

Town of Sudbury

Budget Review Task Force

Preliminary Expense Reduction Report
Executive Summary

December 15, 2008

Full Report is available on Town of Sudbury website: www.town.sudbury.ma.us

Comments / questions are requested to be sent to:
BudgetReviewFeedback@sudbury.ma.us

Upon review of this preliminary report, if the Board of Selectmen wishes the Budget Review Task Force (BRTF) to continue research on any of its recommendations, please extend the task force term at soon as possible as the BRTF's expiration date is currently April 30, 2009.

EXECUTIVE SUMMARY

In June 2007, Sudbury's Board of Selectmen (BOS) voted to establish the Budget Review Task Force ("BRTF"). This committee was intended to provide a mechanism for the Finance Committee to work with interested residents to study the Town's recurring budgetary deficit situation. The goal was to determine if there were ways in both the short and long term to enhance revenues and/or reduce expenses beyond what the town and schools were already doing.

By August 2007, the BRTF was formed and consisted of 18 members: 9 residents, 4 Finance Committee members, 2 members from each school committee (only 1 with voting privileges) and 1 Selectman. Community members were chosen for their financial / consulting / management expertise as there was motivation for "fresh eyes" to consider Sudbury's financial issues: expense constraints include collective bargaining and mandated services by the State and Federal government and regarding revenue, limited options other than property taxes, which fall 94% on the residential sector.

In order to give those not currently serving on a town board a comprehensive overview of the budget and other financial issues, there was an education period from September through December, 2007, which consisted of six meetings. The committee studied other municipal structural deficit reports issued by Brookline, Shrewsbury and Newton. *All BRTF participants agreed that everything was "on the table."*

In early June, 2008, the BRTF was divided into two sub-committees, Revenue and Expense:

Revenue:

Martha M. Ragonas, Chair and FinCom
Jeffrey Beeler, SPS
Daniel C. DiFelice, resident
Paul C. Gannon, resident
Radha Gargeya, LSRHS
Jamie Gossels, FinCom
Robert C. Haarde, resident
Sabino Merra, resident / resigned 06/08
Lawrence W. O'Brien, BOS

Expense:

Robert N. Jacobson, Chair and FinCom
William E. Kneeland, co-chair and FinCom
Tammie Dufault, resident
Paul Fuhrman, resident
Karen Massey, resident
Lawrence W. O'Brien, BOS
Paul E. Pakos, resident
Richard Robison, SPS
Jack Ryan, LSRHS
Robert C. Haarde, resident
Daniel C. DiFelice, resident

Each sub-committee was to review the revenue and expense ideas in the brainstorming document, determine which had the most merit for continued research, and then break up further into subgroups to explore these ideas.

After 16 months, the BRTF expense subcommittee focused on 5 areas with the potential to reduce expenses for town and school services: School District Consolidation, Regionalization, Collective Bargaining, Health Insurance, and Full-Day Kindergarten. These recommendations, offering an estimated \$5,013,000 in savings were presented to Sudbury's Board of Selectmen on December 15, 2008.

The BRTF seeks input on this report and/or your opinion on the actions our elected officials should pursue.

Please write to Budget Review Taskforce Feedback, attention: Board of Selectmen's Office, 278 Old Sudbury Road, Sudbury MA or email comments to BudgetReviewFeedback@sudbury.ma.us. Please provide your name and address for possible follow-up when your comments are reviewed by the Selectmen and the BRTF.

Summary of Projected Financial Impact

The following table summarizes the projected savings from the BRTF Expense Reduction Recommendations.

Recommendation	Projected Savings
SPS/LSRHS Administration Consolidation	\$1,048,000
Public Safety	\$570,000
Streets & Roads Maintenance	\$510,000
Health Insurance	\$2,500,000
Full Day Kindergarten	\$385,000
Total	\$5,013,000

While there will be debate about the exactitude of our projections, there should be little doubt about the magnitude of our recommendations. Consolidation and regionalization of town services is necessary, given the current financial climate. The BRTF recognizes that employee unions have vested interests and these recommendations warrant a dramatic departure from the way things have been historically done, therefore, these initiatives will require significant effort and willingness on the part of all involved.

The Sudbury BRTF recommends these initiatives and discussions begin immediately.

The Structural Deficit

Structural deficits occur when systemic spending rises faster than sustainable revenues. *Overrides only solve a one-time or short-term increase in spending.* Structural deficits require resolution by structural changes, including changes to the tax revenue base and cost centers' models and spending practices.

Sudbury's high percentage of school-age children, while a reality, can no longer justify avoidance of addressing our structural deficit. Rather it requires the community seek a more efficient economic model. Sudbury's elected and appointed leaders should pursue an economically efficient model which supports excellence in education and town services. Officials must make structural changes, reducing the deficit on a continuing basis while maintaining, perhaps increasing vital town services.

Headcount Control

Maintaining unsustainable personnel costs while making reductions in FTE's (Full Time Equivalent positions) rather than in actual headcount does not effectively alleviate future pension and healthcare liabilities. As a result, the town faces constant pressure to reduce current services to fund obligations.

The Case for Consolidation and Regionalization

There are 351 cities and towns in Massachusetts, many incorporated long before the country gained its independence, and formed when travel and communication was rudimentary compared to today. In the eastern half of the State, duplicate administrative structures exist, within several miles of each other, with each town running its school system, police department, fire department, public works department, etc.

The resulting inefficiencies cause escalating property tax bills while towns such as Sudbury, in the face of increasing costs, strive to maintain service levels *with duplicative administrative structures*. The question of delivering services in a more efficient manner leads one to change existing administrative structures and explore the concepts of consolidation and regionalization.

Governor Patrick issued public guidance for municipalities to actively pursue opportunities to regionalize, reducing the town administrations. In July '08, he signed legislation amending MGL Chapter 188 permitting Selectmen to enter into inter-municipal regional agreements without Town Meeting approval. This provides a new level of independence for executive decisions in the long-term interests of a town.

The BRTF considered three major service areas for potential cost savings from consolidation and regionalization: School Systems, Public Safety, and Maintenance of Streets & Roads. Estimates of the potential expense

reductions that could be realized in these areas are discussed in this report; the BRTF welcomes public input given the analyses utilized a variety of published information.

Recommendation 1: Consolidate Administration of LSRHS and SPS

Projected Financial Impact of payroll synergies: \$1,048,000; Sudbury Share: ~\$900,000

Consolidate the administrations of Sudbury Public School (SPS) and Lincoln-Sudbury Regional High School (LSRHS) under one Superintendent, which would operate administratively as one school district. Consolidation requires LSRHS and SPS hire the same Superintendent and share administrative resources.

We recommend consolidation through a structure consistent with a Superintendency Union (“SU”) or some other form of administrative consolidation. The projected expense reduction of \$1,048,000 *excludes* savings resulting from 1) Comprehensive collective bargaining strategy, 2) Consolidation of physical plant, 3) Supplies / Inventory, 4) Facilities maintenance and operations, 4) Purchasing, 5) Payroll processing and Human Resources, 6) Bill pay and other accounting transactions, and 7) long-term pension and healthcare savings. Details of this analysis included in Appendix F.

LSRHS is a separate legal entity from Sudbury and Lincoln, governed by a separate school committee and a superintendent. Sudbury would be expected to continue to bear all the *non*-administrative costs of the K-8 system, the current proportional share of *non*-administrative costs of 9-12 students, and a new proportional share of the newly combined administrative costs of LSRHS and SPS.

Recommendations to Consolidate the Administration of SPS and LSRHS

1. Hire the Superintendent of SPS to replace the current LSRHS Superintendent who will oversee the union of both school districts.
Hire a Principal for LSRHS; eliminate one Housemaster position at LSRHS.
2. Lincoln will continue to pay its percentage of the Superintendent’s time allocated to LSRHS.
3. If necessary, the BRTF recommends the Superintendent of SPS be considered in the interim.

The Massachusetts Legislature enacted grant programs to assist municipalities seeking to create/expand regional school districts. A grant up to \$150k is available to qualifying municipalities. The BRTF recommends immediate review of this proposed structure and financial analysis. All data sourced from public information, and assumptions are noted where applied. The BRTF welcomes corrections or clarifications, including feedback from school administrators. The goal is to recommend an administratively cost-efficient model, which maintains the academic excellence of Sudbury’s schools. Furthermore, the BRTF believes the more efficient use of funds resulting from this model will most likely lead to greater funds available for the teachers of Sudbury's students compared with the existing model.

A Study on Academic Performance, Cost Efficiency and Superintendency Union

The relationship between cost-efficiency and academic performance is important, especially in Sudbury, where citizens are concerned about the quality of schools and the level of property taxes. To learn more about the SU model and the districts employing it, the BRTF spoke to school leaders utilizing the model, studied data from the Massachusetts DOE, and data within the September 2008 Boston Magazine Report: “The Best Public High Schools in the Boston Area.” Our research included discussions with the Massachusetts DOE and Boston Magazine to ensure correct interpretations and to verify that some inconsistencies exist. Assumptions and comparisons required adjustments in some instances.

The BRTF research found four “two-town” regional high schools with the SU model and viewed those schools as comparable to LSRHS in academic performance, cost-efficiency, and socioeconomic profiles. These schools were noted as both cost-efficient and exceptional. The BRTF’s objective was to ensure the SU model worked in actual operation at comparable schools while still maintaining academic excellence. We found the SU model is the more frequent one for many of the Boston area’s top performing schools.

The following table represents various data comparisons of schools having the SU model:

Regional High School	Per-Pupil Spending	MCAS Eng/Math	SAT Verbal/Math/Writing
DOVER-SHERBORN	\$15,698	97/98	596/607/593
ACTON-BOXBOROUGH	\$11,582	96/94	606/640/609
CONCORD-CARLISLE	\$16,331	95/89	593/611/593
LINCOLN-SUDBURY	\$14,534	92/90	573/600/575
ALGONQUIN REGIONAL	\$12,606	91/91	546/564/547

Table 9. Per-pupil spending, MCAS and SAT results for LSRHS and four comparable regional high schools which use the SU model according to raw data from Boston Magazine, September 2008

Although per-pupil spending, MCAS, and SAT scores are readily available data points, the BRTF concluded that, within the group of schools listed on Table 9 above, increased spending on education does not directly correlate to higher test scores. As shown in the table above, some peer communities spend significantly less per-student on education and have better MCAS and SAT scores as there are communities who spend more per-student and have lesser test scores. Although MCAS and SAT scores are analyzed and used for comparisons, true effectiveness of an education cannot, and should not, be measured by standardized test scores alone.

In addition to these metrics, the BRTF researched and compared how SU schools spend their money on educational resources. We found that non-teacher staff, teacher-student ratios, and AP courses were comparable between SU Schools and LSRHS. The only significant outlier in this analysis was teacher-student ratio of Acton-Boxborough, which also has a correspondingly lower per-pupil spending level.

SCHOOL	Students	Per-Pupil Spending	Teacher-to-Student Ratio	Non-teacher Staff	Extra Curricular Programs	AP, Elective, and Honors Courses
DOVER-SHERBORN	580	\$15,698	01:11.1	15	60	120
LINCOLN-SUDBURY	1,622	\$14,534	01:12.8	52	163	130
CONCORD-CARLISLE	1,258	\$16,331	01:12.9	43	86	79
ALGONQUIN	1,414	\$12,606	01:13.4	10	102	150
ACTON-BOXBOROUGH	1,961	\$11,582	01:17.2	26	100	130

Table 10. Comparative data of school spending and education resources, Boston Magazine, Sept. '08.

The Massachusetts DOE has extensive data available for the research and comparison of public schools. The BRTF conducted extensive analysis on this data to validate the SU model by comparing schools which use this model to LSRHS and Sudbury Public Schools. When comparing state-provided data for schools, it is important to understand that inconsistencies exist, comparisons may not always be practical and assumptions need to be carefully applied. Comparing districts comprised of different grades can be problematic. As an example, it may be a safe assumption that K-8 districts spend less per-student than high school districts, but when comparing the state-provided data, the averages of K-8 and high school districts are equivalent. There are many K-8 districts which spend more on a per-student basis than the statewide high school average. The BRTF placed significant emphasis on analysis of school data to understand what may impact the practicality of comparisons and application of assumptions.

The BRTF carefully examined the relationship between cost-efficiency and academic performance as it relates to the SU model. SU's are being used to manage school districts not only across the state but also in communities very similar to Lincoln and Sudbury with regard to school expenditures, academic performance, socioeconomic profile and geographic proximity. We concluded through our research that the Superintendency Union is a model which promotes both cost-efficiency and academic excellence.

Recommendation 2: Regionalize L-S-W

Projected Financial Impact: \$500,000

If the focus is kept on reducing indirect administrative and other fixed costs, expanding the regional school system should not impact the quality of teaching services provided. From a purely economic perspective, a school system should expand until the point where the incremental costs of expansion exceed the incremental benefits, and from that perspective, LSRHS could invite other towns to join as well. Wayland is of particular interest because they are currently preparing to build a new high school for its 906 students, grades 9 – 12. Wayland could significantly benefit with a lower capital expenditure if they were to join LSRHS to form a 3-Town Regional High School, or L-S-W.

LSRHS currently has excess capacity for 221 students. If economically feasible, the high school could be expanded to support Wayland's HS students. The preliminary analysis projects a potential \$500k savings to Sudbury and Lincoln (and that cost to Wayland) if LSRHS absorbed 221 Wayland students while Wayland a) renovated the existing HS, or b) built a smaller facility. A regional high school can include multiple campuses all supported by a central administration. The savings stem from assumptions there would be no required LSRHS building and grounds modifications and the LSRHS administrative costs would remain constant. This would result in the cost of accepting Wayland students (\$2.7M) to be restricted to the variable cost/student (Appendix E), and require Wayland pay both the variable cost and its fixed costs share (\$3.2M figure in Table 13 of the full report), thereby resulting in approximately \$500k savings.

After discussions with Wayland Selectmen to determine level of interest and cooperation, the Sudbury Board of Selectmen (BOS) should support a joint Sudbury-Lincoln-Wayland committee to consider the feasibility of creating a 3-Town Regional High School to achieve economies of scale instead of building a new high school in Wayland. Preliminary analysis indicates that there are likely savings resulting from such a decision, yet it is essential Wayland actively participate. The BRTF recommends the BOS explore the expansion of LSRHS to include Wayland and provide a status report at Town Meeting 2010.

Recommendation 3: Regionalize Lincoln-Sudbury K-12

No Projected Financial Impact Calculated due to additional research necessary.

Consistent with the recommendation to consolidate LSRHS and SPS, the BOS should discuss with Lincoln's Selectmen the interest in creating a K-12 regional system in order to achieve additional economies of scale. If there is interest, a joint Sudbury-Lincoln committee should be formed to fully explore the feasibility. Economies can potentially be achieved through the integration of administration, buildings, operations, facilities, transportation, guidance, collective bargaining and other functions, which could be leveraged by both towns.

The BRTF recommends a phased approach to complete school district regionalization as follows:

- Phase 1: Superintendency Union between SPS and LSRHS
- Phase 2: Superintendency Union between Lincoln Public Schools, SPS/LSRHS,
- Phase 3: Regionalization of all three school districts into a LSRHS K-12 District.

Recommendation 4: Regionalize Public Safety Administration

Projected Financial Impact: \$570,000 or 14% of annual Police and Fire Budget

The BRTF recommends the Board of Selectmen (BOS) validate and pursue the regionalization of administration and dispatch services for Public Safety (Police and Fire) departments. The BOS should enter into discussions with neighboring towns to assess the level of interest to be followed by chartering a joint inter-municipal committee to consider the feasibility of combining fire and police under one central administrative staff. The BRTF requests a status report of this recommendation at Town Meeting 2010.

Public safety is a major expenditure for towns like Sudbury, and given the relatively close proximity of neighboring towns with police and fire departments, it is a strong candidate for regionalization. Regionalization of neighboring towns should be pursued for agreements first; however, success does not require full

participation. Savings will increase as more towns participate. Adoption of a regional approach to public safety requires response times and coordination of services is equal to or better than the existing status. Citizens should remain confident in the services being provided.

For Sudbury, it is estimated that public safety regionalization will result in a 14% savings of the police and fire labor costs, or \$570k. Specifically, savings were associated with police/fire chiefs, clerical staff, and dispatchers. Within the eight towns considered, there are eight police headquarters and 12 fire stations. Regional public safety staffing includes two police chiefs, two fire chiefs, and twice as many dispatchers/clerical staff as currently employed by Sudbury. There was no change in staffing of police and firemen.

It is assumed regional staff and centralized dispatch center could be housed in an existing facility within one of the participating seven towns, but it may require some initial capital expenditure for existing structure modification. In Sudbury, any capital expenditure contribution would be more than offset by terminating the new police station initiative, and modifying the existing structure. Eliminating Sudbury's dispatch center, office of the police chief, and clerical space should allow for an adequate local facility.

Recommendation 5: Regionalize Road Maintenance

Projected Financial Impact: \$510,000

The BRTF recommends the Selectmen validate and pursue the regionalization of the Road Maintenance departments of a core group of neighboring towns which may include Wayland, Lincoln, Concord, Maynard, Weston, Hudson, Stow and Sudbury and provide a status report at Town Meeting 2010.

In FY09, the BRTF estimated Sudbury's expenditure for Road Maintenance to be approximately \$3M, with 25% estimated administration costs. Administration is not unique from town-to-town therefore it is a strong candidate for regionalization. When considering costs associated with establishing the centralized effort, Sudbury's administration savings are projected at \$510,000. The Sudbury BOS should enter into preliminary discussions with neighboring towns to assess the level of interest followed by chartering a joint inter-municipal committee to consider the feasibility of combining administration of road maintenance under one central administrative staff.

To develop a preliminary estimate of potential savings, the costs of Engineering and Streets & Roads within the Public Works Department were analyzed to develop estimates of the proportion of costs directly associated with maintenance of the roads vs. internal support such as engineering and administration. The latter would presumably be centralized under the adoption of a regional approach.

Recommendation 6: Collective Bargaining

No Projected Financial Impact Calculated due to nature of recommendation. The BRTF highlights the objective of this recommendation is to compare various collective bargaining agreements (CBA) indicating where terms and conditions could be modified to the benefit of the taxpayers of Sudbury.

The BRTF recommends Sudbury's Town and School leaders develop a collective bargaining strategy which attracts and retains quality employees while reducing the long-term liabilities contributing to our structural deficit. The BRTF conducted a comparative analysis of the collective bargaining agreements from Sudbury and peer communities and offers a number of recommendations for future negotiations. These should be considered with the compensation reviews expected with Healthcare plan changes.

In June 2008, Governor Patrick announced (Appendix G) Massachusetts seeks statewide teacher contracts: "Establish and support a statewide career ladder for educators, creating a path of professional advancements with commensurate salary increases for educators who assume instructional mentoring and leadership positions within our schools and school districts." The BRTF recommends Town leaders pursue statewide trends of salary increases, healthcare, and professional opportunities.

The BRTF recommends the following for consideration in future collective bargaining negotiations:

- 1) Teachers' salaries should be evaluated concurrently with healthcare reform (i.e. GIC adoption).

- 2) Increase the course-load at LSRHS from 4 to 5 courses.
- 3) Establishment of 2 evening parent teacher conferences, other schools offer 3 or 4.
- 4) Expand methods and update processes for teacher evaluation (see Southborough) / alignment of professional development to a fixed annual budget from a per teacher allowance.
- 5) Reduction of steps to no more than 12 (from 16), the highest noted in peer community contracts.
- 6) Revisit ILAP: the BRTF found no contractual obligation of the ILAP days. Contracts note it is the right of the school committee to set the calendar.
- 7) Align Sudbury's K-8 and 9-12 Teacher contracts where possible, including year of negotiation. (see Acton-Boxborough and Acton Public Schools).
- 8) Sick days accumulation reduced and not bridged following leave of absence.
- 9) Paid sabbaticals/early retirement bonuses not be granted, despite nominal historical occurrence.

Due to time limitations, the BRTF did not complete analysis of CBA's for Police, Fire, Town employees and contracts for non-union employees. Recommendations will be in the final report.

Recommendation 7: Health Insurance

Projected Financial Impact:

- *Discontinue Harvard Pilgrim Healthcare Plan: \$100,000*
- *Participate in Massachusetts Group Insurance Commission (GIC): \$2,400,000 (net)*

Consistent with many public and private organizations, Sudbury has significant budget challenges due to the rising costs of benefits, including escalating health care costs. The Town of Sudbury, including SPS and LSRHS offers insurance to approximately 600 employees with FY'09 healthcare costs in excess of \$9,000,000, or 14% of Sudbury's total operating budget. Since '01, Sudbury's healthcare costs have risen 105%. This increase in health care costs is not sustainable and requires that Sudbury alter existing agreements. As a community we must seek ways to ensure our town maintains its credit rating, school system, and town services while providing fair levels of health insurance to all our employees.

The following notes the most popular plans offered by the Town of Sudbury and peer communities. As indicated, Sudbury pays a substantially higher portion of employees' health care premiums than others (though total compensation would include salary comparisons as well). Total compensation has shifted a great deal given the significant healthcare cost increases in recent years.

School	Most Common Benefit Plan	FY08 – Annual Cost pp			FY 09 – Annual Cost pp		
		Total\$	Town%	Town\$	Total \$	Town%	Town\$
SPS* & Town Sudbury	BCBS HMO Family	17,193	90%	15,574	19,114*	90%	17,203
LSRHS*	Tufts HMO Family	16,488	75%	12,366	18,093*	75%	13,571
Concord/Concord Carlisle	Tufts EPO	16,488	52%	8,574	17,232	52%	8,961
Lincoln	BCBS HMO Family	15,698	60%	9,419	17,268	60%	10,361
Medfield	Harvard Pilgrim HMO Family	17,339	58%	10,057	18,720	58%	10,858
Bedford	Tufts HMO Plus Family	16,873	61%	10,292	18,241	61%	11,127
Wayland	Harvard Pilgrim Family	16,296	69.5%	11,326	17,604	68%	11,971
Acton & A-B	BCBS Family	15,538	85%	13,207	14,604	85%	12,413
Winchester	BCBS MMO Family	17,508	71%	12,431	18,516	71%	13,476
Duxbury	BCBS HMO Family	16,335	75%	12,251	17,969	75%	13,476
Wellesley	Harvard Pilgrim Family	16,296	79.3%	12,923	17,604	79.3%	13,960
Mass GIC**	Many plans, except BCBS				13,565		

Table 15. Health Plan cost by Town (source Wayne Walker, Sudbury Human Resources).

* reflects mid-year rate increase 10%.

**The GIC has higher co-pays and deductibles than plans traditionally offered by Sudbury yet more in line with that of the private sector. Most GIC plans provide for a 15% or 20% employee responsibility portion of the premium.

Following extensive review of the healthcare plans offered by the Town of Sudbury, including SPS, and LSRHS, the BRTF identified two recommendations. The BRTF also noted the cost of plans are not sustainable and are the consistent driver of annual override requests by the Board of Selectmen.

Harvard Pilgrim Healthcare EPO Plan: Estimated Savings, \$100k one-time

The BRTF's review of health plans noted 18 employees covered by Harvard Pilgrim EPO. The BRTF recommends immediate discontinuation of this Harvard Pilgrim plan, continuing under a special "grandfather" program that would result in a one year savings of \$100,000. This plan's annual per employee premiums are \$29,940 (family) and \$11,412 (individual). In the absence of new information, the offering of this plan is not in the best fiscal interests of the Town of Sudbury. The BRTF recommends immediately transferring these 18 employees to a plan offered to the remaining employee group, even if for an interim period prior to GIC adoption.

Benefit Plan(s) Offered: Participation in the Massachusetts Group Insurance Commission

Estimated Savings: ~\$2,400,000 savings in year one and future savings with lower base.

"The Group Insurance Commission (GIC) was established in 1955, to provide and administer health insurance and other benefits to the Commonwealth's and participating municipalities' employees, retirees, their dependents and survivors, in total an estimated 300,000 individuals. The GIC's FY'09 appropriation is \$1.203 billion. The mission is to deliver high quality care at reasonable costs." (www.mass.gov/gic)

Municipal officials must employ coalition bargaining to negotiate collectively with union and retiree representatives. Current requirements for GIC participation are 70% approval by the Public Employee Committee and GIC notification by October 1, for July 1 coverage. Legislation is being considered which would provide Boards of Selectmen authority to require GIC participation without the 70% union veto hurdle.

Based on detailed analysis of current plan participation, (i.e. family / individual plan participation) the BRTF estimates the cost difference between the current plans and GIC plans is ~\$3,000,000. When considering potential employee salary adjustment offsets that may be necessary to gain acceptance of the plan change, the net savings is projected at \$2,400,000 in first year adoption. The BRTF utilized the following assumptions:

- plan costs based on a two-tiered health plan approach and current enrollment levels, and
- Selection of GIC plans extensive in coverage, Fallon Healthcare Select and Direct plans,
- Blue Cross and Blue Shield HMO/PPO enrollees were mapped to same Fallon HMO/PPO plan.

Despite the expected and necessary debate on GIC adoption, including the currently required 70% support, the BRTF strongly urges Sudbury's Board of Selectmen (BOS) to work with the town and school districts employees for adoption. The GIC has demonstrated success at managing healthcare costs, saving municipalities millions of dollars each year. Sudbury's participation could be a key factor in reducing or eliminating future override requests by the BOS to its taxpayers. It also aligns Sudbury with other towns in healthcare cost management and aids in maintaining its credit rating, community, and school system.

Recommendation 8: Full Day Kindergarten

Sudbury Public School Introduction of Optional Full-Day Kindergarten Program

Estimated Financial Impact: \$385,000 fund availability at SPS for other operating expenses

The BRTF recommends SPS introduce an optional fee-based full-day kindergarten program, without redistricting. Based on a 75% participation rate of the current student level and a \$5k annual tuition, SPS would increase its operating fund availability by approximately \$385,000. This represents funds becoming available by reducing overall kindergarten costs through introduction of a full-day tuition program. The BRTF recommends SPS establish a pilot program in FY10 given the current fiscal constraints.

Sudbury is fortunate to have Sudbury Extended Day (SED), which provides afterschool care. This is an independent program, not affiliated with SPS. Tuition for the standard mid-day SED kindergarten program,

excluding early / late program is approximately \$5k per school year, including transportation to and from the respective elementary school to Parish Hall, when necessary.

The BRTF concluded that introduction of an optional fee-based kindergarten program would allow SPS a net cost savings to its current kindergarten program and would shift these funds to cover other operating expenses. While available space is a key concern, SPS administration believes non-permanent accommodations may be an alternative for facility needs. Best practices would place students into the program by lottery, without redistricting.

BRTF research identified possible eligibility of transition grants up to \$15k per class for costs incurred to move to full-day kindergarten (Massachusetts Kindergarten Development Grants, Line 7003-1002). Transition grants are used for administration, including training, to update curriculum specialists and ensure best practices are adopted for the full-day kindergarten program. Districts are also eligible for “quality grants” from the DOE for classrooms at two levels; \$14,900 if used for instructional expenses or \$7,500, if not.

Recommendation 9: Town Services, Comparative Analysis

The BRTF mission statement is to provide Sudbury’s Board of Selectmen with recommendations supporting increased revenue and reductions in expense to impact Sudbury’s structural budget deficit without reduction of vital services for the community. Sudbury’s structural deficit is due in large part to the complex municipal government infrastructure, employee contract terms and conditions, and challenges with balancing property taxes while maintaining the quality education system in Sudbury.

Following various review of the material provided of the key functional areas within Sudbury’s town services budget (town manager, police, fire, etc), BRTF members explored a comparative analysis utilizing information from the Massachusetts databank of Municipal data, considering all communities. The objective was to explore opportunities for cost savings by identification of potential best practices.

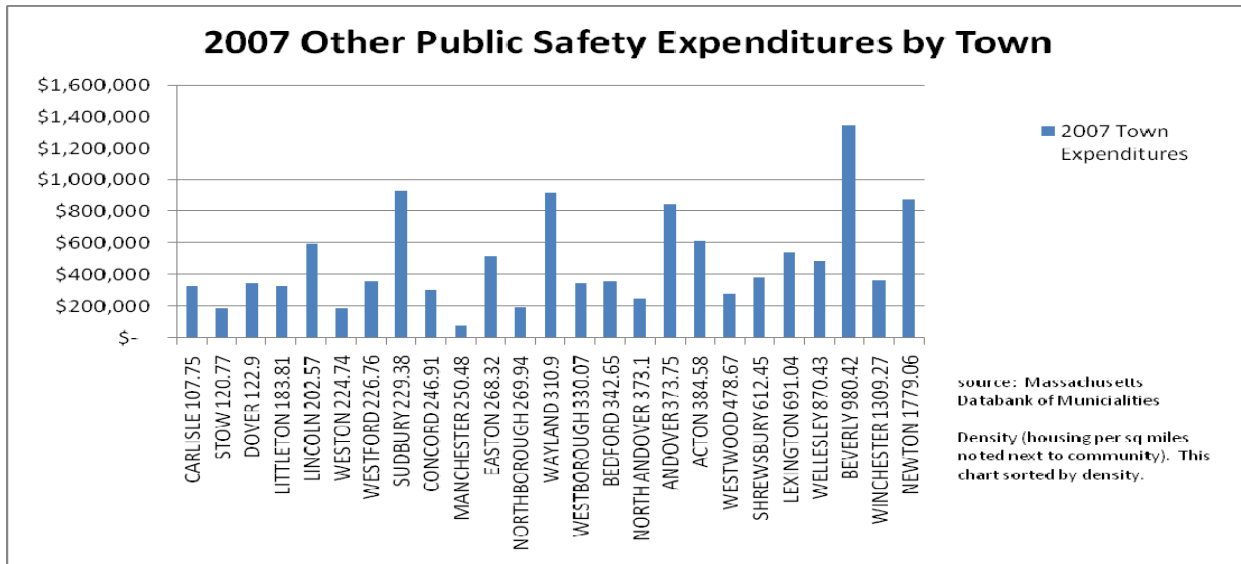
Following the data mining, peer communities were expanded to 33, from the 5-7 currently used. Selections were based on square miles, centerline road miles, land parcels, etc. As an example, selection occurred if centerline miles were close to Sudbury’s, since centerline miles were considered a valid measurement of DPW expenditures. This was considered a more appropriate metric for town service evaluation rather than percentage of operating budget, population, or year-over-year cost increases.

The BRTF did not finalize the review as the work is still incomplete. Initial impressions are that several areas exist where Sudbury may spend more than peer towns.

The following are preliminary metrics that were reviewed.

	Avg Tax Bill (per house)	Increase per year per household	% over prior year	Ranking (highest to lowest in State)
FY00	\$ 5,987			6 th
FY01	\$ 6,636	\$ 649	11%	5 th
FY02	\$ 7,399	\$ 763	11%	6 th
FY03	\$ 8,052	\$ 653	9%	5 th
FY04	\$ 8,025	\$ (27)	0%	6 th
FY05	\$ 8,101	\$ 76	1%	7 th
FY06	\$ 8,956	\$ 855	11%	7 th
FY07	\$ 9,221	\$ 265	3%	8 th
FY08	\$ 9,758	\$ 537	6%	8 th

As noted earlier, BRTF members evaluated expenses by key functions within town services such as, police, fire, public safety, public works, and general government. A sample is below:



One would expect public safety expenditures to increase with population density, but as the above data indicates, several towns including Sudbury stand out as spending more than expected. Further analysis should be performed to determine where best practices can be adopted to maximize the town's allocation of public safety funds. The BRTF will perform this analysis for all key cost centers and include this in its final report.

In closing, the Sudbury BRTF applauds the Board of Selectmen and Town Manager for their spirit and candor in commissioning a Task Force which was comprised and run largely by at-large citizens without an experience or background in Town government or a link to past decisions. The BRTF is gracious and respectful for the opportunity to serve as volunteers for the Town of Sudbury by providing this preliminary report and we look forward to working toward the final report after further guidance.

End of Report.