TC: Work with IT dept. to develop systems internally for the town clerk's office so they are less dependent on outside departments	Completed
TC: Work with school department to streamline services wherever possible	Limited progress
HR Regionalization	No progress
HR: Consolidation with School HR	No progress
HR: Review pay classifications	Classification study in budget
HR: Drop an old health ins. plan	Done
HR: Further use of technology	Being pursued
TA: Re-work the VFW payment/lease	No progress
TA: Re-bid services	Insurance re-bid with lower premiums
TA: Market Town Hall for rentals	No progress
TA: More power to the Town Admin.	Being pursued

FY 2013 Recommendations

Recommendation	Rationale
Better coordination of these numerous small departments	Allow more efficient use of personnel and improve information flow
Consolidation with School HR	Provide cost savings and/or specialization

General Government – Financial Departments

Budget Overview

FY 2013 \$	Change from Prior Year	% Change from Prior Year	FY 2013 FTEs
\$1,311,272	-\$16,457	-1.2%	14.1

Department Mission/Description of Services

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

Services

Accounting: Prepare Town financial statements, maintain general ledger, prepare required filings to MA Department of Revenue, 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: 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: The Assessing 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	FTE’s	FTE %	Budget \$	Budget %
Accounting	2.8	19.9%	\$340,735	25.9%
Treasurer	7.5	53.2%	\$594,117	45.3%
Assessors	3.8	27.0%	\$376,420	28.7%
Total	14.1	100.0%	\$1,311,272	100.0%

Expense Analysis*

The following line items increased by more than 5% and more than \$5,000 from 2012 Estimated Expenses.

Line Item	FY2013	Prior Year	% incr.	Explanation
Professional Services	\$20,500	\$7,500	173%	Periodic OPEB study by external consultant. Required by law

Requested Adds

None

Special Analysis /Observations

Accounting: The department is commended for a smooth transition with the retirement of Barbara Hagg and the arrival of Chitra Subramanian as the new Town Accountant. The

department uses 1 part-time intern to assist with accounts payable and filing. The position is at a straight hourly wage with no benefits.

Treasurer: Administrative overhead: Has declined by 1.5 FTE over the last 10 years.

Part time employees: The Department has two PT employees, one at 16 hours per week and a second at 4 hours per week. Neither PT position carries benefits.

Assessors: Part time employees: The Department has one PT employee at 12 hours per week. This position does not carry benefits.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Consolidation of Town payment windows – Treasurer’s and BML	No Progress: Requires action by two separate agencies
Town parking lot spaces priced below market	Progress: Parking consultant has been engaged to review rates
Savings through technology	Progress: E-Billing will be available August 1, 2012
Timely Information Distribution	Progress: Have agreed to a schedule to distribute information
Use of Technology	Exemption and abatement forms are available on-line
Implement CPA	Done

FY 2013 Recommendations

Recommendation	Rationale
Use part-time non-benefited workers whenever possible.	Reduction in compensation expense.
Consolidate Treasurer’s and Municipal Light payment windows	One location to accept all in-person payments may reduce clerical needs, and will be a convenience to residents
Implement Payment in Lieu of Taxes Program	Non-profit institutions draw on Town Services and thus town needs to find a reimbursement model.

Police

Budget Summary

FY 2013 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2013 FTEs
\$6,520,258	\$ 146,227	2.3%	59

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 as submitted calls for an increase below the town average with no significant changes in the allocation among programs. Patrol Services accounts for the highest percentage of FTEs (50.8%) and the highest share of budget dollars (60.8%).

Program	FTE's	FTE %	Budget \$	Budget %
Patrol Services	30	50.8%	\$3,924,276	60.8%
Traffic Management	8	13.6%	\$445,886	6.9%
Detectives & Investigations	5	8.5%	\$451,492	7.0%
Community Services	3	5.1%	\$257,919	4.0%
Public Safety Comm.	8	13.6%	\$865,552	13.4%
Administration	3	5.1%	\$424,693	6.6%
Records	2	3.4%	\$83,417	1.3%
Total	59	100.0%	\$6,453,235	100.0%

Expense Analysis

Two line items changed by more than 5% and more than \$5,000 from the previous fiscal year.

<i>Line Item</i>	<i>FY2013</i>	<i>Prior Year</i>	<i>% incr.</i>	<i>Explanation</i>
Communications Wages	\$506,313	\$464,469	9%	911 grant-funded position
New Cruiser	\$150,000	\$120,000	25%	Had deferred in prior years

Requested Adds (not included in budget above)

Upon the approval of additional funding, one Traffic Management officer and a crossing guard (15 hours) will be added.

<i>Request</i>	<i>Rationale/support</i>
One FTE sworn officer & a per diem guard, at cost of \$66,300	See recommendation section below

Special Analysis/Observations

Cost Allocation: Police, like many Town departments could benefit from charging Administration to each operating program. There has been discrepancy on how the department reports staffing. When attempting to reconcile "FTE" counts with Human Resources and Accounting departments the numbers have varied widely (as much as 20 staff). Working with new Town Administrator and the PD leadership team within the department will enable this accounting approach to take root.

Staffing/Service Model: The Public Safety Subcommittee has recently begun an effort, in cooperation with Police Department leadership, to comparatively analyze the service and staffing models of neighboring towns. This benchmarking will hopefully result in insights and recommendations. Each town takes a rather different approach to expense allocation, so comparing budgets is a challenge that requires data gathering and thoughtful analysis.

Regionalization: For many years now, there has been discussion of major structural change between PD and the Public Safety Subcommittee, primarily through regionalization. The Police Department has been actively involved with regionalization of services; primarily through Communication/911 services and through participation of the Police Department with NEMLAC, RRT, SWAT, ICS, STARS and other regional organizations. More recently the Police Chief in collaboration with Middlesex County Sheriff Department is exploring a pilot program to evaluate the efficacy of a regionalized prisoner housing arrangement.

Sick / Disability Management: The Warrant Committee applauds the effort by the Fire Chief and Police Chief to take tighter control over sick / disability costs by hiring Meditrol, a benefits consulting firm. Early indications are that this investment is helping to bring costs down, but further data is needed to quantify impact.

Recommendations

Recap of Prior Year Recommendations

<i>Recommendation</i>	<i>Status</i>
Explore Regionalization	See Regionalization section above. Significant progress in this area is unlikely, however, without changes at the legislative level.

FY 2013 Recommendations

<i>Recommendation</i>	<i>Rationale</i>
The decision regarding the incremental Traffic Management	There are three primary traffic centers in Belmont (Belmont Center, Waverley Square, and

officer is a policy determination. It will likely add approximately \$75-90K of implied annual cost obligation (fully-loaded) with the goal of improving safety

Cushing Square) but currently only two officers. The third officer would allow better coverage of all three zones. A rigorous assessment of the cost of the incremental FTE should factor in the full lifetime cost implications (health, pension, etc.).

The decision regarding the incremental crossing guard is a policy determination. It will add \$6,300 of cost per year with the goal of improving safety

The Butler Community and Town survey indicated support for an additional resource to be in place in an active crossing point (Hawthorne / Trapelo Rd), where there is currently no guard. A new part-time FTE would create no long-term cost obligations (health, pension, etc.).

Request for new cruiser

The increases in line-item changes are consistent with the cost to maintain and operate aging service vehicles. Secondly, the cost to outfit new vehicle types with the required communication equipment is consistent with new vehicle configuration.

Fire

Budget Summary

FY 2013 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2013 FTEs
\$5,332,032	\$ 103,732	2.0%	55.49

Department Mission/Description of Services

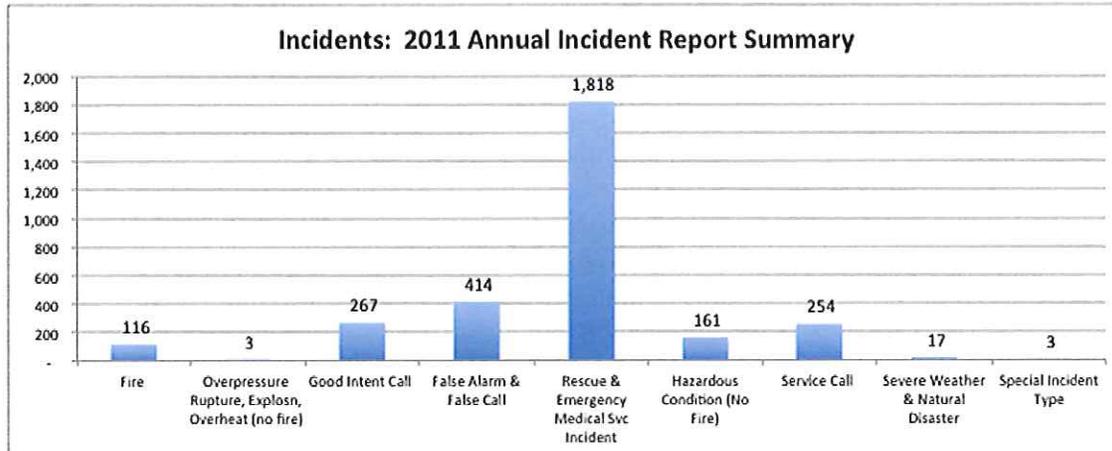
Mission: The Fire Department's primary responsibility is providing emergency response to Town residents.

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 calls for an increase below the town average, with no significant changes in the allocation among programs. FTEs have been allocated across programs using 2011 activity statistics from the annual incident report. (Note: Fire Prevention FTEs are allocated based on budget % and the remaining three programs based on incident types, w/ the rough assumption of all incidents being equal.) Rescue Services accounts for the largest % of both FTEs (52.5%) and budget dollars (52.2%).

Program	FTEs	FTE %	Budget \$	Budget %
Fire Suppression	12.83	23.1%	\$1,282,234	24.4%
Fire Prevention	6.54	11.8%	\$620,186	11.8%
Rescue Services	29.15	52.5%	\$2,747,423	52.2%
Service Calls	6.98	12.6%	\$613,984	11.7%
Total	55.49	100.0%	\$5,263,827	100.0%



Expense Analysis

Four line items changed by more than 5%, and more than \$5,000, from the previous fiscal year.

Line Item	FY2013	Prior Year	% incr.	Explanation
Overtime	\$465,000	\$382,879	21.4%	Revised based on FY11 and FY12 experience
Uniform Maint. Allowance	\$0	\$52,500	(100%)	Rolled into Haz Mat line
Hazardous Materials Stipend	\$84,750	\$25,000	239%	Uniform. maintenance \$'s included plus increase per CBA
In Service Training	\$22,000	\$11,000	100%	Making up for cuts in prior years

Requested Adds

None

Special Analysis /Observations

Overtime (OT): The last two fiscal years have seen significant overages in OT expenditure relative to budget, requiring Reserve Fund transfers. The budget for FY13 has been increased by 21% in an effort to address. An analysis of over a dozen nearby towns indicates that Belmont's experience is not abnormal and our OT costs as a percent of budget are in line. However, ongoing management by Fire Department leadership remains vital to keep costs down.

Staffing / Service Model. The Public Safety Subcommittee has recently begun an effort, in cooperation with Fire Department leadership, to comparatively analyze the service and staffing models of neighboring towns. This benchmarking will hopefully result in insights and recommendations. Each town takes a rather different approach to expense allocation, so comparing budgets is a challenge that requires data gathering and thoughtful analysis.

Regionalization: For many years now, there has been discussion of major structural change with the Fire Department, primarily through regionalization. This is a notoriously complex issue, as it requires political and strategic alignment on proposed changes – not only within Belmont, but with any other town involved in the regionalization. It may be the case that without state-level intervention of some kind, sharing resources across towns is near impossible. Barring new data, the Subcommittee believes that meaningful new effort or dialogue on this topic is not advisable.

Sick / Disability Management. The Warrant Committee applauds the effort by the Fire Chief and Police chief to take tighter control over sick / disability costs by hiring Meditrol, a medical claims administration firm. Early indications suggest that this investment is helping to bring costs down, but further data is needed to quantify impact.

Recommendations

The Fire Department has made some progress on recommendations made in prior years

Recap of Prior Year Recommendations

<i>Recommendation</i>	<i>Status</i>
Address high Injured on Duty / Sick Leave	Hired an outside consultant, Meditrol, with Police Department to address issue
Make a decision whether to add ALS to EMS service	No progress
FTEs – should be broken out by programming	An initial draft has been done in this report, above, but further analysis will be done to hone

FY 2013 Recommendations

<i>Recommendation</i>	<i>Rationale</i>
Evaluate existing service / staffing model	A detailed analysis of benchmark towns’ cost structures and staffing models may result in cost savings opportunities or efficiency gains
Explore federal SAFER grant for buffer expansion and long-range retirement planning	With the limited staffing buffer today, continued careful management will be vital. Federal grant monies may help mitigate this issue and help plan for upcoming retirements
Barring legislative action (or new information) acknowledge that FD regionalization is impossible	The Subcommittee would welcome evaluation of options by the legislature but additional work or discussion at the local level is unproductive

Public Works

Budget Overview

FY 2013 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2013 FTEs
\$6,157,953	\$ 60,612	1.0%	51.21

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.

Budget by Program

Program	FTE's	FTE %	Budget \$	Budget %
Administration	3	5.9%	\$316,544	1.7%
Street Maintenance	5	9.8%	\$683,120	3.6%
Snow Removal	0	0.0%	\$553,274	2.9%
Central Fleet Maintenance	4	7.8%	\$553,863	2.9%
Forestry	1	2.0%	\$252,200	1.3%
Delta & Grounds	1	2.0%	\$60,222	0.3%
Solid Waste Collection & Disposal	1.5	2.9%	\$2,394,284	12.5%
Cemetery Maintenance	6.0	11.7%	\$447,443	2.3%
Parks & Facilities	5.61	11.0%	\$687,689	3.6%
Water Administration	2	3.9%	\$573,869	3.0%
Water Distribution	10.1	19.7%	\$4,697,879	24.6%
Sewer Maintenance	8	15.6%	\$7,473,863	39.1%
Stormwater Maintenance	4	7.8%	\$409,415	2.1%
Total	51.01	100.0%	\$19,103,665	100.0%

Expense Analysis*

The following budget line items increased by more than 5% and by more than \$5,000 from 2012 Estimated Expenses

<i>Line Item</i>	<i>FY2013</i>	<i>Prior Year</i>	<i>% incr.</i>	<i>Explanation</i>
Central Fleet Maintenance wages	\$21,200	\$12,483	18%	Position unfilled in part of FY2012

Solid Waste Coordinator	\$23,483	\$10,000	135%	New position
Outside Disposal	\$665,000	\$580,000	15%	Prior year came in under budget

Requested Adds (not included in budget above)

None.

Special Analysis /Observations

The department is commended for once again maintaining level services in FY 2013 within a level services budget. However, Town Meeting should understand that budgeted level services is compatible, in the short run, with underinvestment in maintaining Town infrastructure.

Sidewalk repair/reconstruction in FY2012 was budgeted at the very low level of \$7,100. However, at the last minute the Capital Budget Committee gave the DPW \$144,000 for sidewalks without a formal written request. For FY2013 this line item was again budgeted at \$7,100 but Capital Budget Committee is again supplementing this amount with an additional \$100,000.

Sidewalk reconstruction costs approximately \$30/lineal foot, so funding of \$100,000 would equate to 3,500 lineal feet, or somewhat more than half a mile. Belmont has 97 miles of sidewalks.

As we have noted in the past, the Underwood pool and the Skip Viglirolo Skating Rink are past their useful lives. These assets may fail with little warning.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Fees for services that compete with private tradesmen, e.g., sewer rod outs	No progress
Increase recycling percentage	New waste contract in place, program to be re-evaluated

FY 2013 Recommendations

Recommendation	Rationale
Make greater progress on incinerator site	Funds have been set aside for this purpose

Community Development

Budget Overview

FY 2013 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2013 FTEs
\$ 885,389	--\$ 19,385	-2.2%	8.97

Department Mission/Description of Services

Mission and Services: There are four departments:

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 professional “in-house” planning services to the Town offering guidance on land use issues to the Board of Selectmen and the Town Administrator. Staffs town committees including the Planning Board and the Zoning Board

Budget by Program

Planning accounts for the highest percentage of FTE’s (33.5%), and Administration and Planning account for approximately 60% of budget dollars.

Program	FTE’s	FTE %	Budget \$	Budget %
Administration	1.48	16.5%	\$262,415	29.6%
Engineering	2.24	25.0%	\$143,031	16.2%
Inspection	1.08	12.0%	\$183,160	20.7%
Planning	3.00	33.5%	\$256,796	29.0%
Plumbing and Gas	1.17	13.0%	\$39,987	4.5%
Total	8.97	100.0%	\$885,389	100.0%

Expense Analysis*

There are no budget line items that increase by more than 5% from 2012 Estimated Expenses. The total budget for the Communities and Development program decreased by 2.2%.

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

Request	Rationale/support
Communication via email to TM	Better communication
Technology for 3D and architectural renderings	Better explain projects

Special Analysis /Observations

The department is commended for once again maintaining level services in FY 2013 within a level services budget (2.2% less than 2012), however, the level service budget limits code enforcement activities. There is a lack of coordination between the Planning Division and the Town's Planning Board.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Obtain historical document imaging system	No progress
Increased code enforcement	No progress

FY 2013 Recommendations

Recommendation	Rationale
Review organization of Planning Division and coordination with Planning Board	Align operation of related Town planning functions.

Building Services

Budget Overview

FY 2013 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2013 FTEs
\$ 1,340,637	\$ 53,448	4.2%	6.75

Department Mission/Description of Services

Mission and Services:

Maintenance, cleaning, and repair of the following Town buildings including the Police Station, Town Hall, Homer Bldg, Old BMLD Bldg, the Fire Stations, the Town Yard, and the Beech Street Center.

Manage fuel and utilities for town buildings (heating oil, diesel fuel, natural gas, water, electricity).

Manage town telecommunications contracts.

Assist with oversight of Town capital projects.

Budget by Program

Program	FTE's	FTE %	Budget \$	Budget %
Administration	0.75	11.1%	\$45,141	14.7%
Capital Project	0.35	5.2%	\$26,185	8.5%
Energy and Security	0.65	9.6%	\$40,402	13.1%
Maintenance	5.00	74.1%	\$196,328	63.7%
Total	6.75	100.0%	\$308,056	100.0%

Expense Analysis*

The following budget line items increase by more than 5% and by more than \$5,000 from 2012 Estimated Expenses.

Line Item	FY2013	Prior Year	% incr.	Explanation
Wages	\$292,407	\$255,598	14.4%	Additional cleaning staff
Health Insurance	\$27,085	\$12,085	124.1%	Additional staff
Electricity	\$240,000	\$225,000	6.7%	Rate increase

Requested Adds (not included in budget above)

Request	Rationale/support
Light Rate increase of \$38,000	BMLD rates
Fuel Cost increase of \$45,000	Market price changes

Special Analysis /Observations

The department is commended for once again maintaining level services in FY 2013 within a level services budget. Repairs to the Police Station required much less expense than originally anticipated.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Continue planning for consolidation with School Buildings function	Awaiting further action

FY 2013 Recommendations

Recommendation	Rationale
Continue planning for consolidation with School Buildings function	Long-term town policy

Minuteman

Budget Overview

Belmont Assessment FY 2013	Change from Prior Year	% Change from Prior Year *	FY 2013 FTEs
\$939,999	\$51,880	6.8%	NA

Department Mission/Description of Services

Mission: Minuteman's mission is to serve a diverse student body with multiple learning styles with in academic, career, and technical training 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. The 22% of the Minuteman budget of \$17,251,713 not reflected in the table below consists primarily of employee benefits (11.2% of the budget), which Minuteman does not allocate to the respective program areas, health benefits for retirees (3.9%), property and liability insurance (0.9%), and capital expenses (4.7%).

Program	FTE's	FTE %	Budget \$	Budget %
Administration	18.4	14.3%	\$2,255,481	16.8%
Academic Programs	30.3	23.6%	\$2,350,367	17.5%
Career & Technical Programs	41.0	31.3%	\$3,162,239	23.5%
Instructional Support Services	27.3	21.3%	\$2,355,172	17.5%
Athletics & Student Activities	---	---	\$427,878	3.2%
Transportation	---	---	\$1,265,300	9.4%
Maintenance & Utilities	11.4	8.0%	\$1,615,135	12.0%
Total	128.4	100.0%	\$13,456,336	100.0%

Expense Analysis

The total Minuteman budget is increasing by \$816,240, or 4.97%, in Fiscal Year 2013. The bulk of the increase is due to contractual 1% salary and step and lane increases for teachers and support staff (coupled with some modest unrealized FY 2012 salary savings). Approximately 10% of the increase is due to the restoration of funding for the principal's position, which is currently being filled on an interim basis by the Community Education director. The other significant discretionary budgetary increase is in funds for technology, which reflects the funding for an approved multi-year technology plan.

<i>Line Item</i>	<i>FY2013</i>	<i>Prior Year</i>	<i>% incr.</i>	<i>Explanation</i>
Academic Programs*	\$2,350,367	\$2,119,701	10.9%	Contracted salary increases.
Career & Technical Programs*	\$3,156,625	\$2,993,076	5.5%	Contracted salary increases.
Technology Support	\$561,174	\$335,749	67.1%	Implementation of technology plan.
Principal's Office**	\$281,307	\$194,222	44.8%	Restoration of principal's position.
Health Services, Guidance	\$576,553	\$498,305	15.7%	Contracted salary increases, retention of staff nursing position.

*Prior Year budget included unspecified and unallocated budget savings from staff reductions and program eliminations. Those forecasted savings have simply been allocated to the Prior Year budgets in this table in proportion to those respective FY 2012 budgets before the anticipated savings.

**Prior Year budget adjusted to reflect previously unspecified budget savings.

Requested Adds (not included in budget above)

There will be a request for an additional \$46,793 appropriation for unforeseen renovations at Belmont's Special Town Meeting in May.

Special Analysis /Observations

Enrollment Trends: Total enrollment at Minuteman, which was over 900 students in 1996, is 785 students in the current (FY 2012) school year. Enrollment has grown substantially over the past several years, but virtually all of Minuteman's enrollment growth has come from students outside of the Minuteman district (who do not pay capital costs or special assessments), and a significant portion of the growth has come from an increase in post-graduate enrollment. Belmont's current enrollment is 37, and it unclear whether represents a plateau.

Minuteman Enrollment from Belmont by Student Type

Year	2007	2008	2009	2010	2011	2012
High School	22	31	33	35	37	37
Post High School	2	0	0	3	4	4

Non-Member Tuition Increases: Non-member tuition rates are currently set at the highest level permitted by the State, and when transportation costs (which are covered separately by the non-member towns) and special education surcharges are factored in, per-student costs for non-member towns are now higher than most member-town assessments.

Potential Building Renovation Project: The Minuteman school facility was constructed in 1975 and has not undergone any significant renovation since that time. Minuteman is currently working with the MSBA to obtain approval for a renovation/reconstruction of the building. In October 2011, the MSBA approved Minuteman to consider a design of a renovated school serving a maximum of 800 students. However, there is no appetite within Belmont, or within a significant number of other member towns, to bear the capital costs associated with a facility designed to serve a substantial number of non-member students. So, until a mechanism is found to address the capital costs associated with non-member students, Belmont’s approval for the renovated facility remains a critical, unresolved issue.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Advance plans for a new building	Enrollment study completed, but not presented to Belmont. Enrollment certification awarded by MSBA. Significant issues regarding school sizing remain unaddressed. Building Committee formed, but feasibility study not yet commenced.
Consider changes to the Regional Agreement	Effort suspended without resolution.
Increase enrollments	Total enrollments up, but all from non-member towns
Potentially admit new towns to the District	Discussions held with certain non-member towns, but no interest in joining at present
Revisit mix of career and technical programs	Draft education plan presented to the School Committee, but discussions currently only at the initial stages

FY 2013 Recommendations

Recommendation	Rationale
Complete enrollment study	Without agreement on school size, there is little possibility of agreement
Address non-member and post-graduate enrollments.	Need to achieve equitable cost distribution
Continue exploring admitting new Towns to the District.	Recruiting new towns to the District (e.g. Watertown, Medford, or Waltham,) could alleviate concerns regarding building sizing.

Program/Budget Category	FY2012 Budget (5/20/11)			Revised FY2012 Budget (9/13/11)			Proposed FY2013 Budget		
	FTE's	%	Budget \$	FTE's	%	Budget \$	FTE's	%	Budget \$
Regular Instruction									
English	24.40	6.0%	\$ 1,640,459	24.15	5.6%	\$ 1,600,260	24.10	5.5%	\$ 1,676,171
Reading	10.20	2.5%	\$ 741,363	9.47	2.2%	\$ 678,852	8.87	2.0%	\$ 705,347
Elementary	66.81	16.3%	\$ 4,420,922	64.64	14.9%	\$ 4,302,906	64.15	14.7%	\$ 4,492,507
Fine Arts	1.30	0.3%	\$ 133,543	1.30	0.3%	\$ 133,543	1.30	0.3%	\$ 102,152
Art	9.49	2.3%	\$ 730,882	9.49	2.2%	\$ 719,592	10.59	2.4%	\$ 849,330
Music	10.00	2.4%	\$ 772,502	10.00	2.3%	\$ 761,524	9.83	2.2%	\$ 790,965
Theater Arts	-	-	-	-	-	-	-	-	\$ 6,200
Kindergarten	10.50	2.6%	\$ 695,090	10.50	2.4%	\$ 683,632	10.50	2.4%	\$ 717,308
Math	25.60	6.3%	\$ 1,789,224	25.35	5.8%	\$ 1,746,782	25.00	5.7%	\$ 1,818,072
Physical Education	7.55	1.8%	\$ 551,200	7.85	1.8%	\$ 555,994	7.45	1.7%	\$ 518,800
Science	24.20	5.9%	\$ 1,760,788	27.55	6.4%	\$ 1,904,807	27.20	6.2%	\$ 1,997,376
Health Education	2.20	0.5%	\$ 132,424	2.20	0.5%	\$ 130,269	2.40	0.5%	\$ 142,417
Technology Education	0.80	0.2%	\$ 64,821	1.80	0.4%	\$ 116,821	1.85	0.4%	\$ 129,309
Social Studies	24.80	6.1%	\$ 1,758,631	25.15	5.8%	\$ 1,770,211	25.00	5.7%	\$ 1,803,128
Foreign Language	17.45	4.3%	\$ 1,211,141	17.05	3.9%	\$ 1,193,026	16.20	3.7%	\$ 1,220,418
Subtotal	235.30	57.5%	\$ 16,402,987	236.50	54.6%	\$ 16,298,219	234.44	53.6%	\$ 16,969,500
Special Instruction									
English Language Learners	3.45	0.8%	\$ 173,191	3.95	0.9%	\$ 182,616	3.85	0.9%	\$ 183,221
Pre-Kindergarten	14.26	3.5%	\$ 633,397	12.77	2.9%	\$ 561,807	12.32	2.8%	\$ 564,037
Special Education	64.32	15.7%	\$ 8,419,711	81.70	18.8%	\$ 8,141,596	83.93	19.2%	\$ 8,550,822
Subtotal	82.03	20.1%	\$ 9,226,299	98.42	22.7%	\$ 8,886,019	100.10	22.9%	\$ 9,298,080
Student & Instructional Services									
Athletics	1.00	0.2%	\$ 249,801	1.00	0.2%	\$ 249,802	1.00	0.2%	\$ 292,154
Student Activities	0.25	0.1%	\$ 38,128	0.25	0.1%	\$ 38,128	0.25	0.1%	\$ 39,253
Guidance	10.60	2.6%	\$ 756,047	10.60	2.4%	\$ 745,869	10.60	2.4%	\$ 775,968
Psychological Services	3.73	0.9%	\$ 276,722	5.73	1.3%	\$ 390,500	6.73	1.5%	\$ 463,157
Health Services	7.50	1.8%	\$ 506,058	7.50	1.7%	\$ 498,006	7.50	1.7%	\$ 525,294
Library	3.03	0.7%	\$ 199,977	4.92	1.1%	\$ 245,762	5.65	1.3%	\$ 281,136
Technology & AV	9.50	2.3%	\$ 1,017,131	9.50	2.2%	\$ 1,017,131	9.50	2.2%	\$ 1,050,727
Curriculum Development	0.80	0.2%	\$ 89,550	1.00	0.2%	\$ 102,166	1.00	0.2%	\$ 107,534
Staff Development	0.80	0.2%	\$ 201,912	1.00	0.2%	\$ 219,528	1.00	0.2%	\$ 226,314
Substitutes	-	0.0%	\$ 370,000	-	0.0%	\$ 370,000	-	0.0%	\$ 465,000
Transportation (Reg. Ed.)	-	0.0%	\$ 71,610	-	0.0%	\$ 71,610	-	0.0%	\$ 90,000
Subtotal	37.21	9.1%	\$ 3,776,935	41.50	9.6%	\$ 3,948,502	43.23	9.9%	\$ 4,316,537
									10.0%

Program/Budget Category	FY2012 Budget (5/20/11)			Revised FY2012 Budget (9/13/11)			Proposed FY2013 Budget		
	FTE's	%	Budget \$	FTE's	%	Budget \$	FTE's	%	Budget \$
Operations									
Buildings & Grounds	5.00	1.2%	\$ 695,161	5.00	1.2%	\$ 695,161	6.45	1.5%	\$ 796,664
Custodial Services	14.00	3.4%	\$ 1,040,635	14.00	3.2%	\$ 1,040,635	13.00	3.0%	\$ 1,038,839
Utilities	-	0.0%	\$ 1,536,031	-	0.0%	\$ 1,641,030	-	0.0%	\$ 1,659,175
Subtotal	19.00	4.6%	\$ 3,271,826	19.00	4.4%	\$ 3,376,826	19.45	4.4%	\$ 3,494,678
Leadership & Administration									
Building Administration	29.02	7.1%	\$ 1,906,150	29.34	6.8%	\$ 1,910,537	31.23	7.1%	\$ 1,861,094
Central Administration	6.40	1.6%	\$ 741,112	8.70	2.0%	\$ 826,357	8.70	2.0%	\$ 868,715
Legal Services	-	0.0%	\$ 105,000	-	0.0%	\$ 105,000	-	0.0%	\$ 165,000
School Committee	-	0.0%	\$ 19,600	-	0.0%	\$ 19,600	-	0.0%	\$ 17,700
Subtotal	35.42	8.7%	\$ 2,771,862	38.04	8.8%	\$ 2,861,494	39.93	9.1%	\$ 2,912,509
Allowances & Benefits									
Contractual Allowances	-	0.0%	\$ 208,593	-	0.0%	\$ 150,003	-	0.0%	\$ 249,566
Fringe Benefits	-	0.0%	\$ 5,925,266	-	0.0%	\$ 6,062,705	-	0.0%	\$ 5,827,622
Subtotal	-	0.0%	\$ 6,133,859	-	0.0%	\$ 6,212,708	-	0.0%	\$ 6,077,188
Grand Total	408.96	100.0%	\$ 41,583,768	433.46	100.0%	\$ 41,583,768	437.16	100.0%	\$ 43,068,492

levels. In particular, the allowance for Collective Bargaining outcomes has grown by 5.7% to \$127,841 since last May, even though several of the bargaining agreements that were pending last year (including the teachers' contract) have been settled.

- Similarly, the budget for Legal Services has increased by \$60,000, including a doubling of collective bargaining funds from \$50,000 to \$100,000. We understand that the Department's legal counsel is no longer willing to work on a retainer, but will bill on an hourly basis in the future; however, it seems logical that the need for collective bargaining services would in fact decrease substantially in a year when labor agreements have been settled.

Special Analyses

Administrative/Overhead Expenses

The Department's budget was analyzed to separate out administrative expenses -- consisting of management and clerical support staff, building maintenance and utilities, equipment replacement and repair, and dues, conferences, and other professional development activities -- from the staffing, equipment, and supplies used to provide direct services to students. In the proposed FY2013 budget, these expenses account for approximately 25.6% of the total Department budget, a figure slightly higher than in FY2012, but generally consistent with the 25%-27% range experienced in recent years.

Use of Part-Time Staff

This year, the Warrant Committee is looking at the numbers of part-time employees within each department. The purpose of this analysis is to identify how many of these employees are eligible for health insurance and other fringe benefits (those working 20 or more hours per week) and/or retirement pensions (25 or more hours per week), both of which add greatly to long-term costs for the Town.

The School Department currently has 156 part-time employees: 103 work 20 or more hours per week, including 24 employees who work between 20 and 24 hours, and 53 work fewer than 20 hours per week. The following table provides a breakdown of these employees by functions and hours worked per week.

School Department Part-Time Positions						
Position	Hours Worked per Week					
	1 – 9	10 – 19	20 – 24	25 – 29	30 - 34	35-Plus
Teachers/Other Professional Staff	2	2	12	6	10	3
Instructional Aides, Tutors	1	10	7	52		
Administrators			1			
Secretarial Staff		1				
Clerical Aides		3		2		
Lunch Aides		16				
Cafeteria Staff		16	4	6	2	
Totals	3	48	24	66	12	3

Note: 49 of the 52 Aides listed above work 27.5 or more hours per week; full-time for these staff is 30 hours.

Long-Term Growth

During this year's budget season, it has been stated on a number of occasions that even a level services budget will only perpetuate what has been a significant erosion in school services during the past several years. It is argued that the fiscal constraints imposed by Proposition 2½, plus the fact that Belmont voters have not approved an operating override in recent years, have required the Department to cut back on important educational programs.

In response to this argument, the Education Subcommittee has taken a closer look at the last ten years to see how well, or badly, the Department has been able to keep pace with Belmont's educational needs. Focusing initially on classroom ratios, we have used a combination of Annual Reports and school budget documents to examine the growth in student enrollment and classroom staffing, including teachers, tutors, and instructional aides; we have also reviewed annual budget growth during this period.

Our findings are presented in the table on the following page, which provides data for the period FY2004-2012, plus the estimated numbers for FY2013. This information suggests that, at least with respect to classroom staffing, the Department has had sufficient resources to accommodate student enrollment growth. Key findings include the following.

- Enrollment has grown at an annual rate of 0.53% overall, with regular class enrollment growing by 0.96% per year and special education enrollment actually decreasing by 3.5% per year.
- Growth in teaching staff has generally matched enrollment growth, increasing 1.21% annually for all teachers, 0.87% per year for regular classroom teachers, and 3.92% per year for special education teachers. As a result, student-teacher ratios have remained relatively stable for regular classrooms (15.95 students per teacher in FY2004 and 16.08 in the FY2013 budget), and decreased dramatically for special education (from 18.41 in FY2004 to 9.45 in the FY2013 budget).
- The last ten years have seen significant growth in the number of instructional aides employed by the Department – 1.98% annually for regular classrooms and 5.39% per year for special education. These staff have worked primarily with special education students, but recently their use in regular classrooms has increased. When instructional aides and tutors are taken into account, student-to-staff ratios are reduced across the board. In regular education, the ratio was 15.71 in FY2004, when their use was limited to the English Language Learner program; in FY2013 it is expected to be 14.34. In special education, a FY2004 ratio of 7.72 students per staff member has decreased to 3.49 in the FY2013 budget. The last ten years have seen significant growth in the number of instructional aides employed by the Department – 1.98% annually for regular classrooms and 5.39% per year for special education. These staff have worked primarily with special education students, but recently their use in regular classrooms has increased. When instructional aides and tutors are taken into account, student-to-staff ratios are reduced across the board. In regular education, the ratio was 15.71 in FY2004, when their use was limited to the English Language Learner program; in FY2013 it is expected to be 14.34. In special education, a FY2004 ratio of 7.72 students per staff member has decreased to 3.49 in the FY2013 budget.

Long-Term Growth in Enrollment, Staffing, and Budget

	Fiscal Years										Total Growth	Avg. Ann. Growth	
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013			
Enrollment													
Total Enrollment	3,763	3,737	3,703	3,735	3,752	3,865	3,950	3,928	3,950	3,946		4.85%	0.53%
Regular Instruction	3,336	3,275	3,239	3,274	3,328	3,475	3,598	3,618	3,640	3,636		8.98%	0.96%
Special Education	427	462	464	461	424	390	352	310	310	310		-27.40%	-3.50%
Staffing													
Classroom Teachers	232.37	242.60	243.30	240.90	245.35	251.19	250.22	258.04	258.81	258.91		11.42%	1.21%
Regular Instruction	209.17	219.65	218.95	216.90	220.35	224.07	222.10	226.94	226.01	226.11		8.10%	0.87%
Special Instruction	23.20	22.95	24.35	24.00	25.00	27.12	28.12	31.10	32.80	32.80		41.38%	3.92%
Instructional Aides/Tutors	35.30	36.65	39.34	43.60	48.44	52.15	53.14	87.37	82.33	83.25		135.84%	10.00%
Regular Instruction	3.19	2.95	3.20	3.15	3.07	7.38	3.26	22.13	27.33	27.33		756.74%	26.96%
Special Instruction	32.11	33.70	36.14	40.45	45.37	44.77	49.88	65.24	55.00	55.92		74.15%	6.36%
All Classroom Staff	267.67	279.25	282.64	284.50	293.79	303.34	303.36	345.41	341.14	342.16		27.83%	2.77%
Regular Instruction	212.36	222.60	222.15	220.05	223.42	231.45	225.36	249.07	253.34	253.44		19.34%	1.98%
Special Instruction	55.31	56.65	60.49	64.45	70.37	71.89	78.00	96.34	87.80	88.72		60.40%	5.39%
All Department Staff	380.09	394.97	400.72	403.90	414.52	424.14	422.84	482.43	484.40	485.45		27.72%	2.76%
Student-Staffing Ratios													
Student-Teacher	16.19	15.40	15.22	15.50	15.29	15.39	15.79	15.22	15.26	15.24			
Regular Instruction	15.95	14.91	14.79	15.09	15.10	15.51	16.20	15.94	16.11	16.08			
Special Instruction	18.41	20.13	19.06	19.21	16.96	14.38	12.52	9.97	9.45	9.45			
Student-All Classroom Staff	14.06	13.38	13.10	13.13	12.77	12.74	13.02	11.37	11.58	11.53			
Regular Instruction	15.71	14.71	14.58	14.88	14.90	15.01	15.97	14.53	14.37	14.34			
Special Instruction	7.72	8.16	7.67	7.15	6.03	5.42	4.51	3.22	3.53	3.49			
Student-Department Staff	9.90	9.46	9.24	9.25	9.05	9.11	9.34	8.14	8.15	8.13			
Budgets (millions)													
General Fund Only	\$29.655	\$30.924	\$33.005	\$34.869	\$37.040	\$38.471	\$37.824	\$39.703	\$41.584	\$43.068		45.23%	4.23%
All Funding	\$30.639	\$31.824	\$34.589	\$36.580	\$38.915	\$40.885	\$42.311	\$44.225	\$47.199	\$48.778		59.20%	5.30%

Notes: Enrollment, staffing, and budget totals for FY2004-2010 are taken from Annual Reports; totals for FY2011-2013 from School Department budget documentation.

Both Total Enrollment and Special Education Enrollment counts exclude out-of-district placements; such placement counts are not available for years prior to FY2010, so estimates have been derived from State DESE data.

Because ELL students are in the regular education student population, ELL teachers and tutors are similarly included in the regular instruction staffing counts.

The 60 FTE increase in total staffing indicated in FY2011 appears to reflect both an increase in the classroom staffing included in this table (+42 FTEs), plus the inclusion of 15.5 cafeteria staff who were likely employed, but 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; no data have been found for other grant funding. It is unclear whether grant-funded staffing counts are also missing.

- Finally, the General Fund budget for the Department has increased at an average annual rate of 4.23% during the period since FY2004, and, based on the information available to us, by an even greater average (5.3% per year) if Grant and Revolving Account funding is included in the calculation.

Observations and Recommendations

This section reviews the major budgetary issues that the School Department faces, both this year and in future years, as it attempts to provide high quality education services within existing budgetary constraints. It provides a recap of the recommendations made in last year’s Warrant Committee Report and the Department’s responses to those recommendations; discusses the major long-term issues still confronting the Department; and sets forth our recommendations – both new and continuing – to improve the Department’s budget planning and management approach in future years.

Recap: FY2012 Recommendations and Follow-Up

The table below lists the recommendations made in last year’s Warrant Committee Report and the current status of the Department’s implementation of those recommendations. The subsequent discussion focuses on those recommendations that were not implemented or are still pending.

FY2012 Recommendation	Status / Follow-Up
Negotiate Unit A salary freeze in FY2012 to close \$855,000 budget gap.	Parties negotiated a half-year delay in FY2012 step rate increases, saving \$292,000.
Negotiate changes to the current Unit A salary grid to reduce the number or size of step and/or lane increases in order to limit long-term growth in personnel costs.	Contract negotiations completed with no changes made to step-and-lane grid. COLA increases in FY13 and FY14 will increase base salary grid by 4%. Net impact of contract therefore will be to increase, rather than reduce, long-term costs.
Adopt new staffing strategies to achieve more cost-effective service delivery.	No specific response. Department has begun to use instructional aides in elementary grades, but without a corresponding reduction in teachers, thus no efficiencies or cost savings are evident.
Evaluate cost-effectiveness of Special Education LABBB program.	No follow-up as of this time.
Provide quarterly updates on Department General Fund expenditures.	Implemented for FY2012.
Provide quarterly updates on Revolving Accounts receipts and expenditures.	Implemented for FY2012.
Improve timeliness of maintenance to prevent unnecessary deterioration of school buildings and systems.	School and Town Departments are preparing to implement a consolidated facilities management department in FY2013.

Changes to Long-Term Salary Structure: Salaries represent the largest single component of the School Department's budget, accounting for over 62% of total costs in FY2012. Consequently, increases in salaries are a major determinant of overall budget growth. As of this writing, the only view we have into future salary growth, and into the Department's efforts to control it, is a Memorandum of Agreement signed last summer that addresses the financial terms of a new three-year contract with Bargaining Unit A. (Although this is only a partial view, Unit A employees account for approximately 73% of all Department salaries.) This contract is producing savings in FY2012 of \$292,000 from a half-year delay in step rate increases. In FY2013, smaller savings totaling \$153,000 will be achieved from a quarter-year delay.

The Warrant Committee appreciates that the Department has been able to achieve these salary concessions. However, they are one-time savings only. In last year's report, we urged the Department to attempt to modify the underlying step-and-lane system, which provides for annual step increases averaging 4.2% for the first 14 years of employment and lane increases, ranging from 1.5% to 5.6%, based on graduate degrees or credits earned. We pointed out that reducing the number of steps or the size of individual step increases could yield significant savings over both the short and long terms.

Unfortunately, this system remains unchanged, and the long-term growth curve for Unit A salaries will continue. Moreover, the new contract awards 2% cost-of-living increases in years 2 and 3; these increases are implemented on a delayed schedule similar to the step raises in years 1 and 2, but nonetheless they erase any savings from the year 2 step raise delay and will likely increase year 3 costs by over \$600,000, depending on the level of staff turnover in fiscal years 2013 and 2014.

By the end of FY2014, the net impact of this contract will be a 4-plus percent increase in all salaries contained in the step-and-lane grid. Combined with the underlying raises embedded in the advancement grid, and holding FTEs constant, the new contract's terms could result in salary growth as high as 4.7% in FY2013 and 5.9% in FY2014. These increases alone would yield overall annual budget growth of 2.9% and 3.7% respectively, growth that would exceed the limits of Proposition 2 ½, and thus require either (1) significant cuts in other parts of the Department's budget, (2) a larger percentage allocation of Town revenues to the schools, thus necessitating cuts in other town services, or (3) an operating override.

Adoption of New Staffing Strategies: As noted above, nearly 75% of salary costs are attributable to Unit A employees, the vast majority of whom are classroom teachers. Given the relatively high costs associated with these positions, last year this Committee encouraged the Department to consider alternate service delivery models and staffing patterns that might improve the cost-effectiveness of its programs. There has been no specific response to this recommendation.

A review of Department staffing data does reveal an increasing use of instructional aides in the elementary schools (from 3.26 ELL staff FY2010 to 27.2 total in FY2012), with the new staff working primarily in kindergarten classes and as part of the Response-to-Intervention program. (Instructional aides have long been a significant component of the Special Education Program.) However, it does not appear that improved cost-effectiveness drove this staffing change, as the number of regular instruction teachers has also increased during this period.

LABBB Program Evaluation: Last year's report devoted considerable attention to the costs of the Special Education Program, which in FY2012 accounts for just under 20% of the total Department General Fund budget and which has been growing dramatically during the past several years. Two program components account for much of this increase. Out-of-district placement tuitions, which alone comprise about 7.6% of the FY2012 General Fund budget (and 10.7%, if one considers all funding sources and allocations), have grown at an annual rate of 10.9% since FY2004. Closely related to these placements, transportation costs, representing 2% of the GF budget, have grown an average of 12.6% annually during the same period.

For the most part, Special Education services are mandated, and the Department has limited ability to control out-of-district tuition costs. One area, however, over which the Department would seem to have some leverage, is the LABBB Program. Established by the participating school districts (Lexington, Arlington, Belmont, Burlington, and Bedford) and overseen by the five district superintendents, LABBB is described in the Department's 2009 Annual Report as a key initiative that "achieves substantial cost savings by pooling resources" with member towns. In theory, because LABBB program components are under the control of the districts, program costs can be better managed.

In practice, it is unclear whether this cost-containment objective is being achieved in any consistent way. If one looks at General Fund expenditures per student during the past two years (FY2010 and 2011), LABBB placement costs were the lowest only in 2010, at \$33,539 per student; in 2011 they averaged \$45,442, nearly \$10,000 more than private school placements. At the same time, even these findings are uncertain. Out-of-district placements are supported by both the General Fund and by Grants, however, detailed information concerning the costs of each placement type is collected only for GF expenditures. For Grants, we only know the total amount budgeted or expended for all placement types.

For these reasons, this committee recommended last year that the Department conduct a detailed evaluation of LABBB costs. To date, this has not been accomplished.

Looking Forward: Recommendations for Fiscal Year 2013

In writing this report, the primary objectives of the Warrant Committee are to identify the major components of the School Department's budget, to understand how these components 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.

Recommendations to Improve Financial Management Information

Bring Grants and Revolving Account Detail into Line with General Fund: As described in an earlier discussion of funding sources, monies from Grants and Revolving Accounts are frequently applied to the same program and line item costs as General Fund monies. However, it is impossible to gauge total spending on these items because the line item accounts used, including account numbers and descriptions, are different. For example, under personnel costs, the General Fund budget lists specific positions (for example, teacher, guidance counselor, administrator), whereas Grants and Revolving Accounts define personnel only as professional and support staff.

In order to understand fully the Department's budget allocations to both programs and individual line items, as well as year-to-year increases or decreases, all three budgets need to use a common set of account definitions.

Create OOD Tuition Sub-Accounts: Similarly, given that the Special Education Program remains a major driver of overall budget growth, and that out-of-district placement tuitions and related transportation costs are in turn principal drivers in program cost increases, we need to have a more detailed view into these costs. We know that the tuition line items for MA Public, Private, and LABBB placements incorporate not only basic tuition costs, but also the costs of a variety of ancillary services, including nurses, personal care attendants, instructional aides and tutors, and physical and occupational therapists. Further, we have learned that the costs of transportation can include monitors needed by certain students with behavioral issues.

There are important reasons for locating these component costs under the tuition and transportation accounts, primarily having to do with calculating circuit breaker reimbursement by the State. In order to create greater budget transparency, however, and to achieve a more complete understanding of these cost drivers and their individual impacts on the budget, we recommend that the Department create sub-accounts that will produce line item detail for each of these costs while at the same time preserving their close association with the tuition and transportation categories.

Conduct Full LABBB Program Evaluation: One of the benefits that the two accounting changes discussed above will provide on a go-forward basis is a fuller understanding of LABBB tuition costs. Especially after the line item detail for Grants is aligned with the General Fund, the Department, School Committee, and this Committee will be able to evaluate the relative cost-efficiency of this program compared to other placement options.

Because out-of-district placements are so expensive (the combined FY2013 budget for tuitions is nearly \$5.2 million), the ability to evaluate LABBB costs is critical to improved budget planning and management. Therefore, we recommend that, in addition to restructuring the budget to identify these costs in the future, the Department, together with the School Committee's Financial Subcommittee, review the past three years of invoices for out-of-district tuitions, identifying for each the placement type, detailed component service costs, and funding sources billed.

Recommendations to Improve Program Cost-Effectiveness

Continue to Seek Ways to Control Salary Growth: Salaries for Unit A employees (75% of total salaries) have now been set through FY2014, with no reduction to long-term cost growth. To the extent that negotiations are still underway with other bargaining units, and that the financial parameters have not been fixed by the Unit A agreement, we urge the Department to seek as much long-term relief as it can achieve.

Continue Exploring New Instructional Models: This Committee continues to encourage the investigation of new instructional methods, including the use of classroom aides to extend the reach of limited teaching resources and new technologies to capitalize on regional or other remote learning opportunities.

- As noted earlier, the Department has begun to use instructional aides to support teachers in the regular instruction elementary grades. As recently as 2010, there were no such positions outside of the ELL program; this year, 27.3 such staff are assigned. At the same time, it is not clear that these aides are part of a cost-control strategy or that the Department is rethinking its instructional model.
- Technology-based learning – either purely computer-based or providing remote access to regionalized classes -- would appear to offer potential for maintaining or even expanding the educational offerings available to Belmont students while at the same time reducing the costs associated with the more traditional classroom model. The Department and School Committee have explored such options in the past, but we encourage the Department to take the next step by matching available offerings with appropriate classes or students and implementing such technology on a trial basis.

Reconsider Human Resources Consolidation: The consolidation of town and school human resource functions was taken up by a study committee in the summer of 2010, but that committee suspended consideration of this option when the School Department stated that its Human Resources Director position was being reduced to a part-time staff person. The position was budgeted for 0.4 FTEs in FY2011, although budget documents indicate that it in fact remained full-time until its reduction to 0.6 FTEs in FY2012. To compensate for this reduction, the HR Clerical Assistant position was increased from 0.7 FTEs to 1.0 in last September's FY2012 budget.

This year, the HR Director position remains 0.6 FTEs, and the Department has stated its desire to increase it further, to 0.8 FTEs, should sufficient funding become available; at the same time the HR Clerical Assistant remains 1.0 FTE. The original reasoning behind the consolidation effort has again become relevant, and we recommend that the Department restart these conversations with Town officials.

Limit the Use of One-Time Revenues: In estimating health insurance costs for FY2013, the Town's consultant advised that premium costs would increase by only 3% next year. It was then agreed by both Town and School Departments that health insurance budgeting for next year would assume no increase in premiums, and that the Health Insurance Trust Fund would be tapped to make up the difference between zero growth and the 3% estimate.

Recognizing that this withdrawal of Trust Fund monies must be considered a one-time only occurrence, the Town decided to apply its additional revenue toward the capital budget. The School Department, however, has applied its share – approximately \$200,000 – to the recurring operations costs within its FY2013 budget. (Note that this \$200,000 is different than the \$212,711 to be saved every year going forward from the health insurance plan redesign.) Further, many of the additional budget items identified by the Department, particularly the staffing increases totaling \$520,000 that would be implemented should funding exceed level services, are also recurring costs.

Recurring costs, especially staffing, generate continuing budget obligations. The School Department is aware, however, that it cannot anticipate tapping the Health Insurance Trust Fund on a recurring basis, and therefore that it will need to find a way within its budget to fund health insurance premium costs fully in FY2014 and beyond. More generally, to the extent that any identified revenues are one-time only, using these revenues to fund recurring costs is not

good budgetary practice, as it will create more significant budget gaps in the future. The Warrant Committee strongly recommends that the Department avoid such budgeting decisions.

Put Legal Services Out to Bid: This report has already questioned whether legal costs should be expected to increase by \$50,000 in a year when all collective bargaining has been completed. In addition, given that this new billing arrangement adds uncertainty, and that the existing market for legal services might provide a continued retainer option, we recommend that the Department put its legal services out to bid. Further, if it proves practical, consolidating its legal services contract with the Town might well provide the Department greater negotiating leverage.

Special Education Stabilization Fund: As noted earlier in this report, Town Meeting will be asked this year to approve a Special Education Stabilization Fund in order to provide emergency funding in the event that out-of-district tuitions exceed budgeted amounts. This fund, at least in its first year, would be established using \$250,000 of one-time revenues; in future years, the nature and amount of the fund's appropriation might vary.

The Warrant Committee recognizes that, given the State mandates that govern the Special Education Program, the requirement to place a child in an out-of-district placement is not wholly within the Department's control, and consequently that such spending cannot always be predicted accurately. We therefore support the creation of this fund, with the understanding (1) that all expenditures from the fund will require Town Meeting approval, (2) that, like the Reserve Fund Account, specific criteria will be established to guide the approval of transfers from the fund to the Department's operating budget account, and (3) that, since this fund is being created using one-time funds, the Department will immediately undertake an analysis of Special Education Program costs, to include, at a minimum, the recommended evaluation of LABBB and other out-of-district costs.