



Warrant Committee Report Town of Belmont FY 2016 Budget

May 2015

2014 – 2015 Warrant Committee Members

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Warrant Committee Report

Town Meeting, June 1, 2015

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

I. Background on budget development: 2014-2015

This past year's budget cycle was notable both for the continued healthy cooperation between Municipal leadership and the School Department, including a new Superintendent, John Phelan, but also because Belmont faced a projected \$2+ million budget gap in order to maintain level services and desired to accelerate investment in capital infrastructure, especially on roads and sidewalks.

At the request of the Board of Selectmen (BOS), a Financial Task Force (FTF) composed of representatives of Municipal and School leadership, town-wide Boards and Committees, and citizens was established and charged with researching and analyzing Belmont's finances and developing a five-year financial plan. In its final report, the FTF forecasted budget deficits in each of the next five years and recommended a \$4.5 million override in order to cover at least three years of budget gaps and allow for additional capital investment. The BOS put the \$4.5 million override on the April 7, 2015 ballot, and with 51.3% registered voter turnout, the override was passed by 55.2% to 44.8% -- the first successful override since 2002.

In the meantime, Belmont employed a budgeting process consistent with years past, with the fundamental exception being the passage of the override. Late in 2014, we developed a perspective on Belmont's available revenue, including property taxes, local fees and other revenues, such as motor vehicle excise taxes, and what the state budget would likely be, determining the level of state aid. After subtracting out the fixed costs, such as pensions, Minuteman, and roads override funds, the total operating budget was identified. This allowed us to determine a starting point allocation of available revenues for both Municipal and School budget categories. The Board of Selectmen, School Committee, and Warrant Committee all agreed, as we have in the past, to use the FY2015 budget allocations to set the starting point for FY2016 and all departments started their budgeting work using these targets set in December.

Subsequently, this revenue picture has been refined, most notably by the addition of \$2.83 million in FY2016 override funds (the remaining \$1.67 million being deposited into a stabilization fund to cover future deficits and to maximize the budget-balancing impact of the override), and with more accurate numbers on state aid becoming clear. The override has substantially altered the financial prognosis for

FY2016. Without this additional revenue, the School Department was projecting that substantial FTE reductions and other cuts to the School budget would be required; also, additional capital investments in roads, sidewalks and other discretionary capital would not have occurred.

II. Overview of FY2016 budget The net result of these developments is a recommended budget for FY2016 of \$100,293,295 (Exhibit 1).

Exhibit 1: Overview of FY2016 Budget vs. FY2015 (Adj.) – \$000’s

	FY2015 (Adj.)	FY2016	% Change
Total Budget	\$ 95,256	\$ 100,293	5.3%
minus fixed costs*	\$ 15,686	\$ 15,817	0.8%
equals operating budget	\$ 79,570	\$ 84,476	6.2%
School	\$ 46,156	\$ 49,660	7.6%
Town	\$ 32,019	\$ 32,998	3.1%
Capital Budget (Discretionary)	\$ 1,395	\$ 1,818	30.3%

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

FY2016 Budget Highlights

- The override has allowed Belmont to maintain level services across municipal budgets, avoid major cuts in services in the School budget, and make new investments in capital (roads, etc.)
- The School budget is increasing by 7.6% from General Funds (6.6% across all funding sources), with an incremental 16 FTEs to cover increased enrollment and special education costs; the Belmont Public Schools budget at \$49.7 million is 58.8% of the Operating Budget (Exhibit 2)
- Municipal budgets have increased by an average of 3.1%, retaining level services
- Fixed costs are relatively flat, at a 0.8% increase, but this masks a 13.5% decline in debt expense (with the retirement of Chenery debt and associated debt exclusion revenue), a 20.6% increase in operating spending on roads, and a 10.7% increase in our Minuteman assessment
- The override and state aid \$386,000 greater than anticipated allows for a 30.3% increase in the discretionary capital budget, addressing the request of the Capital Budget Committee

- Rising compensation and school enrollments are key drivers causing overall costs to continue to rise faster than revenue, putting pressure on the future budgets
- Continued flat health insurance costs have allowed more resources to flow to direct services
- Pensions and debt account for 68.9% of fixed costs, with Pension costs rising by \$479,090 and debt expense falling by \$687,468 (also with Chenery debt exclusion revenue expiring) (Exhibit 3)

Exhibit 2: Operating Budget by Department

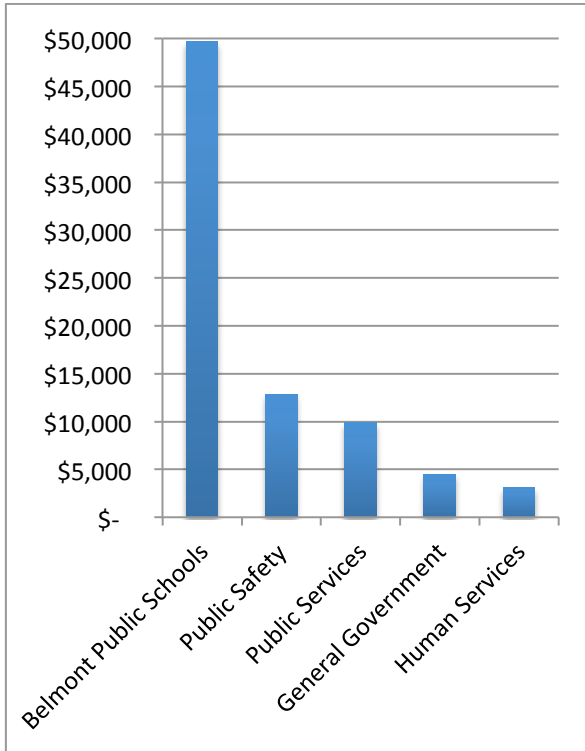
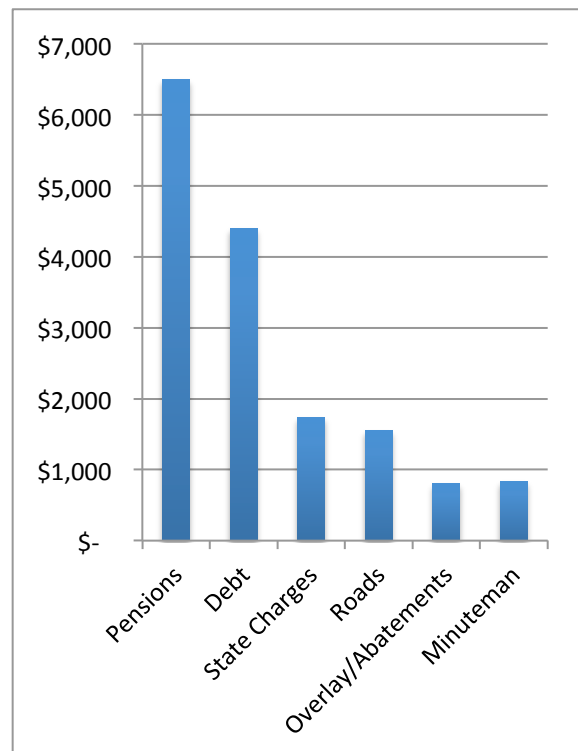


Exhibit 3: Fixed Costs by Expenditure



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

Education (Belmont Public Schools and Minuteman):

1. *Increased Enrollment:* The high enrollment growth seen in FY2013 and FY2014 has continued this year, although the rate of growth has slowed: 86 new students were enrolled in Grades K-12 as of October 1, 2014, compared to 142 last year and 94 in October of 2012; and 82 additional students are expected in FY2016, based on the School Department’s Enrollment Modeling Group report. FY2015 increases were seen throughout the system, with the highest growth at the high school, with 54 new enrollees. Growth continues to be high for English Language Learners, who increased from 182 last year to 222 as of October 1, 2014. Also, this year has seen a significant increase in Special Education students

requiring out-of-district placement, from 83 on October 1, 2013 to 93 this past October and 97 as of April 1.

2. *Personnel Cost Growth:* Personnel costs remain the primary driver of the Department's budget growth, increasing next year by 5.5% and accounting for 64% of the \$3.5 million increase in budgeted funds. Part of this increase results from the additional staffing projected for next year, a 3.1% increase from the staffing numbers included in this year's budget. At the same time, total salary dollars are growing by 7.25% next year, an indication that salary increases are an even more significant factor to overall cost growth. The contract negotiations completed last summer did not achieve any structural changes to the existing compensation systems.

3. *Special Education Program Costs:* Since the third quarter of last year, several Special Education accounts have experienced very high growth, and the FY2016 budget reflects the Department's expectation that these expenditure levels will continue: the \$1.27 million increase in non-personnel budget accounts in FY2016 is due largely to increases in the Special Education accounts for contract services (+\$425,000), out-of-district tuitions (+\$452,000), and transportation (+\$204,800). Together, these accounts will have increased from \$6,482,522 in FY2014 to \$7,929,032 in FY2016, an increase of 22.3%, and next year will represent 59.4% of the Special Education program budget and 14.2% of the entire School Department budget. Moreover, the increases in these accounts have been major contributors to Department budget deficits during the past two years, leading to requests for both Reserve Fund transfers and a Special Education Stabilization Fund appropriation.

4. *Minuteman:* Uncertainty regarding the Minuteman Regional District continues. It appears the long sought amendment to the district agreement lacks the unanimity needed for passage and will likely fail in its present version. The district is moving forward with a building project for a new school with an enrollment of 628 students, although a unanimous vote of all 16 towns is required for a bond issue to support the school and is in doubt. Some progress has been made at the State level, with DESE approving the concept of an inter-municipal agreement that would require non-member towns to pay their fair share of capital costs as a condition of sending students to Minuteman.

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

1. DPW continues to provide an outstanding level of service in the face of budget constraints. The passage of the override in April will enable considerably more sidewalk repair and a modest but important increase in road repair. The new Underwood Pool is a welcome development but other pressing infrastructure needs remain. A new position of Recreation Director, if hired, would lead to improvements in programming offered, asset utilization, and rationalization of fees charged.

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

3. The consolidation of town and school facilities management has been very successful. The Facilities Department faces many demands in managing the physical condition, energy use, infrastructure requirements (e.g., telecommunications) and general maintenance and upkeep of our intensively used buildings within significant budget constraints. The department also provides valuable advice and oversight for town construction projects such as the new Underwood pool.

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

1. Over the past five years the Police Department has experienced twenty vacancies, due to retirement and voluntary separation. The process of selecting candidates and sending them to the Police Academy and training them within our system has always been a management challenge in an environment of increasing complexity of the role of police force and constrained municipal budgets. The K-9 program continues to be viewed by the department and the community as a successful additional resource in the department enhancing community awareness and engagement.

2. Over the next three years, approximately one-third of the Fire Department's administration will be eligible for retirement, with FY2018 representing the peak year. The Town will be able to assess in the coming two budget seasons whether this creates opportunities to reorganize or outsource non-core duties for greater efficiency while ensuring that Departmental priorities are not compromised. An analysis of peer community organizational models and data gathering will bring ideas, efficiencies and enhance support for departmental goals while ensuring priorities are met.

3. In FY15 the Police Department received funds to restore the School Resource Officer (SRO) position at Belmont High School. The SRO is emblematic of the Department's overarching policing philosophy to create a community presence while providing an integral public safety service. While traditional policing activities are at the core of the department, the increasing nontraditional demands of mental health related problems, substance abuse, and domestic violence has broadened the department's role – and increased the demands of training – as police agencies seek to deliver fair, effective, and efficient public safety services.

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

1. The Town Administrator Department is budgeting for an expected increase in legal services due to factors such as execution of the sale of the Cushing Square municipal parking lot, the sale of the Woodfall Road property, mediation over the Fire Station construction issues, conducting union negotiations, and the issuance of more liquor licenses.

2. The Town Accountant Department added a full-time employee in FY15, and reduced the use of part-time employees. The new staff is justified by the workload, the need to have someone in the office, and the need for continuity.

3. Under the Town Administrator Department, a new study will be undertaken to find ways to maximize revenues and create efficiencies in recreation, combined facilities and capital assets. This study will be paid for with \$88,000 in health insurance savings.

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

1. The Council on Aging continues to expand its programs while maintaining essentially a level budget. They successfully leverage their funds to seek grants, donations, revolving funds and volunteer services to reach and serve approximately 20% of Belmont's population.

2. The Health Department serves a broad and vital array of needs of Belmont residents – from public safety to health protection and social services. Notably, the 2014 global Ebola crisis required significant and unanticipated preparedness planning in towns throughout Massachusetts, including Belmont. Outreach to Belmont veterans has identified a growing set of needs, and the budget impact of these mandated benefits is being carefully monitored by department leadership and town administrators. Finally, the Board of Health and staff have been thinking creatively about the way inspectional services are delivered, which will require further exploration this year.

3. The Library continues to fulfill its mission – serving as a resource for equal and open access to information that address the diverse needs and interests of the citizens of Belmont – at a level services budget. This year's budget includes additional funding for technology and technology security as the staff continues to pursue efforts for digital expansion within available resources. Staff is also attentive to the maintenance needs of an aging building, both by utilizing centralized resources as well as educating town leaders of longer-term options to ensure that the Library has the facilities necessary to continue fulfilling its mission.

IV. Risks and Concerns regarding the FY2016 Budget

The FY2016 budget cycle was hugely impacted by the passage of the override. The state economy appears strong, which should insulate us against midyear cuts in state aid. We have an experienced team across the board in Town and School leadership.

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

- Special education costs continue to occupy a larger and larger percent of the Education budget and created a \$1.3 million variance in FY2015 that was managed down to a \$535,000 deficit, ultimately resulting in a Special Education Stabilization Fund appropriation and a request for a Warrant Committee Reserve Fund transfer. This cost category, particularly out-of-district placement and transportation costs, is difficult to forecast and small changes can have meaningful impact.
- The Belmont Public Schools have experienced unusually large enrollment growth in the past few years, with 86 new students this year as of the October census. The School department forecasts an additional 82 new students in FY2016 though there is some risk here, particularly in the number of high-cost English Language Learners, whose count has nearly doubled since FY12.

- Belmont’s model of self-insurance for healthcare has enabled budgeted cost to remain flat once again in FY2016. If our actual experience with healthcare expenses exceeds our forecast, these additional costs would need to be absorbed. Belmont does employ reinsurance policies to manage extraordinary events.
- The overall School budget, factoring enrollment growth, compensation increases, rising special education costs, and past increases in healthcare expenses, has outpaced revenue growth for a decade, even with substantial costs having shifted to parents in the form of larger direct fees. This increase in expenditures will not only necessitate deployment of override funds but will require ongoing careful cost management, particularly in compensation growth.

V. Free Cash and Stabilization Fund Update

Belmont started FY2015 with \$7,465,047 in certified Free Cash. In the past several months, the Board of Selectmen and Warrant Committee have agreed upon a Free Cash Guideline – which is that Belmont will seek to maintain Free Cash in the amount of 3-5% of the current year’s General Fund Revenue Budget (with a target of 4%). As the FY2015 General Fund Revenue Budget was voted to be \$95,238,925, this would suggest currently holding between \$2.9 million and \$4.8 million in Free Cash.

In November, Town Meeting voted 68% to 32% to allocate \$1.3 million in Free Cash for the Belmont Center Project. The FY2016 budget allocates \$1.75 million in Free Cash to the operating budget, including \$169K for Belmont Center debt service. On May 6, Town Meeting appropriated \$748,000 for the snow and ice budget and assuming Town Meeting approves the OPEB Stabilization Fund contribution of \$334,832 from Free Cash, Belmont will retain \$3.3 million in Free Cash, or 3.5% of the FY2015 General Fund Revenue Budget.

It is expected, however, that we will replenish our Free Cash balance to some degree as of the July 1, 2015 certification, due to revenues in excess of budget and expense turnbacks. The six-year average for Free Cash replenishment is \$2.6 million. Some amount close to this will be necessary if we are to use ~\$1.6 million of Free Cash in the FY2017 operating budget, replenish the Special Education Stabilization Fund, and protect ourselves against future unexpected costs, such as snow removal.

Assuming Town Meeting votes affirmatively, there will soon be three stabilization funds – each effectively “rainy day funds”. The Special Education Stabilization Fund was established in 2012, with \$250,000 voted to cover extraordinary special education costs. The full amount of the original deposit was withdrawn by vote of Town Meeting on May 6, 2015 and will need to be replenished in a future (currently unscheduled) vote. Two new stabilization funds are expected to be utilized in June: the first to hold the \$1.67 million of override funds that are not needed in FY2016 – but rather is designed to extend the impact of the override as long as possible – and the second a Major Capital Stabilization Fund that is intended to hold one-time revenues from the sale of Town assets and possible excess Free Cash (beyond the 5% Free Cash Guideline upper-end). This Major Capital Stabilization Fund is intended to help address four very large capital projects: the high school, the DPW facility, the police station, and the library.

The Warrant Committee acts in the belief that taxpayer monies must be deployed with the greatest possible efficiency and effectiveness and that overrides in Belmont are rare. It will be a top priority of the Warrant Committee to ensure that the current override is sufficient to balance Belmont’s budget for as long as possible. The three stabilization funds are an important part of that strategy.

VI. Commentary on Long-Term Trends

The headwinds faced by Belmont are the continuation of several long-term trends that we have been managing for years and will continue to do so. There are four major drivers on the expense side, in no particular order: 1) increasing compensation costs, 2) enrollment growth and mandated school costs, 3) increasing capital investment / maintenance costs, and 4) our large pension and healthcare obligations. These four factors have pushed Belmont – and many comparable towns – either to squeak by each year for the past decade or to pass overrides.

1. Compensation

Compensation costs represent 69.3% of the overall Belmont budget. As such, controlling compensation growth and matching it to revenue growth will remain a vital factor in keeping our budget in balance for years to come. Compensation growth over the past ten years has been an important driver in nearly every nearby town’s budget challenges, including Belmont’s.

Many Municipal and School employees are unionized, with contracts that are typically negotiated every three years. Our last contracts were finalized in 2014 and include growth that exceeds our forecasted revenue. The FTF forecast includes 3.2% baseline growth on the Municipal side and 4.1% baseline growth on the School side through FY2019, as compared with recent revenue growth in the 3.0-3.5% range. Managing this salary inflation to match revenue growth is arguably our most important task on an ongoing basis, including in the 2017 labor negotiations.

2. Enrollment Growth and Mandated School Costs

Belmont’s school system is clearly a powerful motivator in attracting new families to move here, including from all over the world. Over the past ten years, student enrollment has increased by 595 students, more than the total populations of any of our four elementary schools. Maintaining classroom sizes has necessitated more teachers and aides.

The FTF forecast anticipates another 328 students entering the system in the next four years, including 106 new students expected to come from the Cushing Village and Uplands developments. The School Department estimates a need for 20 new FTEs in FY2016-FY2018 based on increased enrollment.

Growth in Special Education and ELL costs has also contributed significantly over time, with meaningful forecast growth in the coming years. These costs are challenging to forecast and budgets will be set annually based on current data. Managing these mandated costs will require creative and thoughtful effort over time, as meeting student needs is the necessary priority.

3. Capital, Maintenance, and Infrastructure

Decades of underfunding maintenance of our roads, sidewalks, and other capital assets have added to our current burden. The Pavement Management Committee analysis of 2007 determined that 69% of our roads would have to be completely re-built from the dirt up – a far more expensive proposition than preventative maintenance.

Override attempts in 2006, 2008, and 2010 all attempted to reverse this trend and invest more in our capital assets, and the roads in particular. All were voted down, leaving Belmont’s roads in their current state of disrepair.

The FTF recommendation (funded by the override) budgets \$620-750K per year in additional funds for roads, sidewalks, and other capital. The goal, in part, is to increase the level of preventative maintenance so that the more recently repaved roads are kept from deteriorating to the point that more expensive, complete replacement is required. In fact, in the next year, Belmont will spend \$2.55 million on our roads and sidewalks – not only the most ever, but approximately the maximum amount that Community Development can reasonably spend during the months with weather amenable to pavement work.

Beyond the roads, in 2011, Town Meeting voted to create a consolidated Facilities Management group (and Director) under the oversight of the Town Administrator and Belmont Schools Superintendent. This team, in collaboration with the other Town Departments and the Capital Budget Committee, will continue to identify the most critical maintenance and capital asset management opportunities.

It is important to note there remains a list of large capital projects that the FTF report envisions Belmont initiating over the next nine years, most notably the high school, DPW facility, police station, and library. The impact here is more on borrowing costs vs. operating expense but the cost of these new projects will likely be meaningful for taxpayers – with cost estimates in the range of \$200 million overall.

4. Pension and Healthcare Obligations

Employee pensions. In decades past, Belmont underfunded its pension obligations, creating an unfunded liability of over \$60MM. In recent years, we have worked in collaboration with the Belmont Retirement System to establish and maintain an aggressive funding schedule that pays down our unfunded liability by 2027.

Underfunding our pension obligations in the past has both increased the burden on current taxpayers and contributed to the forecasted budget deficits that the override is designed to address. In FY2016, for example, we are budgeting \$6,502,635. This amount is scheduled to grow at roughly 7% each year, increasing the fiscal pressure. It is important to note that Belmont conducts a biennial actuarial valuation to evaluate investment performance and other factors, enabling us to regularly evaluate our funding strategy. Strong investment performance of the recent past may prove helpful in that regard.

The current plan is to continue to pay off our unfunded liability by 2027, prior to the state-mandated goal of 2040, as this leaves some cushion in the event of a financial downturn like we recently

experienced. When the pension liability is fully funded, Belmont will then be able to shift dollars to accelerate the pay-down of our even larger, unfunded OPEB liability.

Healthcare, including other post-employment benefits (OPEB). Overall, healthcare costs represent one of the most significant management challenges for Belmont. Nationally, healthcare inflation has been more than double overall price increases for the past 30 years (215% vs. 100%). These rising costs impact our annual budget as well as our retiree healthcare obligations, otherwise known as OPEB. In recent years, Belmont has done a very good job on this front through self-insurance and effective negotiations, keeping growth at or near 0%. At the national level, healthcare inflation has also moderated in recent years.

The FTF analysis forecasted 2.5% growth in FY2016 and 5% growth in healthcare costs FY2017- FY2019. The good news is that Belmont’s FY2016 healthcare inflation again remained at 0%. This is one area that Belmont’s leadership will continue to manage carefully, with the goal of mitigating these increases as much as possible.

There has been considerable discussion of the \$196 million liability for retiree benefits on the Town’s balance sheet and its potential impact on the town’s AAA rating. Following the guidance of our actuarial consultants, Belmont adheres to GASB 45 rules by using pay-as-you-go funding as well as an annual contribution to future liabilities. Specifically, the FY2016 budget includes \$1,243,722 to pay for health care benefits for currently eligible Belmont retirees, although the total cost of retiree health benefits is substantially higher when including subsidies provided to Medicare-age retirees to help pay for supplemental costs.

The financial articles also include a contribution of \$366,738 into the Town’s OPEB Stabilization Fund for the purpose of funding future benefit payments. In addition, the Town has implemented a series of measures to address the future cost of these benefits including: changes to health insurance plan design, required participation in Medicare for eligible retirees, and providing the state allowable minimum 50% contribution for retiree health insurance. Finally, funding now allocated annually to cover pension costs will be available for the OPEB obligation once the unfunded pension liability is resolved in 2027.

Belmont is not alone – either in Massachusetts or compared to towns across the nation – with regard to its large unfunded retiree healthcare liability. It is clear that ongoing action by the state legislature and federal government – with the impact of lowering the growth in healthcare delivery costs and providing new tools for expense management – will be required to help cities and towns meet this obligation.

VI. Organization of the report

As in the past, the Warrant Committee takes a programmatic approach to analyzing the budget. Under this approach, we identify the programs provided by each department and then analyze the cost and FTE allocations of those programs. For each department, we have provided a description of the core mission and services provided. We then present a spending overview on a programmatic basis. An expense analysis follows, detailing and explaining those expense items that have changed by more than

\$5,000 and 5%. There is description of proposed additions to programs and services, whether budgeted or not. Where useful, we have included special analyses on issues confronting a department. Each section concludes with a recap of progress with respect to recommendations made in FY2015, and then our observations and recommendations for FY2016. We continue to refine this format and welcome all feedback on how to make this report more useful to Town Meeting Members. Our email address is WCPublic@belmont-ma.gov

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HUMAN SERVICES

Council on Aging

Budget Overview

FY 2016 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2016 FTEs
\$394,456	\$14,324	3.77%	5.91

Department Mission / Description of Services

Mission: Provide services to enrich the ability of seniors to live safe, independent, meaningful and healthy lives. There are 5,051 Belmont residents over the age of 60, or approximately 20% of the population.

Services: Transportation; social services for seniors and their families; on-site and home-delivered meals through Springwell, a funded non-profit; fitness activities and health education; recreation, education and arts programs for socialization; volunteer service opportunities; and, senior trips. Also manages the Beech Street Center rental program. The number of users of services and programs increased slightly from the previous year to a total of 1,905.

Budget by Program

Transportation accounts for the largest percentage of FTEs (34.3%) and highest percentage of budget dollars (33.5%). FTEs for volunteers or grant-funded programs are not included. [FTE adds to 5.96; ?]

Program	FTEs	FTE %	Budget \$	Budget %
Transportation	2.03	34.3%	\$132,376	33.5%
Social Services	1.25	21.1%	\$80,745	20.5%
Nutrition	.12	2.0%	\$9,873	2.5%
Health & Wellness	.98	16.7%	\$93,742	23.8%
Socialization & Arts	.94	16.0%	\$49,986	12.7%
Volunteer Services	.42	7.0%	\$14,153	3.6%
Senior Trips	.10	1.7%	\$6,843	1.7%
Rentals	.07	1.2%	\$6,738	1.7%
Total	5.91	100%	\$394,456	100%

Expense Analysis

The \$14,324 increase in the budget is driven primarily by a new employee who elected family health insurance, standard cost of living and slight increase in copier costs and custodial overtime. Transportation is again approximately 1/3rd of the budget. Transportation for the seniors is critical to many if they are to remain independent. To employ a means-testing would

disqualify the COA for transportation grants. Transportation expenses are supported in part by State and private grants. Most of the Health and Wellness budget line items are largely self-supporting by revolving funds.

Requested Adds (not included in budget above)

Request	Rationale/Support
An additional \$5,890 to provide social worker coverage during the Summer	The social worker shared with the Health Department does not work in the Summer
Full-time dedicated custodial	The heavy use of the Beech Street Center and the likelihood of more weekend programs. Custodial services are provided under the Facilities Department budget.

Special Analysis/Observations

Data Collection: COA Data Collection continues to be improved.

Beech Street Center Rentals: For the last full year Beech Street gross rentals were \$16,000. However, after deducting custodial expenses of \$5,280 and trash collection of \$210, the net was only \$10,500. In addition, approximately \$6,400 of administrative time and utilities is not included, and thus, the rental program is not a significant profit center.

Overall Funding: The Council on Aging is remarkably successful in leveraging their relatively small budget of less than \$400,000 to provide a wide spectrum of services to the seniors. For the last full year, their transportation grants totaled \$9,588. Their revolving funds for fitness, health and adult Ed programs and trips total \$94,265. Although meals are provided under the Springwell Nutrition program, the Council on Aging served 11,900 meals on site and an additional \$9,000 meals served to the homebound. In addition, the Council has received donations and gifts and has organized volunteer services to assist seniors totaling 14,921 hours.

For fiscal year 2016, the COA is seeking Federal, State and private grants for transportation, personal safety devices, general programing, volunteer coordination, and programing grant Title III totaling \$55,464.

Intra Dept. Cooperation: There is an obvious synergy between the services rendered and the constituency served between the Board of Health and the COA. Evidence of the synergy is the current sharing of a social worker for 20 hours per week in each department. In addition there is a substantial sharing with the COA transportation capabilities and its facility with the recreation department.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Closely monitor transportation (as it constitutes approximately 1/3 of the budget) to be sure the expense is justified	Progress has been made in identifying users
Consolidation	It is unlikely that consolidation with the Health Dept. to control Veterans affairs and Social Worker services under one department will happen
Inter-Departmental Cooperation	See comments above. There is significant inter-departmental cooperation with the use of the center with the Recreation Department and providing services to the elderly with the health department

FY 2016 Recommendations

Recommendation	Rationale
Continue to track usage by different users particularly in the area of transportation including, if possible, breaking down the nature of the trips, i.e., medical, shopping, other	Transportation represents 1/3 of the budget and the expenditure of significant grant money. The data collection is necessary to justify this service.

Health Department

Budget Overview

FY 2016 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2016 FTEs
\$563,273	\$58,357	11.56	4.8•

- Excludes public health RN shared with Lexington through professional service contract

Department Mission/Description of Services

Mission: Enforcement of state and local health and environmental regulations, disease prevention, and health promotion activities to maximize health of residents.

Services:

1. Public safety (emergency planning, hazardous waste disposal, animal control, etc.)
2. Inspection services (licensing and enforcement of restaurants, camps, etc.)
3. Social services (access to resources, counseling for youth and families, Veterans assistance, intergenerational programs, etc.)
4. Disease prevention (prevention of flu, mosquito-borne diseases, communicable disease, plus health education)

Budget by Program

As in past years, the amount allocated to "other" represents the largest percentage of the departmental budget and includes disease prevention (mosquito control), hazardous waste disposal, expenses for the Veterans Officer, professional services, supplies, equipment, and vehicle maintenance. There are no significant changes in the budget allocation among programs, but further analysis in FY2016 will better allocate "other" costs to programs.

Program	FTEs	FTE%	Budget	Budget %
Public Safety	1.3	27%	\$ 101,117	18%
Inspections	1.7	35%	\$ 138,570	25%
Social Services	1.0	21%	\$ 114,903	20%
Disease Prevention	0.8	17%	\$ 59,922	11%
Administration/Other			\$ 148,761	26%
Total	4.8	100%	\$ 563,273	100%

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

Expense Analysis

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

Line Item	FY2016	Prior Year	% Change	Explanation
Health Insurance	\$44,590	\$22,295	100%	2 employees joined the health plan
Veterans Benefits	\$94,000	\$53,000	77%	Added veterans requesting benefits

Adds

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

Special Analysis/Observations

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

Staffing: The department was short-staffed in FY2015 – at times, down as many as 3 employees. A replacement for the promoted Assistant Director was hired in April 2015. Outsourcing was used to fill in for missing staff.

Veterans Benefits: A replacement for the part-time Veteran Services Officer was hired in 2015. Since then, increased outreach has doubled the number of veterans served within a few months, which translates to additional veterans requesting benefits. 75% of veteran financial assistance is reimbursed by the Veteran Services Administration of the Commonwealth, but the town is responsible for 25% of these required services.

Collaboration: The Ebola humanitarian crisis involved coordination with MA Department of Public Health and other Boards of Health. A hoarding and healthy housing collaboration is in early stages with Health Department, Police, Fire and Council on Aging. The restaurant review committee is combining Health Department, Zoning, Plumbing and Electrical to streamline and improve the inspection process. A multi-town collaboration around a tobacco/nicotine public health initiative is being managed by Brookline (and funded by a grant).

Fee Structure: The Health Department reviews and adjusts permit and inspection fees annually. Minor fee increases were implemented in 2015, after significant increases in the prior two years.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Explore combining all social services (COA, current teen/family effort at Health, Veterans Services) in single unit under Town management	Not looked on favorably by the Board of Health because it is not compatible with the town structure (i.e., independent and elected Board of Health), but the department shares staff and collaborates successfully with other departments (e.g., hoarding initiative)
Explore shifting of Animal Control responsibilities to Police Department	Neither Health nor Police want this. The Animal Control Officer works closely with police and is highly available

FY 2016 Recommendations

Recommendation	Rationale
Explore the targeted use of inspection outsourcing (used by other towns, and shown to be effective during FY2015 staffing shortage)	Could free up senior staff time for strategic public health initiatives, while continuing to accomplish required inspections

Library

Budget Overview

FY 2016 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2016 FTEs
\$ 2,114,463	\$ 14,693	0.70%	23.8

Department Mission/Description of Services

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

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

Budget by Program

The library provides services in five primary program areas: Circulation Services; Adult/Reference Services; Young Adult Services; Children’s Services; and Technical/Processing Services. The budget calls for an increase below the town average. There are no significant changes in the allocation across program areas. The FY 2016 allocations are:

FY16				Total Budget		FTEs	
	Salaries	Benefits	Other Expenses	\$	%	#	%
Circulation Services	203,347	44,648	119,032	367,027	17%	6.4	27%
Adult Services	421,524	72,504	119,673	613,701	29%	6.3	26%
Young Adult Services	61,551	9,710	15,518	86,779	4%	1.0	4%
Children's Services	165,524	29,226	53,757	248,507	12%	3.4	14%
Library Plant Operations	72,774	8,303	233,168	314,245	15%	1.3	5%
Technical Processing	164,852	34,960	94,956	294,768	14%	3.4	14%
Administration	157,121	19,147	13,168	189,436	9%	2.0	8%
Total	1,246,693	218,498	649,272	2,114,463	100%	23.8	100%

Expense Analysis

Two line items other than health insurance changed by more than 5% and more than \$5,000:

Line Item	FY 2016	Prior Year	% Increase	Explanation
Technical Services/ Computer Services	\$ 70,216	\$ 66,665	5.33%	Additional licenses and improved security for online services
Books and Periodicals	\$ 307,933	\$ 293,270	5.00%	Maintenance at current levels

Requested Adds (not included in budget above)

- \$6,468 to add one evening in the Children’s Departments for 44 weeks from September to June
- \$10,000 for popular materials and electronic resources including databases, eBooks, and eReaders

Recommendations

Recap of Prior Year Recommendations

Recommendation	Update
Finalize a Memo of Agreement with the Town for facility consolidation	In process

Ongoing attention to the use of benefitted part-time positions	Reduced the number of benefitted part-time positions by one, while overall staffing levels have remained essentially unchanged
Develop additional management information and long-term plans for Digital Expansion	The library continues to develop and research opportunities for digital expansion within the available budget

FY 2016 Recommendations

Recommendation	Rationale
Further develop planning efforts to address the maintenance and capital investment infrastructure	Library administration and trustees are considering maintenance and improvement options for an aging structure, ranging from: the pressing need to replace the heating system (after several heating failures this winter), a study to estimate the cost of updates to the existing building, and re-considering options for a new library. The Library has discussed long-term needs with the Financial Task Force. The Warrant Committee recommends that the Library continue to engage in a productive dialogue in the town, to educate and inform the BOS and other town bodies on options and costs.
Ongoing attention to the use of benefitted part-time positions	The Warrant Committee encourages town departments to recognize the total cost of employment, including benefits, and to consider benefit costs when making staffing decisions, particularly given the availability of subsidized, high quality health care under the Affordable Care Act and through the state's Health Connector.
Develop additional management information and long-term plans for Digital Expansion	While digital expansion is likely to be an important element of the library's evolution, management information to evaluate the use of services can be difficult to come by. The Warrant Committee encourages the library to continue working to develop useful information to evaluate and rationalize additional spending for Digital Expansion. Identifying specific items for longer term investment in this area, informed by local and national trends around library technology spending, will further help to prioritize spending in this area (e.g., the additional \$10,000 for electronic resources and popular materials).

GENERAL GOVERNMENT

Administrative Departments

Budget Overview

FY 2016 \$	Change from Prior Year \$	% Change from Prior Year	FY 2016 FTEs
2,584,027	160,246	6.7	17.42

Department Mission/Description of Services

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

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

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

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

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

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

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

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

Services: (a) Oversee and coordinate activities of Town departments; (b) initiate and organize planning and budgeting; and (c) serve as senior point of contact for residents regarding town services and issues.

Budget by Program

Town Clerk: Most of the cost is distributed between two areas – Elections and Registration and Town Clerk responsibilities.

Information Technology: Personnel expenses account for 47% of the budget, with the remainder spent on software licensing and support, computer equipment, and other non-salaried cost of services. ERP system (MUNIS) accounts for the largest share of staff time and technology training the least amount.

Human Resources: Time and money are divided among Benefits Administration services, which include health, dental and life insurance enrollments, deductions, bill processing, COBRA notices, labor relations and negotiations, and assistance to all Town and School employees and retirees.

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

Program	FTE's	FTE %	Budget \$	Budget %
Town Clerk	4.5	26%	\$396,397	15%
Information Technology	5	29%	\$902,474	35%
Human Resources	2.92	16%	\$283,826	11%
Town Administrator	5	29%	\$1,001,330	39%
Total	17.42	100%	\$2,584,027	100.0%

Expense Analysis

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

Line Item	FY2016	Prior Year	% change	Explanation
TA-Legal Services	\$290,000	\$264,250	9.7%	Increase in amount of legal work anticipated
TA/BOS-Benefits	\$77,160	\$60,875	26.8%	One more elected official took Town health insurance
TA-Recreation, Facilities, Capital study	\$88,000	\$0	100%	Find ways to maximize revenues, efficiencies
Town Clerk-Elected Officials	\$88,016	\$82,971	6%	Salary increase
Town Clerk-Poll Workers	\$49,716	\$62,000	(19.8%)	Fewer elections budgeted

Town Clerk-Vote Equipment Repair/Maintenance	\$20,000	\$26,000	(23%)	Fewer elections budgeted, less voter machine programming
IT-Health Insurance	\$71,150	\$81,425	(12.6%)	Employee switched from family to individual plan
IT-Hardware supplies	\$37,500	\$32,000	17.2%	Server expenses

Requested Additions (Not Presently Funded)

Request	Rationale/support
TA-Additional Resources	Assist with new projects, recommendations and bylaws

Special Analysis/Observations

Town Clerk: Fewer elections are projected for FY16 than last year (budgeted 4 vs. 3). Town record digitization project (CPA funded) making progress: Part 1 evaluation done, Part 2 scanning done, indexing underway.

Town Administrator: This department is undertaking new tasks, such as work on the Underwood Pool replacement, the Belmont Center renovation, implementation of new water and sewer billing and collection system, reviewing and implementing the Financial Task Force recommendations, implementing the Stormwater and Snow Removal Bylaws, and additional recreation department programs. The new liquor licenses (7 all-alcohol, 2 beer and wine retail, and 8 beer and wine restaurant licenses) are being promoted. Town Hall rentals are also being more promoted. A new study will be undertaken to find ways to maximize revenues and create efficiencies in recreation, combined facilities and capital assets. This study will be paid for with health insurance savings.

HR: For years there has been a perceived need for another professional staff position in this department. This year it has been determined that the salary of the HR Assistant who administers Health, Life, and Dental Insurances for town and school employees could be shifted to the Health Insurance Trust. The Board of Selectmen has reviewed this transfer with the Town Administrator and this has allowed the creation and hiring of a full time professional position of Human Resource Generalist. This reorganization is without consequence to the operating budget and will provide full coverage and expanded planning, training and service in this department.

Information Technology: Conversion to cloud-based software is nearly complete (where possible), reducing licensing and maintenance costs. Conversion to virtual servers is well

underway, reducing equipment and maintenance costs. Recent analysis by the IT Advisory Committee recommended against consolidation of IT departments (Town, School, Library, Police, Light) due to added cost; also, IT departments meet monthly, collaborate, and share resources when appropriate.

Recommendations:

None.

Recap of Prior Year Recommendations

Recommendation	Status
Work with school department to streamline services wherever possible	Cooperation still going well, bringing in Library under new consolidated facilities department
Regionalization	Opportunities are explored as they arise
Further use of technology	Combining billing systems, working to automate room reservations
Re-work the VFW payment/lease	May be looked at
Re-bid services	Legal services budget increased again due to increased need, but rates are flat
Market Town Hall for rentals	More promotion has led to more rentals
Better coordination between small departments	For IT, new efficiencies through roll-out of cloud-based PeopleGIS/Forms, which enables coordinated department app development on town-wide platform – decentralized (cheaper) development with centralized (shared) data
More training regarding IT resources	Ongoing
Town Clerk look to new website engine	Automated open meeting law process not being explored further

FY 2016 Recommendations

Recommendation	Rationale
Study whether in-house counsel would be cheaper than outside counsel	Would prevent arbitrary fee increases and provide more stability

Financial Departments

Budget Overview

FY 2016 \$	Change from Prior Year \$	% Change from Prior Year	FY 2016 FTEs
1,450,539	57,687	4.1%	14.9

Department Mission/Description of Services

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

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

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

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

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

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

Budget by Program

Program	FTE's	FTE %	Budget \$	Budget %
Accounting	3.6	24%	\$406,799	28%
Treasurer	7.3	50%	\$635,163	44%
Assessors	4	26%	\$408,577	28%
Total	14.9	100%	1,450,539	100%

Expense Analysis

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

<i>Line Item</i>	<i>FY2016</i>	<i>Prior Year</i>	<i>% change</i>	<i>Explanation</i>
Accountant-PT salaries	\$26,427	\$69,070	(61%)	Reduced PT staff
Accountant-FT salaries	\$242,354	\$177,357	36.6%	Additional FT position
Assessors-Health Insurance	\$32,570	\$22,295	46%	One more family plan, one less individual plan
Assessors-Revaluation	\$111,500	\$92,500	20.5%	Additional consulting for triennial certification

Requested Additions (Not Presently Funded)

Request	Rationale/support
None	NA

Special Analysis /Observations

Accounting: This department has added a full-time hire in FY15 and reduced use of part-time employees. The new staff is justified by workload and the need for continuity. There was no staff to cover in the event one of the existing staff was absent.

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

Assessors: This department’s budget has increased for two reasons. First, this is the year of the triennial state certification process, which calls for some additional consultant support. The following year’s budget will not need to fund these incremental expenses. Second, although the number of employees has not changed, the level of health insurance benefits provided has increased. This higher level of benefits provided will likely continue in subsequent budgets. The reported number of FTEs increased from the FY15 budget value of 3.4 to the FY16 value of 4.0 to include the elected Board of Assessors. This difference is due entirely to a new policy of assigning an FTE of 0.2 to each of the three members of the Board of Assessors for FY16.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Town parking lot spaces priced below market	Continued progress; increases approved in FY15
Savings through technology	Continued progress as technology is implemented
Timely information distribution	Continued progress as distributions become faster

Use of technology	Continued progress as more technology is being introduced
All billings and collections for water, sewer and light should be centralized in the Treasurer's Department	New billing system in place for property taxes
Expand Payment in Lieu of Taxes program (PILOT)	The Revenues Opportunities Sub Group of the Financial Task Force confirmed the Town is pursuing all potential PILOT opportunities to the extent possible
Encourage more use of paperless billing	Continued progress as paperless billing has been expanded
Use part-time non-benefited workers whenever possible	Part of the decision-making process

FY 2016 Recommendations

Recommendation	Rationale
Focus new PILOT opportunities on new acquisitions by non-profits	Non-profit entities may be more responsive to PILOT payment requests when their actions, such as acquiring land and buildings, actually reduce the Town's revenue
Seek to further automate motor vehicle abatement process	Processing abatements for motor vehicles could be automated further with assistance from the Registry of Motor Vehicles

Note: In addition to the budgets for the Administrative and Financial Departments, General Government also includes the Warrant Committee Reserve Fund that has a budget of \$400,000. The total General Government budget for FY2016 including the Reserve Fund equals \$4,434,566.

PUBLIC SAFETY

Police Department

Budget Overview

FY 2016\$	\$ Change from Prior Year	% Change from Prior Year	FY 2016 Headcount
\$6,968,006	(\$56,317)	(0.8%)	113

Department Mission/Description of Services

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

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

Budget by Program

The budget calls for a spending decrease of 0.8%, with changes in the allocation of personnel and benefits among programs, in addition to the hiring of new staff at the start of the pay scales. The Board of Selectman approved funding for an SRO as a 0.75 FTE within the Community Services program area. Patrol Services accounts for the highest percentage of FTEs (40%) and the highest share of budget dollars (57.24%).

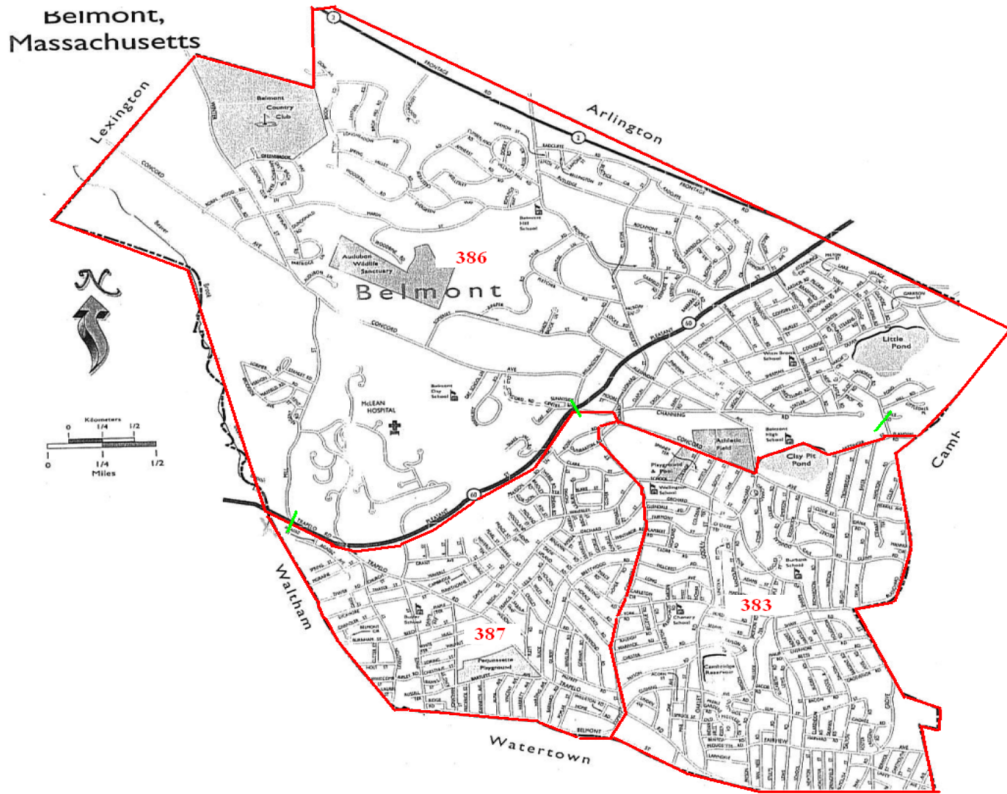
<i>Program</i>	<i>FTEs</i>	<i>FTE %</i>	<i>Budget \$</i>	<i>Budget %</i>
Patrol Services	35	41.2%	\$3,988,777	57.2%
Traffic Management	26	30.6%	\$565,382	8.1%
Detectives & Investigations	5	5.9%	\$553,508	7.9%
Community Services	4	4.7%	\$369,469	5.3%
Public Safety Comm.	10	11.8%	\$940,412	13.5%
Administration	3	3.5%	\$462,880	6.6%
Records	2	2.4%	\$87,577	1.2%
Total	85*	100.0%	\$6,968,006	100.0%

* Note: the department also deploys 28 volunteer and per-diem staff, totaling 113 FTE

The chart below shows the incidents by sector of town as tracked by the Police Department:

Total Incident By Sector – Calendar Year 2014		
Sector	Total Incidents	Percentage
383	7,093	31%
386	9,921	43%
387	5,434	23%
999	723	3%
Total	23,171	100%

Belmont Police Department Sector Map



Expense Analysis

There are 10 line items that change by more than 5% and more than \$5,000 from the previous fiscal year. We highlight four below as the remainder were largely driven by settlement with bargaining units and accounting changes, with a number of wage and healthcare line items reallocated to more accurately reflect personnel assignments

<i>Line Item</i>	<i>FY2016</i>	<i>Prior Year</i>	<i>% incr.</i>	<i>Explanation</i>
Patrol: Salaries	\$2,348,322	\$2,528,252	-7.1%	Staff realignment
Patrol: Overtime	\$325,000	\$300,000	8.3%	Budget to actual
Traffic: PT Salaries	\$227,139	\$172,195	31.9%	Staff moved FT to PT
Community Services: Salaries	\$300,764	\$271,910	10.6%	New SRO position

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

<i>Request</i>	<i>Rationale/support</i>
Data analyst/expand business intelligence	See recommendation section below

Special Analysis/Observations

Cost Allocation: Town Administrator and the PD leadership team have continued to refine the staff/benefit re-allocation to report out staffing. In addition to 48 sworn officers, the Police Department relies on a cadre of 28 volunteer & per diem staff for total headcount of 113.

Staffing/Service Model: Over the past five years the department has experienced twenty vacancies, due to retirement and voluntary separation. The process of seeking candidates from the Police Academy and training them within our system has always been a management challenge in an environment of increasing complexity of the role of police force and constrained municipal budgets. The K-9 program continues to be viewed by the department and the community as a successful additional resource in the department enhancing community awareness and engagement.

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

Sick/Disability Management: The Warrant Committee continues to support effort by the Police Chief (and Fire Chief) to take tighter control over sick / disability costs by hiring Meditrol – a benefits consulting firm to drive cost savings and management of incidents. This outsourced service added by both the Police and Fire Departments has seen the persistent benefit of managing those costs.

Department Metrics Data Analytics: The department tracks data as required by federal, state and local regulations. Using data as business tool may provide insight to better deploy resources and create targeted educational/community outreach opportunities. Developing a comprehensive information technology strategy would further enhance the capability of the police force and give the management team greater access to making strategic investments in service delivery.

Recommendations

Recap of Prior Year Recommendations

<i>Recommendation</i>	<i>Status</i>
Add School Resource Officer	The PD and School leadership see that the role of SRO is a community asset
Consider increasing trainees based on analysis of historical turnover / vacancies	Getting candidates through civil service remains a challenge with candidates vying for slots closer to their homes and competition statewide

FY 2016 Recommendations

<i>Recommendation</i>	<i>Rationale</i>
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Deploy resources to a data analyst or business intelligence consulting (BIC)	Using information as a business tool can enhance service delivery, productivity, and identify support for strategic changes. The PD can make better use of their raw data – making meaningful and useful information for analysis and decision-making. Using BIC insights, the department can be better equipped to make strategic improvements in the department.
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Fire Department

Budget Overview

FY 2016 \$5,824,943	\$ Change from Prior Year \$29,171	% Change from Prior Year 0.5%	FY 2016 FTEs 55.5
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Department Mission/Description of Services

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

Services: The Fire Department is divided in to the following functions: 1) fire suppression, which is acts to extinguish and prevent the spread of fires, including responding to calls where a fire is likely; 2) fire prevention; 3) providing rescue services to the Town; 4) service calls and 5) fire department administration.

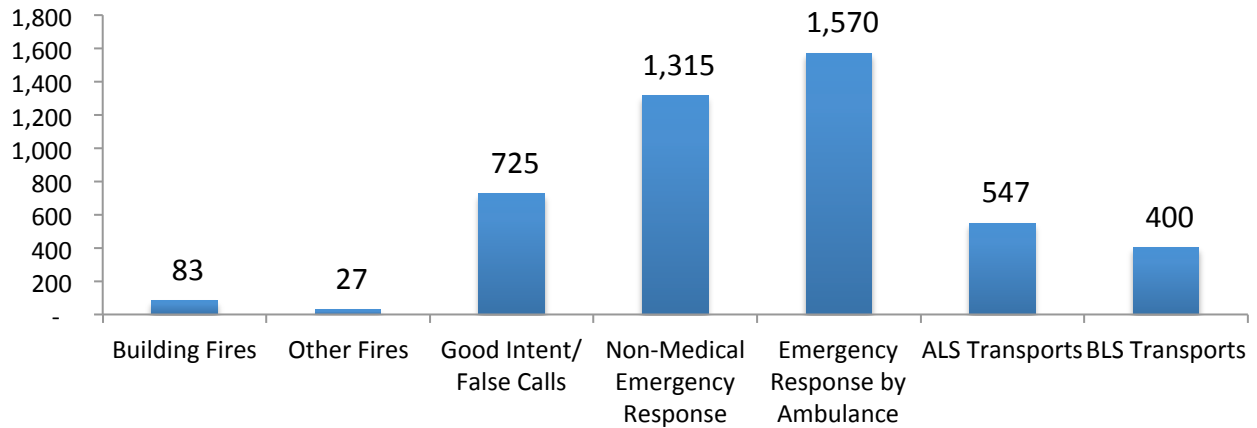
Budget by Program

The budget as submitted shows a minimal increase of 0.5%, in part because compensation negotiations are still underway. Although the department has five primary functions, the budget and FTEs are divided into two functions due to the fact that the workload across functional divisions is shared and the Fire Department currently does not have supportable data to accurately report FTE workload by call type.

Program	FTEs	FTE %	Budget \$	Budget %
Administration and Fire Prevention	5.5	9.6 %	\$640,374	11.0%
Fire Suppression	52.0*	90.4%	\$5,184,569	89.0%
Total	57.5	100.0%	\$5,824,943	100.0%

**Fire Suppression FTEs include two new SAFER grant positions*

2014 Annual Incident Report Summary



Expense Analysis

Line items that have changed by more than 5%, and more than \$5,000, from the previous fiscal year include:

<i>Line Item</i>	<i>FY2016</i>	<i>Prior Year</i>	<i>% inc./dec</i>	<i>Explanation</i>
Admin Health Insurance	\$38,580	\$54,865	(29.7)%	Reduction by one participant
Longevity	\$23,598	\$6,446	266.1%	Reflects anticipated retirements over next three years
Capital Outlay	\$49,600	\$43,600	13.8%	New fitness equipment

Of note, actual departmental overtime for FY15 is expected to exceed budgeted overtime by \$100,000 or 19.0%, due to an unanticipated retirement, a long-term injury, and two unfilled positions. The department has budgeted FY16 overtime in line with the FY15 budget and below FY15 actuals; four new firefighters (including two funded by a SAFER grant and two to replace vacancies) have been hired and will be on line by July, which will reduce the need for overtime.

Requested Adds (not included in budget above)

Prior to the addition of new positions, an in depth analysis of staffing models and best practices in peer communities should be conducted to determine if there are opportunities to applicable to Belmont during the coming years of administrative transition.

Special Analysis /Observations

Administration: Over the next three years, approximately one third of the Department's administration will be eligible for retirement, with FY2018 representing the peak year. We

encourage the Department to assess whether this creates opportunities to reorganize or outsource non-core duties for greater efficiency while ensuring that Departmental priorities are not compromised.

SAFER and S.A.F.E. Grants: We applaud the Department on its successful application for two federal grants. The SAFER grant will fund two new firefighters for two years, which will temporarily increase FTEs in anticipation of the aforementioned anticipated departmental retirements. The S.A.F.E. grant will fund continued fire prevention education for town seniors.

Advanced Life Support: The ALS service instituted by the Department in September 2013 has resulted in improved service to residents without increasing net costs. Total ambulance revenues for FY 14 were \$803,400; although this represents a 16% increase over the prior year, the town no longer is designated the primary back up for Watertown, and FY16 budgeted ambulance revenues reflect a minimal increase.

Recommendations

Recap of Prior Year Recommendations

<i>Recommendation</i>	<i>Status</i>
Consider increasing trainees based on analysis of historical turnover/vacancies	The department has hired a total of 4 firefighters, (including 2 funded by a SAFER grant), that will help address anticipated turnover
Assess software/tech resource needs as a department-wide exercise	Ongoing. Data analytics will allow the Department to manage resources and enhance departmental goals

FY 2016 Recommendations

<i>Recommendation</i>	<i>Rationale</i>
Evaluate and address succession of leadership	Anticipated administrative retirements afford an opportunity to restructure non-core duties and realize efficiencies while maintaining Departmental priorities
Evaluate staffing models and “best practices” of comparable towns	In-depth analysis of peer community fire departments can provide ideas, efficiencies and support for departmental goals.

Note: In addition to the Police and Fire Departments, Public Safety also includes Emergency Management (BEMA), which has a budget of \$24,341. The Public Safety budget for FY2016 including BEMA totals \$12,817,290.

PUBLIC SERVICES

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

Public Works

Budget Overview

Program	FY 2016 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2016 FTEs
Public Works excl. Recreation	\$6,467,190	\$45,816	0.7%	50.85
Recreation	\$875,523	\$43,624	5.2%	14.80
Total	\$7,342,713	\$89,440	1.2%	65.65

Note: \$ figures exclude water and sewer enterprise accounts

Department Mission/Description of Services

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

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

Budget by Program

Program	FTE's	FTE %	Budget \$	Budget %
Administration	3	4.6%	\$324,567	1.5%
Street Maintenance	5	7.6%	\$688,026	3.1%
Snow Removal	0	0.0%	\$678,095	3.1%
Central Fleet Maintenance	4	6.1%	\$581,901	2.7%
Forestry	1	1.5%	\$285,101	1.3%
Delta & Grounds	1	1.5%	\$64,179	0.3%
Solid Waste Collection & Dispsl	1.5	2.3%	\$2,439,265	11.1%
Street Lighting	0	0.0%	\$331,900	1.5%
Cemetery Maintenance	5.70	8.7%	\$474,923	2.2%
Recreation	14.80	22.5%	\$875,523	4.0%
Parks & Facilities	5.25	8.0%	\$599,233	2.7%
Water Administration	2	3.0%	\$725,162	3.3%
Water Distribution	10.4	15.8%	\$5,561,084	25.3%
Sewer Maintenance	8	12.2%	\$7,851,436	35.8%
Stormwater Maintenance	4	6.1%	\$457,196	2.1%

Totals 65.65 100.0% \$21,937,591 100.0%

Expense Analysis*

The following budget line items changed by more than 5% and by more than \$5,000 from 2015 Estimated Expenses

<i>Line Item</i>	<i>FY2016</i>	<i>Prior Year</i>	<i>% incr.</i>	<i>Explanation</i>
Supplies	\$337,180	\$272,800	23.6%	Road salt price increase
Central Fleet Maint. – Fuel	\$62,870	\$91,300	–31.1%	Market price change
Forestry-Health Insurance	\$6,010	\$16,285	–63.1%	New hire, lower cost
Solid Waste Disposal	\$535,500	\$629,000	–14.9%	Reduced fees
Cemetery – PT Salaries	\$43,787	\$34,428	27.2%	Expected saving not realized, return to 2014 level
Recreation PT Salaries – SPORT	\$50,998	\$38,485	32.5%	Hire replacement, incumbent will retire during year
Rec. PT Salaries –Summer	\$149,400	\$133,003	12.3%	Pool staffing
Parks – Health Insurance	\$71,150	\$65,140	9.2%	Change in insured’s status
Parks – Fuel	\$12,834	\$18,600	–31.0%	Lower market price

Requested Adds (not included in budget above)

None.

Special Analysis / Observations

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

Defining a new position of Recreation Head and filling it soon should be a priority. The detailed Financial Task Force analysis shows important opportunities for expanded program offerings and additional fee revenue.

Sidewalk construction in the operating budget is budgeted at \$217,445. Given sidewalk reconstruction costs of approximately \$30/lineal foot, this budget allows for approximately 7,248 feet of sidewalk, representing a nearly 13X increase over the typical level. The passage of the override in April 2015 is an opportunity to address the deplorable condition of many of the town sidewalks.

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

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Increase recycling percentage	Recycling coordinator should explore further education/outreach. Belmont saves approximately \$70 for each ton diverted from regular trash to recycling stream.

FY 2016 Recommendations

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

Community Development

Budget Overview

FY 2016 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2016 FTEs
\$950,937	(\$34,119)	-3.5%	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 services and guidance on land use and related issues to the Board of Selectmen, Town Administrator, Town boards, residents, and developers.

Budget by Program

Program	FTE's	FTE %	Budget \$	Budget %
Administration	1.78	19.8%	\$158,148	16.6%
Engineering	2.44	27.2%	\$250,774	26.4%
Inspection/Enforcement*	2.70	30.1%	\$327,204	34.4%
Planning	2.05	22.9%	\$214,812	22.6%
Total	8.97	100.0%	\$950,938	100.0%

* includes \$80,000 plumbing and gas inspector shared with Watertown

Expense Analysis*

The following budget line items increased by more than 5% and by more than \$5,000 from 2015 Estimated Expenses

<i>Line Item</i>	<i>FY2016</i>	<i>Prior Year</i>	<i>% incr.</i>	<i>Explanation</i>
Planning – Health Insurance	\$16,285	\$22,295	-27.0%	Change in coverage
Admin – Health Insurance	\$38,580	\$48,855	-21.0%	Coverage for new position
Inspections--Health Insurance	\$32,570	\$48,855	-33.3%	Change in coverage
Engineering – FT Salaries	\$65,163	\$78,630	-17.1%	New hire at lower salary

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

None

Special Analysis /Observations

The new Assistant Director position has improved the efficiency of OCD and was a good decision.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Obtain historical document imaging system	No progress
Review organization of Planning Division and coordination with Planning Board	Completed

FY 2016 Recommendations

Recommendation	Rationale
None	Department is running well

Facilities

Budget Overview

FY 2016 \$	\$ Change from Prior Year	% Change from Prior Year	FY 2016 FTEs
\$5,146,336	-\$130,598	-2.5%	27.10

Department Mission/Description of Services

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

Mission and Services:

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

Budget by Program

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

Program	Town	School	Total	Percent of Total
Personnel	\$441,568	\$1,427,481	\$1,869,049	36.3%
Administration	\$2,460	\$7,534	\$9,994	0.2%
General Services	\$100,400	\$86,027	\$186,427	3.6%
Utilities	\$524,651	\$1,358,862	\$1,883,513	36.6%
Building Maintenance	\$25,000	\$77,499	\$102,499	2.0%
Contracted Services	\$189,000	\$423,428	\$612,428	11.9%
Supplies and Equipment	\$44,500	\$162,926	\$207,426	4.0%
Major Bldg. Repairs	\$275,000	\$0	\$275,000	5.3%
Total	\$1,602,579	\$3,543,757	\$5,146,336	100.0%

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

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

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

None.

Special Analysis /Observations

The police station is not in need of major repairs at this time. The building is in better condition after recent work.

Recommendations:

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

Past Recommendations

Recommendation	Status
Evaluate including maintenance of Library within consolidated building facilities program	Library maintenance will be consolidated as of FY2016

MINUTEMAN

Budget Overview

FY 2016 Assessment	\$ Change from Prior Year	% Change from Prior Year
\$831,525	\$80,475	10.7%

Although the district budget increased only 0.95%, Belmont’s assessment rose 10.7% primarily because of two factors. First, other sources of revenue, including non-resident tuition, declined, thereby requiring Minuteman to increase the aggregate funds raised through member-town assessments. Second, a decline in in-district enrollment means that Belmont’s stable enrollment now constitutes a larger percentage of the overall member-town assessments.

Department Mission/Description of Services

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

Services: Minuteman provides instruction to high school students in traditional academic subjects and 19 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, although the costs for the post-graduate programs are primarily covered through a separate budget.

Budget by Program

Minuteman’s major program areas are shown below. Instructional support includes services such as special education, technology support, guidance, the library, and health.

Program	Budget FY 2016	Difference from FY 2015	Percent Change
Administration	\$1,745,339	\$(75,967)	-4.1%

Student Instructional Services	\$10,000,498	\$196,035	1.9%
Student Services	\$2,124,081	\$45,871	2.2%
Operation & Maintenance	\$1,833,095	\$(1,949)	-0.1%
Insurance, Retirement, Leases	\$2,886,935	\$(74,644)	-2.5%
Community Services	\$100,000	\$0	0.0%
Asset Acquisition & Improvement	\$590,973	\$39,988	7.2%
Debt Service	\$520,082	\$56,605	12.2%
Tuition Payments	\$30,000	\$0.00	0.0%
TOTAL	\$19,831,003	\$185,939	0.95%

Expense Analysis

The total Minuteman budget is increasing by \$185,939 or 0.95% in FY2016. Enrollment, however, has decreased 5.8%.

Special Analysis/Observations

Enrollment Trends: The current total enrollment at Minuteman is comprised of 683 high school students, down from 725 students the previous year. 387, or approximately 57%, of those students are from the 16 member towns, with the rest representing tuition students from outside of the district. Belmont currently has 29 high school students attending Minuteman – one less than last year.

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

Potential Building Renovation Project: The Minuteman school facility was constructed in 1975 and has not undergone any significant renovation since that time. The Massachusetts School Building Authority (MSBA) has approved a renovation/rebuilding of Minuteman. The Minuteman School Committee purportedly voted a bond issue to raise \$724,000 to fund a feasibility study for a new or renovated school. The Minuteman district agreement requires unanimous consent by all 16 member towns to incur debt. Belmont’s consent to allow Minuteman borrow the funds for the feasibility study was predicated on assurances that before funds were expended on the feasibility study, the enrollment and the sizing of the school would be agreed to by the member towns. With no preliminary outreach to the member towns and little Minuteman school committee involvement, the district has settled upon a proposed enrollment for the new or renovated school to be 628 students.

Presently, non-member towns have no responsibility for capital expenditures such as a new or renovated school. A template for a facilities agreement has been drafted as an inter-municipal

agreement that would require non-member towns, as a condition of sending students to Minuteman, to pay their proportionate share of the capital expenditures and it appears the agreement will be approved by the State.

The Minuteman district building committee has developed three options for the proposed new or renovated school building which range from (i) a renovation, at a total cost \$176.5 million, (ii) a combination renovation and addition, at a total cost \$175.3 million, and (iii) demolition and a new school, at a total cost \$144.9 million. The Minuteman School Committee will be voting in May to recommend one of the options – presumably the new building option – to the MSBA. If approved by the MSBA, it appears that Minuteman will undertake detailed schematic plans for this alternative in the year ahead, with the expectation of asking the 16 member towns to approve the project at their Town Meetings in the spring of 2016.

Proposed Amendment to the Regional District Agreement

Several member towns have raised the concern that the present Regional District Agreement is flawed in certain material ways. A revised Agreement was approved by the Minuteman School Committee and submitted in 2014 to all 16 Towns for a vote at their annual Town Meeting. The primary changes in the revised Agreement include establishing the operational budget based upon a 4-year rolling average of enrollment from each Town, and assessing capital costs based on a combination of a flat membership fee for each town, a 4-year rolling average of enrollment, and a wealth-adjusted enrollment factor to account for the different economic and demographic profiles of the 16 member towns. Other changes include weighted voting and revised procedures for entry by new municipalities and for incurring debt. Finally, the new agreement would, for the first time, create a viable mechanism for a town to withdraw from the District.

When the revised Agreement was submitted to the 16 member towns for adoption last year, it was approved by 10 towns, rejected by Wayland, and five other towns including Belmont deferred action on the proposed amendment. As of this writing in the spring 2015, one town has again elected to defer action on the Agreement and the Town of Wayland has refused to reconsider its no vote of the previous year. There is a growing consensus that this version of the revised Regional Agreement will not achieve the required unanimity and that the new building project will ultimately be presented to the member towns in the spring of 2016 under the terms of the existing Agreement.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Settle upon a preferred alternative for the renovation or rebuilding of a new Minuteman High School by explicitly obtaining support from the 16 member towns to proceed before the full extent of the feasibility study funds are spent	Although the Minuteman District School Committee has settled upon a proposed enrollment of 628 students and considered the three options discussed above, there is no evidence of unanimity among all 16 member towns in accepting an enrollment figure that is significantly higher than the present enrollment from member towns (currently 387 students not including graduate students).
Resolve the proposed amended agreement and proposed inter-governmental agreement	The proposed amended agreement appears to be doomed because of the lack of approval by all 16 member towns. The proposed Inter Government Agreement requiring a facilities fee from all non-member towns has been conceptually approved by DESE but remains subject to threatened legal challenge.

FY 2016 Recommendations

Recommendation	Rationale
The lack of unanimity among the 16 member towns on adopting the revised district agreement, as well as the likely inability for all 16 member towns to approve a bond issue necessary for the renovation or rebuilding of the Minuteman High School presents a significant challenge. A contingency plan to deal with failure of the present building project needs to be developed.	There needs to be consideration of other plans for the Minuteman Regional School district to rebuild or renovate its school facility. A significant reduction in the size of the new school to accommodate only member towns should be considered. Consideration should be given to a sale of the existing site and the building of a new regional high school in a different site and with a reconstituted district including non-member towns that have historically sent large number of students to Minuteman.

BELMONT PUBLIC SCHOOLS

Budget and Staffing Summary

Funding Source	FY2015		FY2016		% Change	
	FTEs	Budget	FTEs *	Budget	FTEs	Budget
General Fund	457.95	\$46,156,000	471.26	\$49,660,070	+ 2.9%	+ 7.6%
Grants	16.13	\$3,140,936	16.31	\$3,137,547	+ 1.1%	- 0.1%
Revolving Accounts	32.73	\$3,185,466	35.20	\$3,170,132	+ 7.5%	- 0.5%
All Funding Sources	506.81	\$52,482,402	522.77	\$55,967,749	+ 3.1%	+ 6.6%

* The FY2016 FTE increases in this table reflect both 4.97 unbudgeted positions that were hired during the current year and 10.99 new positions budgeted for FY2016.

Department Mission/Description of Services

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

Budget by Program

Due to the approval by voters of a \$4.5 million Proposition 2½ override this spring, the School Department’s General Fund (GF) budget will grow by \$3.5 million, or 7.6%, in FY2016 and will represent approximately 88.7% of its total funding. In its proposal, the Department has provided program and line item detail both for the GF budget and for Grants and Revolving Accounts. The table that follows presents the FY2015 and FY2016 program allocations for GF dollars and for total funding. Data provided for each program include FTEs, budget dollars, and the program’s percentage of the total budget.

The additional funding in the FY2016 budget is being targeted at programs and line items that the Department has identified as having the greatest needs, and therefore the budget exhibits significant shifting among program allocations. To a considerable extent these shifts reflect the hiring of additional teaching staff in both Regular Instruction and Special Instruction programs; however, the largest increases are occurring in the Special Education program, which has seen not only additional hires but sharp increases to contract services and outplacement tuition accounts.

- The budget allocation for Special Instruction programs is increasing by 2.3% for General Fund dollars and by 1.6% for total funding. The primary drivers of this growth are staffing increases in the English Language Learner program, which is seeing a 0.4% increase in its budget allocation and is adding three teaching positions to address a near doubling of enrollment over the past two years; and a 28% growth rate across Special Education accounts for contract services and out-of-district tuitions and transportation.

Program/Budget Category	General Fund Only						All Funding					
	FY2015 Budget			FY2016 Budget			FY2015 Budget			FY2016 Budget		
	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %
Regular Instruction												
English	24.00	1,862,851	4.0%	24.70	2,035,812	4.1%	24.00	1,868,251	3.6%	24.70	2,035,812	3.6%
Reading	9.20	802,050	1.7%	8.85	792,109	1.6%	10.65	931,317	1.8%	10.15	908,265	1.6%
Elementary	62.90	4,789,634	10.4%	65.90	5,038,266	10.1%	62.90	4,789,634	9.1%	65.90	5,038,266	9.0%
Fine Arts	1.30	108,660	0.2%	1.30	113,308	0.2%	1.30	167,116	0.3%	1.30	175,702	0.3%
Art	10.80	941,769	2.0%	11.20	1,012,566	2.0%	10.80	941,769	1.8%	11.20	1,012,566	1.8%
Music	10.20	817,359	1.8%	10.77	897,692	1.8%	11.70	972,456	1.9%	11.77	1,020,284	1.8%
Theater Arts	-	-	-	0.20	13,000	0.0%	-	-	-	0.20	13,000	0.0%
Kindergarten	9.05	673,339	1.5%	9.70	755,247	1.5%	29.28	1,597,152	3.0%	32.00	1,815,637	3.2%
Math	24.85	1,915,356	4.1%	25.75	2,053,856	4.1%	24.85	1,920,756	3.7%	25.75	2,053,856	3.7%
Physical Education	7.65	577,634	1.3%	9.55	730,645	1.5%	7.65	577,634	1.1%	9.55	730,645	1.3%
Science	25.20	2,004,274	4.3%	25.40	2,118,368	4.3%	25.20	2,004,274	3.8%	25.40	2,118,368	3.8%
Health Education	2.40	159,649	0.3%	2.10	149,143	0.3%	2.40	159,649	0.3%	2.10	149,143	0.3%
Technology Education	2.00	159,388	0.3%	2.00	165,874	0.3%	2.00	159,388	0.3%	2.00	165,874	0.3%
Social Studies	25.20	1,883,412	4.1%	26.10	2,044,227	4.1%	25.20	1,883,412	3.6%	26.10	2,044,227	3.7%
Foreign Language	17.77	1,388,772	3.0%	17.80	1,469,929	3.0%	17.77	1,388,772	2.6%	17.80	1,469,929	2.6%
Subtotal	232.52	18,084,147	39.2%	241.32	19,390,041	39.0%	255.70	19,361,580	36.9%	265.92	20,751,573	37.1%
Special Instruction												
English Language Learners	5.57	368,644	0.8%	8.60	600,890	1.2%	5.57	387,237	0.7%	8.60	626,845	1.1%
Pre-Kindergarten	12.85	536,846	1.2%	12.00	532,966	1.1%	15.65	774,622	1.5%	14.80	764,787	1.4%
Special Education	102.25	9,439,899	20.5%	103.70	11,156,394	22.5%	102.25	11,836,209	22.6%	103.70	13,357,704	23.9%
Subtotal	120.67	10,345,389	22.4%	124.30	12,290,251	24.7%	123.47	12,998,068	24.8%	127.10	14,749,337	26.4%
Student & Instructional Services												
Athletics	1.00	317,427	0.7%	1.00	325,887	0.7%	1.00	803,074	1.5%	1.00	833,472	1.5%
Student Activities	0.25	42,910	0.1%	0.25	44,021	0.1%	0.25	103,449	0.2%	0.25	111,121	0.2%
Food Service	-	-	-	-	-	-	15.56	791,761	1.5%	16.78	802,001	1.4%
Guidance	11.00	826,313	1.8%	11.00	861,941	1.7%	11.00	826,313	1.6%	11.00	861,941	1.5%
Psychological Services	6.73	498,362	1.1%	6.83	529,164	1.1%	6.73	498,362	0.9%	6.83	529,164	0.9%
Health Services	7.90	597,233	1.3%	7.90	640,412	1.3%	7.90	597,233	1.1%	7.90	640,412	1.1%
Library	5.64	275,929	0.6%	5.94	272,275	0.5%	5.64	275,929	0.5%	5.94	272,275	0.5%
Technology & AV	9.52	1,197,811	2.6%	10.00	1,249,093	2.5%	10.00	1,232,811	2.3%	10.50	1,284,093	2.3%
Curriculum Development	1.00	119,619	0.3%	1.00	125,000	0.3%	1.70	186,591	0.4%	1.70	196,625	0.4%
Staff Development	1.00	240,419	0.5%	1.00	248,800	0.5%	1.00	240,419	0.5%	1.00	248,800	0.4%
Substitutes	-	435,000	0.9%	-	475,000	1.0%	-	435,000	0.8%	-	475,000	0.8%
METCO	-	-	-	-	-	-	5.83	530,372	1.0%	5.83	539,629	1.0%
Adult Education	-	-	-	-	-	-	-	19,000	0.0%	-	19,120	0.0%
Transportation (Reg. Ed.)	-	140,000	0.3%	-	140,000	0.3%	-	340,000	0.6%	-	340,000	0.6%
Subtotal	44.04	4,691,023	10.2%	44.92	4,911,592	9.9%	66.62	6,880,314	13.1%	68.73	7,153,652	12.8%

Program/Budget Category	General Fund Only						All Funding					
	FY2015 Budget			FY2016 Budget			FY2015 Budget			FY2016 Budget		
	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %	FTEs	Budget \$	Budget %
Operations												
Buildings & Grounds	7.10	848,667	1.8%	7.10	878,816	1.8%	7.10	895,666	1.7%	7.10	878,816	1.6%
Custodial Services	13.00	1,021,995	2.2%	13.00	1,074,872	2.2%	13.00	1,021,995	1.9%	13.00	1,074,872	1.9%
Utilities	-	1,380,253	3.0%	-	1,444,889	2.9%	-	1,520,253	2.9%	-	1,669,889	3.0%
Subtotal	20.10	3,250,915	7.0%	20.10	3,398,577	6.8%	20.10	3,437,914	6.6%	20.10	3,623,577	6.5%
Leadership & Administration												
Building Administration	31.72	1,984,352	4.3%	31.72	2,026,619	4.1%	31.72	1,984,352	3.8%	31.72	2,026,619	3.6%
Central Administration	8.90	899,996	1.9%	8.90	908,996	1.8%	9.20	919,996	1.8%	9.20	928,996	1.7%
Legal Services	-	169,950	0.4%	-	169,950	0.3%	-	169,950	0.3%	-	169,950	0.3%
School Committee	-	15,800	0.0%	-	15,800	0.0%	-	15,800	0.0%	-	15,800	0.0%
Subtotal	40.62	3,070,098	6.7%	40.62	3,121,365	6.3%	40.92	3,090,098	5.9%	40.92	3,141,365	5.6%
Allowances & Benefits												
Contractual Allowances	-	414,667	0.9%	-	179,656	0.4%	-	414,667	0.8%	-	179,656	0.3%
Fringe Benefits	-	6,299,761	13.6%	-	6,368,588	12.8%	-	6,299,761	12.0%	-	6,368,588	11.4%
Subtotal	-	6,714,428	14.5%	-	6,548,244	13.2%	-	6,714,428	12.8%	-	6,548,244	11.7%
Grand Total	457.95	46,156,000	100.0%	471.26	49,660,070	100.0%	506.81	52,482,402	100.0%	522.77	55,967,749	100.0%

- The budget allocation percentages for Regular Instruction programs are changing very little, even though these programs are expected to add approximately 10 new teaching positions in FY16 and the combined budget for these programs is increasing by \$1.4 million.
- Allocations are decreasing for all other major program areas. The allocation for Student and Instructional Services is being reduced by 0.3% in both GF dollars and total funding. Comparable decreases for the other program areas are 0.2% and 0.1% for Operations, 0.4% and 0.3% for Leadership and Administration, and 1.4% and 1.1% for Contract Allowances and Fringe Benefits, with the size of these last decreases being due primarily to the completion of labor contract negotiations this past year.

Significant Budget Changes – Adds and Cuts

As noted earlier, the FY2016 budget proposal represents a 7.6% increase in the General Fund budget and a 6.6% increase if we include Grants and Revolving Account dollars. The previous section described how these increases are affecting relative program budget allocations. This section takes a closer look at how the budget increases distribute across major cost categories and individual line items.

The following table summarizes the changes to the major line item categories that comprise this budget. (Note that the table reflects all funding sources.)

Line Item Category	FY2015 Budget	FY2016 Budget	Change	% Change
Personnel Costs				
FTEs	506.81	522.77	15.96	3.15%
Salaries	\$ 32,194,232	\$ 34,528,260	\$ 2,334,028	7.25%
Stipends	\$ 464,920	\$ 473,478	\$ 8,558	1.84%
Fringe Benefits	\$ 6,517,818	\$ 6,586,645	\$ 68,827	1.06%
Contract Allowances	\$ 414,667	\$ 179,656	\$ (235,011)	-56.67%
Substitutes	\$ 435,000	\$ 475,000	\$ 40,000	9.20%
Total Personnel Costs	\$ 40,026,637	\$ 42,243,039	\$ 2,216,402	5.54%
Non-Personnel Costs				
Contract Services-Spec. Educ.	\$ 616,480	\$ 1,041,480	\$ 425,000	68.94%
Contract Services-Other	\$ 484,951	\$ 497,407	\$ 12,456	2.02%
Legal Services	\$ 169,950	\$ 169,950	\$ ---	0.00%
Technology	\$ 590,083	\$ 594,777	\$ 4,694	0.80%
Equipment & Supplies	\$ 1,350,334	\$ 1,371,659	\$ 21,325	1.58%
Textbooks/Other Books	\$ 88,557	\$ 104,807	\$ 16,250	18.35%
Out-of-District Placements	\$ 5,457,232	\$ 5,909,232	\$ 452,000	8.28%
Transportation – Spec. Educ.	\$ 840,000	\$ 1,044,800	\$ 204,800	24.38%
Transportation – Other	\$ 617,390	\$ 630,070	\$ 12,680	2.05%
Facilities Maintenance/Repair	\$ 362,501	\$ 323,400	\$ (39,101)	-10.79%
Utilities	\$ 1,520,253	\$ 1,669,889	\$ 149,636	9.84%
Total Non-Personnel Costs	\$ 12,455,765	\$ 13,724,710	\$ 1,268,945	10.19%
Total Costs	\$ 52,482,402	\$ 55,967,749	\$ 3,485,347	6.64%

Notes: The individual cost lines do not sum to the totals provided, as not all line item categories are listed. Also, the changes listed for Facilities Maintenance/Repair and Utilities reflect a reallocation in FY2016 of School Building Rental Expenses from the Building & Grounds program to Utilities, reducing the former by (\$46,999) and increasing the latter by \$85,000.

As shown in this table, personnel costs remain a primary driver of the Department’s budget growth, increasing next year by 5.54% over current levels and accounting for 63.6% of the increase in budgeted funds. The other significant sources of this growth are the out-of-district placements and contract services associated with the Special Education program, which together represent more than 85% of the increase in non-personnel costs. With respect to the individual categories, the following growth rates are noteworthy.

- The FY2016 budget calls for approximately 16 new positions, a 3.15% increase from the staffing included in this year’s budget. Most are teachers being hired to address increasing enrollments and student needs; 13.1 teaching FTEs are being added, including 2 unbudgeted positions that were hired this year and 11.1 new teachers to be hired in FY2016. In terms of program allocations, Regular Instruction programs are seeing a net increase of 9.1 teachers -- 3.6, 4.7, and 0.8 FTEs at the elementary, middle, and high school levels respectively; 3.0 FTEs are being added to the ELL program; and 1 additional Special Education teacher has been hired. Other staffing additions include a 0.1 psychologist FTE, 1.9 instructional and library aides, and 0.9 technical and other support staff.
- Salary costs are increasing by \$2.3 million and remain the most significant contributor to overall budget growth. Some of this salary growth is clearly due to the additional staffing; however, as evidenced by the differential growth rates for FTEs (3.15%) and salaries (7.25%), a more significant factor are salary increases given to existing staff, most of which were included in the bargaining unit agreements that were negotiated last year.
- At the same time, the salary certainty resulting from the completion of contract negotiations has enabled the Department to reduce the Contract Allowances account by \$235,000, as nearly all salary increases are now incorporated into the appropriate salary line items.
- On the non-personnel side, the 10.2% growth contained in the FY2016 budget is due almost entirely to increases in the Special Education accounts for contract services (+\$425,000), out-of-district tuitions (+\$452,000), and transportation (+\$204,800), all of which have been growing significantly since the second half of last year. In fact, if we adjust the numbers listed in the table for Facilities Maintenance/Repair and Utilities to account for the transfer of School Building Rental Expenses, no other category will increase by more than \$65,000 next year.

Other than the appropriate reduction in Contract Allowances, none of the categories listed above is experiencing a decrease in funding. The approval of the override has enabled to Department to address any needs it has identified as critical, and there appear to be no significant cuts being made to either program offerings or staffing.

Significant Line Item Changes

With respect to individual line items, the proposed School Department budget contains 109 items (out of a total of 830 across the three funding streams) that are either increasing or decreasing by at least 5% and \$5,000 in FY2016. The 15 line items included in the table below represent the largest such changes in absolute terms, ranging from a \$487,678 increase in spending for Special Education Collaborative Tuitions to an increase of \$74,766 for High School Mathematics Teachers.

Line Item (Funding Source)	FY2015 Budget	FY2016 Budget	Change	% Change	Explanation
Spec. Education LABBB Tuitions (GF)	\$ 1,603,306	\$ 2,090,984	\$ 487,678	30.4%	Incr. No. Placements
Spec. Educ. Psych. Contract Svcs. (GF)	\$ 375,000	\$ 675,000	\$ 300,000	80.0%	Incr. Service Needs
Contract Allowance – Bargaining (GF)	\$ 346,211	\$ 55,000	(\$ 291,211)	-84.1%	Negotiations Compl.
English Language Learner Tchrs (GF)	\$ 349,986	\$ 580,987	\$ 231,001	66.0%	3.00 FTE & Sal Increase
Spec. Education Transportation (GF)	\$ 840,000	\$ 1,044,800	\$ 204,800	24.4%	Incr. No. Placements
Spec. Educ. LABBB Tuition Credit	\$ 190,000	\$ 0	(\$ 190,000)	-100.0%	Credits Used in FY15
MS Social Studies Teachers (GF)	\$ 778,863	\$ 911,346	\$ 132,483	17.0%	1.50 FTE & Sal. Increase
Spec. Educ. Services Salary (GR)	\$ 175,000	\$ 300,000	\$ 125,000	71.4%	Incr. Service Needs
MS English Teachers (GF)	\$ 859,410	\$ 973,806	\$ 114,396	13.3%	0.50 FTE & Sal. Increase
HS Phys. Educ. Teachers (GF)	\$ 94,380	\$ 203,933	\$ 109,553	116.1%	1.50 FTE & Sal. Increase
Winn Brook – Spec. Educ. Aides (GF)	\$ 340,840	\$ 443,031	\$ 102,191	30.0%	3.58 FTE & Sal. Increase
Spec. Education Private Tuitions (GF)	\$ 820,096	\$ 912,468	\$ 92,372	11.3%	Incr. No. Placements
Butler - Spec. Educ. Teachers (GF)	\$ 209,192	\$ 300,995	\$ 91,803	43.9%	1.00 FTE & Sal. Increase
Wellington – Spec. Educ. Aides (GF)	\$ 324,120	\$ 246,099	(\$ 78,021)	-24.1%	-3.52 FTE & Sal. Incr.
HS Mathematics Teachers (GF)	\$ 859,264	\$ 934,030	\$ 74,766	8.7%	0.40 FTE & Sal. Increase

Administrative/Overhead Expenses

For FY2016, administrative expenses -- consisting of management, clerical support, technical support, and operations staff, as well as building maintenance and utilities, general equipment and supplies, and dues, conferences, and other professional development activities – account for approximately 22.8% of the proposed budget, down from 23.6% in FY2015. This lower percentage is due primarily to the fact that direct service salaries and non-personnel items account for nearly 90% of the \$3.5 million increase in the FY2016 budget.

Use of Part-Time Staff

This year, the School Department has 145 part-time employees, the same total as last year. Of these, 96 work 20 or more hours per week (vs. 91 last year), and are therefore eligible for health insurance, and 64 work 25 or more hours weekly (vs. 69 last year), making them also eligible for retirement pensions. These are important thresholds, in that the cost of a part-time employee who works 25 hours per week can be 2-3 times the cost of a 19-hour-per-week employee. The following table provides a breakdown of these employees by functions and hours worked per week.

School Department Part-Time Positions – FY2015						
	Hours Worked per Week					
	1 – 9	10 – 19	20 – 24	25 – 29	30 – 34	35-Plus
Teachers/ Professional Staff	1	6	13	1	6	
Instructional Aides, Tutors	1	9	16	43		
Administrators			1		1	
Secretarial Staff		1				
Clerical Aides		2		3		
Lunch Aides		17				
Cafeteria Staff		12	1	6	3	
Custodians			1			
Totals	2	47	32	53	10	1

Note: 40 of the 69 Aides listed above work 27 or more hours per week; full-time for these staff is 30 hours.

Observations / Special Analyses

Growth in Student Enrollment

The high enrollment growth seen in FY2013 and FY2014 has continued this year, although the rate of growth has slowed: 86 new students were enrolled in Grades K-12 as of October 1, 2014, compared to 142 last year and 94 in October of 2012. While significant, this growth was lower than the 115 estimated at the time of last year's budget submission. As in the past two years, the increases are being seen throughout the system, however, growth this year has skewed more toward the high school grades, with 15 additional students in the elementary grades, 17 at the middle school, and 54 in grades 9-12.

During the past three years, despite some corresponding increases in teaching staff, the Department's Class Size Reports indicate that average class sizes have grown in the elementary schools (from 22.25 in FY2012 to 23.1 this year) and at the high school (from 21 to 23). Middle school classes, on the other hand, have declined on average, from 24.5 to 23.4.

With respect to program impact, most of additional students are enrolled in regular instruction programs; increases in special education students have accounted for only 16 of the 322 additional students since FY2012. Growth levels among two subsets of students requiring more intensive levels of services are worth noting.

- English Language Learners have nearly doubled, from 117 students in FY2012 to 222 this year. Based on state regulations, and depending on their specific levels of English language proficiency, these students require as much as 2.5 hours of small group language instruction each day; in response to this increased enrollment and service need, the number of English Language Learner (ELL) teachers has been increased from 1.2 in FY2012 to 6 this year, and budgeted staffing for FY2016 has been increased to 8.
- The number of special education students requiring out-of-district placement tends to fluctuate up and down on an annual basis, but in the past year the trend has been sharply upward. Based on the official counts reported in October of each school year, such placements have totaled 93, 80, 83, and 93 from FY2012-2015; the most recent count for April of this year was 97.

Impact of Enrollment Growth on Elementary School Class Sizes

Since FY2013, when school enrollment began to spike, this report has taken a close look at the impact that these increases are having on class sizes in the four elementary schools. The following table is based on enrollment data reported to the state in October 2014 and compares actual class enrollments to the Class Size Guidelines developed by the School Committee several years ago.

Although total enrollment in the elementary schools rose by only 15 students this year, the number of classrooms remained constant; thus there are more instances where class sizes exceed the guidelines.

- Whereas last year there were seven instances where the average class size in any particular grade and school exceeded the School Committee's guidelines, this year there are nine, three at the Winn Brook, and two each at the Burbank, Butler, and Wellington.
- The most significant instances where enrollments exceeded the guidelines occurred in kindergarten classes, with the overage ranging from one student per class at the Wellington to 2.33 students per class at the Butler.

School	Measure	Grade Level				
		K	1	2	3	4
Burbank	Total Enrollment	71	68	70	71	71
	Average Class Size	23.67	22.67	23.33	23.67	23.67
	Maximum Class Size Guideline	22	23	23	24	24
	Additional Capacity Available	-5	1	-1	1	1
Butler	Total Enrollment	73	67	66	62	74
	Average Class Size	24.33	22.33	22.00	20.67	24.67
	Maximum Class Size Guideline	22	23	23	24	24
	Additional Capacity Available	-7	2	3	10	-2
Wellington	Total Enrollment	115	111	101	121	94
	Average Class Size	23.00	22.20	20.20	24.20	23.50
	Maximum Class Size Guideline	22	23	23	24	24
	Additional Capacity Available	-5	4	14	-1	2
Winn Brook	Total Enrollment	95	95	95	93	87
	Average Class Size	23.75	23.75	23.75	23.25	21.75
	Maximum Class Size Guideline	22	23	23	24	24
	Additional Capacity Available	-7	-3	-3	3	9
Totals	Total Enrollment	354	341	332	347	326
	Average Class Size	23.60	22.73	22.13	23.13	23.29
	Maximum Class Size Guideline	22	23	23	24	24
	Additional Capacity Available	-24	4	13	13	10

Total Enrollment taken from Belmont School Department's Official Enrollment Report for year 2014-2015, dated October 1, 2014. With respect to Additional Capacity Available, a positive number indicates that capacity exists for that number of additional students; a negative number indicates that enrollment is already above maximum classroom capacity.

- Total enrollment across all grades and schools show additional capacity in grades 1-4, ranging from four to thirteen students, indicating that, at least as of October 1, the excess enrollment occurring in five Grade 1-4 classrooms is a matter of student distribution rather than overall numbers. This is not true for kindergarten classes, however, as the total number of students exceed current classroom capacity by 24.

Outlook for Elementary School Enrollment and Class Sizes in FY2016

Last year, the School Department established an Enrollment Modeling Group as part of the town's Financial Task Force and charged it with examining enrollment trends during the past several years and developing growth estimates for the 5-year period from FY2015-FY2019. In its final report, issued in January 2014, the group estimated an additional 82 students in FY2016. Using that estimate and assuming that the additional students will distribute across the grade levels in the same manner as during the past five years results in an estimated 44 additional elementary school students.

As noted in a previous section, the FY2016 budget calls for the hiring of 3.6 additional elementary school teachers, including 1.8 FTEs at the kindergarten level. While the exact distribution of the new students or teachers is not yet known, overall the addition of these staff ought to enable the Department to bring all elementary classrooms into compliance with the School Committee guidelines.

Historical Trends in Student Enrollment, Staffing, and Budgets

The long-term trends analysis presented in this section shows the impact of continued high enrollment growth this year and next, as well as the effect that the addition of 13.1 teaching positions will have on staffing growth trends and student-to-teacher ratios. The following table provides updated findings concerning these long-term trends, as well as budget growth, for the period from FY2004 to FY2016. These findings are drawn from a combination of School Department annual reports and, for the more recent years, the Department's detailed budget submissions. Note that, unlike previous years, the enrollment and staffing data presented here focus on Grades K-12 and do not include the Pre-Kindergarten program. Budget data, however, continue to include all programs.

- Based on the increases experienced in FY2015 and expected in FY2016, long-term enrollment will have grown by 16.83% since 2004, for an average annual rate of 1.30%. This growth is highest for Regular Instruction programs, with overall growth at 20.65% and an annual rate of 1.58%. Long-term Special Education enrollment (excluding students in out-of-district placements) continues to trend downward, decreasing by 17.77% during the same period.
- At the time of last year's report, increases in teaching staff had not kept pace with enrollment growth, a trend that has continued into this year. If we take the staffing budgeted for FY2016 into consideration, however, the disparity between enrollment and staffing growth is greatly diminished, with total growth in teaching positions actually exceeding enrollment, at 20.07% since 2004 (1.54% annually). Disaggregating total teaching staff into the two program areas presents a more mixed picture, with Regular Instruction teachers increasing by 17.82% overall or 1.38% annually, and Special Instruction teachers growing 43.96% since 2004 or 3.08% per year.
- Student-to-teacher ratios reflect these growth rates: Regular Instruction programs reached a high of 16.61 students per teacher this year and will decrease to 16.24:1 in FY2016, while Special Instruction ratios remain low, at 10.28:1 in the current year and 10.63:1 in FY2016.
- The use of instructional aides continues to be skewed greatly toward the Special Instruction programs. The number of aides working in Regular Instruction classrooms, which peaked at 28.88 in FY2013, continues to be significantly lower, at 19.16 in both FY2015 and 2016. In Special Instruction programs, however, the use of these aides continues to yield very low student-to-staff ratios (2.91:1 in FY2015 and 3.02:1 in FY2016).
- Because of the significant budget increases proposed for FY2016 (7.6% for the General Fund and 6.6% overall), the long-term growth rates have increased for both these measures. As of next year, GF budgets will have increased at an annual rate of 4.39%, and total funding by 5.15% annually.

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

Historical Trends in Enrollment, Staffing, and Budget (K-12)

	Fiscal Years													Total Growth	Avg. Ann. Growth	
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016			
Enrollment																
Total Enrollment	3,684	3,659	3,628	3,676	3,708	3,790	3,905	3,877	3,900	3,994	4,136	4,222	4,304	16.83%	1.30%	
Regular Instruction	3,317	3,268	3,233	3,257	3,315	3,432	3,581	3,599	3,624	3,713	3,845	3,932	4,003	20.65%	1.58%	
Special Education	367	391	395	419	393	358	324	278	276	281	291	290	301	-17.77%	-1.62%	
Staffing																
Classroom Teachers	228.87	238.55	238.90	235.90	240.35	245.67	244.70	253.01	253.02	257.93	262.80	265.00	274.80	20.07%	1.54%	
Regular Instruction	209.17	219.65	218.84	216.79	220.24	223.98	221.95	226.90	225.93	230.85	234.65	236.79	246.44	17.82%	1.38%	
Special Instruction	19.70	18.90	20.06	19.11	20.11	21.69	22.75	26.11	27.08	27.08	28.15	28.21	28.36	43.96%	3.08%	
Instructional Aides/Tutors	29.42	31.93	33.84	37.03	42.57	45.81	45.46	80.58	75.02	81.16	86.29	90.65	90.65	208.12%	9.83%	
Regular Instruction	2.87	2.63	2.85	2.79	2.74	7.11	2.99	19.84	26.16	28.88	18.67	19.16	19.16	566.91%	17.13%	
Special Instruction	26.55	29.30	30.99	34.24	39.83	38.70	42.47	60.75	48.86	52.27	67.62	71.49	71.49	169.30%	8.61%	
All Classroom Staff	258.29	270.48	272.74	272.93	282.92	291.48	290.16	333.59	328.04	339.09	349.09	355.65	365.45	41.49%	2.93%	
Regular Instruction	212.04	222.28	221.69	219.58	222.99	231.09	224.94	246.74	252.09	259.73	253.32	255.95	265.60	25.26%	1.89%	
Special Instruction	46.25	48.20	51.05	53.35	59.93	60.39	65.22	86.85	75.95	79.36	95.77	99.70	99.85	115.91%	6.62%	
All Department Staff	370.71	386.20	390.82	392.33	403.65	412.28	409.64	471.62	469.20	478.61	492.49	496.98	507.97	37.03%	2.66%	
Student-Staffing Ratios																
Student-Teacher	16.10	15.34	15.19	15.58	15.43	15.43	15.96	15.32	15.41	15.48	15.74	15.93	15.66			
Regular Instruction	15.86	14.88	14.77	15.02	15.05	15.32	16.13	15.86	16.04	16.08	16.39	16.61	16.24			
Special Instruction	18.60	20.68	19.68	21.92	19.55	16.50	14.24	10.65	10.19	10.38	10.34	10.28	10.63			
Student-Classroom Staff	14.26	13.53	13.30	13.47	13.11	13.00	13.46	11.62	11.89	11.78	11.85	11.87	11.78			
Regular Instruction	15.65	14.70	14.58	14.83	14.87	14.85	15.92	14.59	14.38	14.30	15.18	15.36	15.07			
Special Instruction	7.92	8.11	7.73	7.85	6.56	5.93	4.97	3.20	3.63	3.54	3.04	2.91	3.02			
Student-Department Staff	9.94	9.47	9.28	9.37	9.19	9.19	9.53	8.22	8.31	8.34	8.40	8.50	8.47			
Budgets (millions)																
General Fund Only	\$29.655	\$30.924	\$33.005	\$34.869	\$37.040	\$38.471	\$37.824	\$39.703	\$41.634	\$43.084	\$44.349	\$46.156	\$49.660	67.46%	4.39%	
All Funding	\$30.639	\$31.824	\$34.589	\$36.580	\$38.915	\$40.885	\$42.311	\$44.225	\$47.417	\$49.288	\$50.665	\$52.482	\$55.968	82.67%	5.15%	

Notes: Enrollment, staffing, and budget totals for FY04-10 are taken from Annual Reports; totals for FY11-16 from School Department budget documentation.

All enrollment counts exclude Special Education out-of-district placements and Pre-Kindergarten students. All staffing counts exclude Pre-Kindergarten staff.

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

The 61.98 FTE increase in total staffing indicated in FY2011 appears to reflect both an increase in the classroom staffing included in this table (+43.43 FTEs), plus the inclusion of cafeteria staff who were not included in the FY2004-FY2010 Annual Reports.

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

Recommendations

Every year the Education Subcommittee analyzes the School Department’s budget to identify those factors that contribute to budget growth and to recommend strategies that Department leadership might implement to bring that growth more into line with Belmont’s revenue growth. In our view, careful fiscal management is always important, but cost containment strategies become even more critical in the context of significant enrollment growth and the accompanying budgetary pressures.

Recap: FY2015 Recommendations and Follow-Up

The following table lists the recommendations made in last year’s Warrant Committee Report and the current status of the Department’s implementation of those recommendations.

FY2015 Recommendation	Status / Follow-Up
Implement Changes to Moderate Long-Term Salary Growth (originally recommended in FY2012).	No changes of note. While the Department agreed that the Unit A step and lane system is unsustainable in its present form and sought changes to this system in last year’s contract negotiations, the resulting contract did not achieve any structural changes.
Generate More Detailed Information Regarding Out-of-District Placement Costs (originally recommended in FY2013).	Pending. Work needs to be done at the accounting system reporting level, but it should be possible to generate other information via desktop systems or manual records, especially for the limited number of students in placement.
Implement New Instructional Models to Reduce Costs (originally recommended in FY2012).	Pending. The Department’s current use of classroom aides and initiatives to expand the use of technology are not designed primarily to improve cost efficiency, and it does not appear that these approaches will have a measurable impact on class sizes, the number of teaching staff required, or the Department’s operating costs.

Recommendations for FY2016

The following sections discuss both the long-standing Warrant Committee recommendations noted above that have not been implemented or otherwise resolved and several new recommendations growing out of the past year’s work of the Financial Task Force and School Department Modeling Groups.

Implement Changes to Moderate Long-Term Salary Growth: Employee salaries continue to be the primary driver of School Department budget growth. They account for two-thirds of the \$3.5 million increase in the FY2016 budget, and now represent 61.7% of total costs. As we have noted in past reports, the step-and-lane compensation system for Unit A employees (teachers and other professional staff), who next year will constitute 60.2% of Department FTEs and 72.7% of total salaries, is of particular concern, as it provides for increases averaging 4.4% during the first fourteen years of employment even in the absence of negotiated cost-of-living raises. These kinds of salary increases virtually guarantee that school budget growth will outpace revenues.

Virtually all public school systems in Massachusetts employ some variant of the step-and-lane system; however, they are not all equal. In a study of FY2014 municipal salaries in 13 communities conducted by the City of Arlington, Belmont ranked second only to Brookline in salaries paid to both new teachers and those at the top step. For example, Belmont's salary range for a teacher with a Master's Degree was \$50,595-\$88,975, vs. Arlington's \$46,672-\$74,561 and Winchester's \$45,875-\$73,261. (The full study may be found at <http://www.arlingtonma.gov/home/showdocument?id=22343>.)

The cost of this compensation system was highlighted by the Department's Compensation Modeling Group in its final report last year, and the Department stated that it would seek to negotiate more sustainable compensation terms going forward. Despite this intention, however, the contract negotiations completed last summer left the step-and-lane system intact. While the new infusion of funds provided by the override will temporarily lessen the budgetary pressures created by this system, those pressures are likely to return within the next two-to-three years, and the need to moderate this growth remains.

Evaluate Cost and Benefits of Hiring Staff at Advanced Steps: The inflationary impact of the step-and-lane system is amplified by the Department's practice of hiring new teaching staff at relatively high steps. This report has pointed out in the past that, because the Department develops its budgets without taking into account that a number of staff will leave employment and likely be replaced by lower-paid staff, there is generally a cache of money early in the fiscal year than can be redirected to other important personnel or non-personnel needs. This ability to reallocate funds, however, is reduced to extent that the new staff are paid salaries similar to those who have left.

A review of turnover among Unit A staff during the past four years reveals that, on average, about 27 Unit A staff left employment each year, and that the average step rate for these employees ranged from Step 8 in FY2012 to Step 10 in FY2014. During the same period, approximately 30 new staff were hired each year, and their starting step rates ranged from Step 5 in FY2012 to Step 7 this past year; further, based on the FY2016 budget, the average salary for next year's new hires will be \$65,000, again approximating the salary for a Step 7 teacher with a Master's Degree.

The Department has argued that hiring experienced teachers who merit these higher steps is necessary to ensure educational excellence. While we are not suggesting that cost should be the only factor in hiring decisions, it should certainly be one of the factors considered, and the administration needs to ensure that the additional benefits from these expensive hires are weighed against the costs.

Generate More Detailed Special Education Cost Information: Since FY2013, the Education Subcommittee has been requesting that the Department provide more detailed cost information for its out-of-district tuition and transportation accounts. Based on cost increases during the past two years, we would add contract services accounts to that request. Together, these accounts will represent 59.4% of next year's budget for Special Education and 14.2% of entire School Department budget. Together with salaries, they have been primary drivers of school budget growth, increasing from \$6,482,522 in FY2014 to \$7,929,032 in FY2016, an increase of 22.3%. Moreover, the increases in these accounts have been major contributors to the Department's budget deficits during the past two years, leading to requests for both Reserve Fund transfers and a Special Education Stabilization Fund appropriation.

These categories incorporate a wide variety of component services, but the Department's current budget format provides very little information about them; rather, they are condensed into seven General Fund line items, plus three Grant and Revolving Account items. Furthermore, when asked for greater detail, Department administrators have responded that they lack the information systems needed to collect more specific data regarding these services and their related costs. Without that information, it becomes impossible for us to evaluate a significant portion of the school budget. Furthermore, the lack of such information would seem to make it very difficult for the Department to budget for or manage these accounts effectively.

The recent growth in these costs only makes it more critical to have a better understanding of the dynamics underlying them. More specifically, the following information would be valuable:

- Further detail concerning the specific services and related costs that are included under the tuition "umbrella" across the various placement types, including LABBB, MA Other, and Private
- A cost breakdown of the services being purchased under the Special Education Psych Contract Services and Special Education Services Salary accounts, including the types of services being provided and the number and types of students receiving these services, distinguishing between those who are special education students and those who are not, as well as between those in out-of-district placements and those receiving services in district
- For transportation costs, a breakdown between students in out-of-district placements and those who are being transported to school here in the district

The Department has indicated in the past that it is working to modify the MUNIS accounting system to collect such detailed information, but that the effort has not yet borne fruit. In the meantime, we recommend that the Department begin collecting this kind of information through some combination of desktop systems and manual reporting. While not optimal, such an approach could provide at least an interim solution for generating this important information.

Implement New Instructional Models to Reduce Costs: For the past several years, we have seen the Department facing significant budgetary constraints that have forced it to modify its educational approaches, increase class sizes, and, in some instances, curtail program services. Recognizing the relatively high costs associated with the traditional classroom instruction model, we have encouraged the Department to consider alternate models that might improve the cost-effectiveness of its programs. The types of strategies that we have recommended for consideration include the following.

- We have recommended that the Department explore greater use of technologies like distance learning or computer-based courses, as such innovations seem to offer opportunities to maintain, or even expand, the educational offerings available to Belmont students while reducing the costs associated with the more traditional labor-intensive models.
- We have also recommended that the Department explore the increased use of classroom aides to assist its teaching staff, as their use would seem to offer a way to accommodate larger class sizes, in effect, to extend the reach of teachers, while still allowing for individual attention where needed.

- Finally, we have expressed our support for strategies that improve the Department’s ability to respond to changes in student numbers or composition. For example, we support the findings of the Class Size Advisory Group, who in 2013 recommended that the Department explore the use of new instructional models at the Chenery Middle School, including multi-grade classrooms, in order to improve flexibility in student class assignments and distribute students more equitably. In general, we believe that any strategy that increases the flexibility of the Department’s workforce can provide important benefits.

The Department may well have to contend with continued enrollment growth in the coming years – the Enrollment Modeling Group has estimated that an additional 328 students are likely by FY2019. However, the need to address changing requirements within individual grades or programs is likely to exist whether or not district-wide enrollment increases. By making better use of technology, by selectively employing classroom aides, and by hiring teachers equipped to teach multiple subjects or grades, the Department will improve its ability to respond to changing demands, whether due to year-to-year fluctuations in grade-specific enrollments or to unexpectedly high registration numbers for particular classes.

Explore Increasing Revenues from Recreational Facility Rentals: This past year, the Financial Task Force Revenue Opportunities Subcommittee was charged with identifying opportunities to generate non-tax revenues, including through rental fees. Among other findings, their analysis revealed the potential for the School Department to generate significant revenues from the Higginbottom Pool and Harris Field, both of which are on school property and have large costs associated with them.

- The Higginbottom Pool costs the Department an estimated \$200,000 annually in operating costs, exclusive of staffing or capital costs, but currently generates minimal revenues. Recommendations include renegotiating the rental contract with a non-resident, elite team that uses the pool year round at below-market rates, identifying additional organizations for off-peak rentals, and expanding programming and time slots during non-school hours.
- Harris Field requires replacement every 10-12 years and current annual debt service for the most recent replacement is \$134,400. Unlike in other communities considered similar to Belmont, this turf field is not rented to third parties during times that it is not being utilized by school athletic teams, or at all during the summer, and thus offers significant, as yet unrealized, potential to generate revenue.

The Department has responded favorably to these recommendations; it is reviewing the potential for generating additional rental fees and has put current renters on notice that terms will be renegotiated for FY2016. In addition, rentals of indoor spaces are being revisited to ensure that the revenues generated cover the costs incurred. The Warrant Committee believes these are positive steps and encourages the Department to continue pursuing them.

Direct More Available Funding to Building Maintenance: The Operations and Maintenance Modeling Group report emphasized on page 63 that “the district must develop annual budgets that have maintenance schedules built into them.” The report offered two specific budget recommendations in this regard: allocating 2.5% of the overall operating budget (about \$1.2 million) for non-utility and non-custodial maintenance budgets, and including within that amount an extraordinary maintenance line item of \$200,000. The proposed FY2016 budget

does not address these recommendations.

Last year the Department experienced significant cost overruns in its Building & Grounds accounts due to unexpected repair needs, and it is reasonable to assume some of those extraordinary costs may have resulted from deferred maintenance. While it may not be possible to achieve the recommended dollar amounts in the immediate future, we recommend that the Department, over the course of the next year, identify ways to re-allocate more of its available funds towards preventative maintenance.

Evaluate the Relative Costs and Benefits of In-District vs. Out-of-District Education Options:

Not all of the students for which the district is responsible are educated in district-run facilities by district personnel. One group, currently numbering 97 students, are those special education students in out-of-district placements that are funded through the School Department budget. The other large group is the 31 students attending Minuteman High School, and those funds are provided through a separate line in the Town budget. While within each group there are some students for whom an out-of-district instructional experience is clearly necessary, in other instances there are advantages and disadvantages to such a placement, from both the students' (and their families') perspective as well as from the district's perspective.

Financial analyses should be conducted to evaluate, for the various student subgroups included in these populations, whether the district over time could provide preferred educational experiences more economically than the corresponding out-of-district options. Such analyses would of course need to include examinations from the perspectives of the students and their families; however, they could provide valuable information to support in-district vs. out-of-district decisions.

Explore Alternative Accommodations for Short-Term ELL Students: In its report, the Enrollment Modeling Group noted that "many of the international families have indicated that they are here for a short duration." Furthermore, among the eleven comparable communities selected by the School Department in its FY2016 budget PowerPoint presentation, Belmont has the highest attrition each year among its ELL students, by a significant margin: over the past few years, the annual attrition in Belmont has ranged from 20% to 30% per year, twice as much as Lexington and Winchester and more than three times as much as Wellesley.

These findings suggest that it may be appropriate to ask whether Belmont's experience is sufficiently different from most other communities that it makes sense to seek some new dialogue with the State DESE about whether there are other acceptable ELL program-design options that might serve the needs of such short-duration students. Given that ELL enrollment has been cited as an important pressure point on the Department's budget, it seems like a reasonable question to raise.

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From a big picture perspective, the annual challenge for the school budgeting process has been to keep the growth of costs within range of reasonable, sustainable revenue growth. During periods of increasing enrollments, that is clearly a major challenge; however, even during periods of little or no enrollment growth, the annual school budget increases (in percentage terms) have been greater than the town's revenue growth. Thus, identifying ways to slow the

growth in instructional costs per student should be an ongoing goal.

Recent annual reports from the Warrant Committee have offered specific strategies for doing so, with not a lot to show so far. This year, the release of the Financial Task Force report provides much new material and analysis to consider. We strongly recommend that the work of the modeling groups should be mined aggressively for ways to achieve long-term financial stability.