
For Immediate Release

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A year ago the Board of Selectmen (BOS) established the Budget Review Task Force (BRTF) to study the Town's recurring budgetary deficit situation and determine if there are ways, both in the short term and over the long term, to enhance revenues or reduce expenses beyond what the Town is already doing. The group consisted of citizen volunteers and included a selectman, members of the Finance Committee as well as members of school committees of both LSRHS and Sudbury Public Schools (SPS). Most of the members were citizen volunteers with little or no Town government experience but accomplished in business and/or finance. The group divided itself into a revenue focused side and an expense reduction side. They performed extensive research and work. The expense and revenue sub-committees have now produced preliminary reports which have been presented to the selectmen. The Expense Reduction Report contains several ideas and recommendations intended to reduce the cost of providing School and Town services. The Selectmen have accepted the reports and believe the recommendations deserve serious consideration with a view toward implementation. The Selectmen are releasing the reports for broad public dissemination. We ask that residents take the time to read the reports and to consider them carefully. We do so as a solicitation for public comment, critique and input. We believe the ideas and recommendations of the BRTF have merit, deserve further work and hope they will lead to viable cost-saving implementations. We recognize this will take time, however. The first of the BRTF's Expense Reduction proposals involves having a single superintendent for both LSRHS and SPS. In view of Dr. Ritchie's scheduled retirement and the need to hire a new superintendent for LSRHS, determining the viability of that proposal is our first priority.

[Click here](#) for the **Preliminary Expense Reduction Report**, dated December 15, 2008
[Click here](#) for the **Preliminary Revenue Report**, dated September, 2008

The Board welcomes written comment and input on either or both of these preliminary reports. 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. Regular mail and email writers are asked to provide their name and address for possible follow up when their comments are reviewed by the Selectmen. Non constructive comments sent anonymously by mail or email will not be reviewed or considered

Preliminary Expense Reduction Report

Town of Sudbury

Budget Review Task Force

December 15, 2008

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EXECUTIVE SUMMARY

Background

In June 2007, Sudbury's Board of Selectmen 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 committee was formed and consisted of 18 members: nine from the community at large, four from the Finance Committee, two members from each school committee (with only one having voting privileges) and one Selectman. Fortunately, Sudbury has a wealth of human resources from which to draw. 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, there are limited options other than property tax, which falls primarily on the residential sector (94%) as proportionally, there is a much smaller commercial sector (6%).

Budget Review Task Force Members:

Robert N. Jacobson, Co-Chair BRTF, Finance Committee
Martha M. Ragones, Co-Chair BRTF, Finance Committee
Jeffrey Beeler, Sudbury Public Schools School Committee
Miner Crary (*resigned June, 2008*)
Daniel C. DiFelice
Tammie Dufault
Paul Fuhrman
Paul C. Gannon
Radha Gargeya, Lincoln-Sudbury Regional District School Committee
Jamie Gossels, Finance Committee
Robert C. Haarde
William E. Kneeland, Jr., Finance Committee
Karen Massey
Sabino Merri
Lawrence W. O'Brien, Selectman
Paul E. Pakos
Richard Robison, Sudbury Public Schools School Committee
Jack Ryan, Lincoln-Sudbury Regional District School Committee

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. Prior to each meeting, town and school officials disseminated a reading list to committee members to assure a level of preparation so these informal seminars, led by the appropriate cost center, would promote active discussion and

questions. The committee studied other municipal structural deficit reports issued by Brookline, Shrewsbury and Newton and found the information provided by those studies very useful. All BRTF participants agreed that everything was “on the table.” Special interests were to be put aside to work in the best interests of Sudbury.

Subsequent to the education period, each committee member submitted their own individual “brainstorming” list of specific ideas to generate revenue and reduce expenses. These ideas were combined into a master list, which formed the basis of discussion for the next four meetings occurring from February through May, 2008. (It was necessary to decrease the pace of BRTF meetings as town officials/boards were engaged with the FY 09 budget process, elections and Town Meeting). As the various ideas were discussed, additional information and the feasibility of each idea were explored.

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

Revenue:

Martha M. Ragones, Chair
Jeffrey Beeler
Daniel C. DiFelice
Paul C. Gannon
Radha Gargeya
Jamie Gossels
Robert C. Haarde
Sabino Merra
Lawrence W. O’Brien

Expense:

Robert N. Jacobson, Chair
William E. Kneeland, Acting Chair
Tammie Dufault
Paul Fuhrman
Karen Massey
Lawrence W. O’Brien
Paul E. Pakos
Richard Robison
Jack Ryan
Robert C. Haarde
Daniel C. DiFelice

Each sub-committee was tasked with reviewing the revenue and expense ideas in the brainstorming document, determine which had the most merit for continued research and study, and break up into subgroups to explore these ideas in more detail. Based on the work of these subgroups, the Revenue and Expense sub-committees would then generate recommendations to present to the Finance Committee and the Board of Selectmen.

Upon review of this preliminary report, if the Board of Selectmen wishes the BRTF to continue research on any of its recommendations, it needs to do so at its earliest convenience and extend the BRTF’s expiration date of April 30, 2009, if necessary.

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. Structural changes to the tax revenue base and cost centers’ organizational models and spending practices are necessary to address the structural deficit. Reducing headcount or other vital expenditures, without structural change, are only short-term fixes to address the symptoms of a larger problem. In order to address the real problem a

municipality must make structural changes, which will reduce the deficit on a continuing basis while maintaining or potentially increasing the level of vital services, to the town. Increasing the budget of a flawed model will not solve the problem. Structurally altering the model is the only way to repair the deficit while also providing an opportunity to increase the level of core services. In other words, “throwing money at the problem” is not the solution to fixing the problem. Applying structural solutions to the problem, allows the opportunity to achieve permanent savings while possibly enhancing town services.

Sudbury’s high percentage of school-age children, while a reality, can no longer be used as a reason to avoid addressing Sudbury’s structural deficit. The Town of Sudbury should no longer apply the rationalization of “families want to live here” as a justification for overrides and tax increases. Rather, Sudbury’s high percentage of school-age children demands the pursuit of a more efficient economic model. Sudbury does not have the luxury of other communities with low percentages of school-age children which can spend thousands more per student for education than Sudbury. Sudbury’s elected and employed leaders need to pursue a model of economic efficiency which will result in excellence in education and town services.

Headcount Control

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

Each year that Sudbury maintains a level of personnel expenditures that cannot be maintained over time, it accrues additional liabilities for retiree health care and pension costs, which will negatively impact future operating budgets and town services. These accrued liabilities will lead to future unavoidable operating expense reductions, which will be more severe due to the build up over time.

When Sudbury is faced with reductions to staff, it should consider eliminating headcount rather than just FTE’s. A reduction in FTE’s rather than headcount does not ameliorate the looming problem of Sudbury’s future liabilities for employees’ healthcare and pensions.

To quote the Brookline Report: “We are well past the point where our elected and employed officials can tread gingerly around addressing cost issues and avoid making contemporaneous adjustments to offset the costs that have led to the structural deficit. As position reductions are likely, not replacing attrition vacancies will provide an ongoing opportunity to bring employment levels into better balance.” The Sudbury BRTF agrees with the Brookline guidance and recommends that our elected leaders use forthcoming attrition vacancies to bring spending levels into better balance while achieving economies of scale aided by consolidation to reduce Sudbury’s structural deficit.

Analysis of Approved Overrides in Peer Communities

Sudbury has approved 5 overrides totaling \$11.32M since 2000:

- FY2001 \$ 1.74M
- FY2002 \$ 1.02M
- FY2003 \$ 2.99M
- FY2006 \$ 3.05M
- FY2008 \$ 2.52M
- \$11.32M

Wellesley and Concord have approved six overrides during that time period and Newton and Wellesley have approved cumulative override totals greater than Sudbury's \$11.32M. Other high performing school districts and AAA-rated communities, however, have not approved as many overrides in that period:

Overrides Passed by Brookline, Its Peers, and Other Aaa-Rated Communities Since 2000

Community	Pop.	Overrides	
		# Since 2000	Levy Increase
<i>Peer Communities</i>			
Boston	559,000	--	--
Cambridge*	101,000	--	--
Newton*	84,000	1	\$11.50M
Framingham	65,000	1	\$7.17M
Brookline	57,000	--	--
Weymouth*	53,800	--	--
Medford	53,500	--	--
Arlington	41,000	1	\$6.00M
Lexington*	30,400	3	\$9.50M
Wellesley*	26,600	6	\$13.90M
<i>Other Aaa-rated Communities</i>			
Andover [#]	31,200	--	--
Belmont	23,600	2	\$5.40M
Hingham*	21,000	1	\$0.70M
Concord*	17,000	6	\$10.80M
Winchester	21,000	1	\$4.60M
Wayland*	13,000	4	\$6.5M
Weston*	11,600	4	\$3.6M
Dover	5,600	3	\$1.9M

* Communities that have also passed the Community Preservation Act (CPA) property tax surcharge

Andover will be voting a CPA ballot initiative on March 18, 2008

Table 1. Overrides approved by peer communities since 2000 from the Brookline Report

Massachusetts Governor Deval Patrick has recommended that communities should “increase the size while reducing the number of the Commonwealth’s current school districts to streamline administration and management structures while expanding opportunities to ensure strong oversight and leadership and to improve teaching and learning.” The Massachusetts Legislature has also made grant funding available to municipalities who have voted to form committees to explore regionalization with other municipalities. The proactive support from State Government to pursue school regionalization, expand current school districts and reduce the number of school districts is a signal of a potential future mandate in Massachusetts for school regionalization which has occurred in other states.

After 16 months of studying, analyzing and discussing Sudbury's structural deficit, the Budget Review Task Force has identified five areas with the potential to maximize tax revenue benefits for town and school services: School District Consolidation; Regionalization; Collective Bargaining; Health Insurance; and Full Day Kindergarten.

Summary of Projected Financial Impact

Table 2 summarizes the projected financial impact from the BRTF Expense Reduction Recommendations.

Recommendation	Potential Savings
SPS/L-S 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

Table 2. Summary of Projected Financial Impact from BRTF Recommendations

While there will be legitimate debate about the exactitude of our projections, there should be no doubt about the magnitude of our recommendations. Consolidation and regionalization of Sudbury's Town Services is worthy of our attention. The current financial climate is such that there is little reason to delay consolidation or regionalization efforts. The BRTF recognizes that the employee unions involved have vested interests and these recommendations warrant a dramatic departure from the way things have been done for so long and, therefore, these initiatives will require significant effort and willingness on the part of all involved.

The Pioneer Institute very recently published a report on regionalization success and failure in Massachusetts. Among their conclusions, they state "Regionalization makes more sense than ever. Pressure on state and local budgets means that our attachment to home rule across 351 jurisdictions is a costly artifact that needlessly drains money from more effective uses."

As will be made clear in this report, the legislative path has been paved for Sudbury officials to consolidate town services and begin earnest discussions with neighboring towns regarding agreements to regionalize services. The Sudbury Budget Review Task Force recommends these initiatives and discussions begin immediately.

Summary: Expense Reduction Recommendations

[Numbered order of recommendations does not indicate priority]

Recommendation 1 – Consolidate Administration of L-S and SPS: Consolidate the two school district administrations in Sudbury into a Superintendency Union (“SU”) which would operate under one Superintendent. The consolidated model would be consistent with four other comparable regional school districts in our area: Concord-Carlisle, Acton-Boxborough, Dover-Sherborn and Northborough-Southborough (Algonquin). This consolidation will streamline the schools’ operation and administration and increase cost-efficiency by making more funds available, which the town may use to enhance school services, vital town services or to return to taxpayers, as the voters determine. Given the current economic conditions and the prospect of future override failures, consolidation will better stabilize the budget process and provide voters with an economic reason to consider future overrides and enhance funding for town and school services.

- Consolidation does not require an act of legislature
- Consolidation does not require a Town Meeting Vote by Sudbury or Lincoln
- Consolidation does not require approval from the Mass Dept of Education
- Consolidation simply requires L-S and SPS hiring the same Superintendent and allowing for the sharing of administrative resources

Projected Financial Impact: (from near-term payroll synergy)

Consolidation:	\$1,048,000
Sudbury Share:	\$980,000

- Additional savings expected in the following areas:

- Comprehensive collective bargaining strategy
- Consolidation of physical plant
- Supplies and Inventory
- Facilities maintenance and operations
- Purchasing
- Payroll processing and other Human Resource applications
- Bill paying and other accounting transactions
- Long-term pension and healthcare savings.

Recommendation 2 – Regionalize L-S-W: The BRTF recommends the Selectmen further explore the expansion of Lincoln-Sudbury Regional High School to include the Town of Wayland and provide a status report at Town Meeting 2010.

Recommendation 3 – Regionalize L-S K-12: The BRTF recommends the Selectmen further explore the regionalization of all school districts in Lincoln and Sudbury into one regional K-12 school district and provide a status report at Town Meeting 2010.

Recommendation 4 – Regionalize Public Safety Administration: The BRTF recommends the Selectmen validate and pursue the regionalization of the Public Safety (Police and Fire) 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. Regionalization will allow participating towns to achieve economies of scale and exploit the proximity of all these departments within such a small geographic footprint which is based on the colonial boundaries of these towns dating back hundreds of years.

Projected Financial Impact: \$570,000

Recommendation 5 – Regionalize Road Maintenance: 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.

Projected Financial Impact: \$510,000

Recommendation 6 – Collective Bargaining: The BRTF recommends the Town and School leaders of Sudbury develop a collective bargaining strategy which can attract and retain quality employees as well as reduce the long-term liabilities contributing to our structural deficit. The BRTF has conducted an extensive comparative analysis of the collective bargaining agreements from Sudbury and peer communities and offers a number of recommendations for future negotiations as set forth in the Collective Bargaining Section of this report.

Recommendation 7 – Health Insurance: The BRTF recommends that Sudbury join the Massachusetts Group Insurance Commission, eliminate the Harvard Pilgrim plan option, and review all healthcare plans to improve cost-efficiency.

Projected Financial Impact: \$2,500,000

Recommendation 8 – Full Day Kindergarten: The BRTF recommends the Sudbury Public Schools introduce an optional fee-based full-day kindergarten program. The program would be optional and would not require redistricting. Based on a 75%

participation rate of the current 284 students, \$5,000 tuition per year, Sudbury Public Schools would increase their operating fund availability approximately \$385,000. This represents funds made available by reducing overall kindergarten program costs from the introduction of a full-day tuition based program. The BRTF used conservative numbers so actual results may vary slightly; however, SPS should establish a pilot program in FY10 given its current financial challenges.

Projected Financial Impact: \$385,000

Recommendation 9 - Town Services, Comparative Analysis

The Budget Review Task Force recommends the Selectmen agree to continue the comparative analysis conducted by the Budget Review Task Force to further determine opportunities for increased costs savings. Based on preliminary comparative analysis of town services for all Massachusetts communities, the BRTF has identified areas for potential cost savings.

The Case for Consolidation and Regionalization

Massachusetts has 351 cities and towns, many of them incorporated long before the country gained its independence, and formed at a time when travel and communication was rudimentary compared to our modern society today. Continuing with fundamentally the same or similar administrative structures that have been in place for hundreds of years misses the opportunities that modern society offers to make the delivery of services to the citizens in the Commonwealth more efficient. It is not too much of an exaggeration to say that in the more populated eastern half of the State, duplicate administrative structures are in place every 5 miles, with each town running its own school systems, its own police department, its own fire department, its own public works department, etc. Furthermore, within each of these towns, there are also duplicate administrative structures which could be consolidated to reduce overhead and achieve efficiencies.

This inefficiency results in escalating property tax bills while towns, such as Sudbury, strive to maintain the same level of services *with the same multiple administrative structures* in the face of increasing costs. The question of how the town could deliver services to its citizenry in a more efficient manner leads one to change existing administrative structures and explore the concepts of consolidation and regionalization.

The Commonwealth's position on inter-municipal regionalization has become very proactive with Governor Deval Patrick recently issuing public guidance for municipalities to actively pursue opportunities to regionalize and reduce the number of administrations which would increase the ratio of towns to administrations to achieve economies of scale resulting in lower property taxes. In July of 2008 the Governor signed into law an amendment to MGL Chapter 188 which gives Selectmen the authority to enter into inter-municipal regional agreements *without the approval of Town Meeting*. (See Appendix B.) This change provides Selectmen a new level of independence to make executive decisions that are in the best long-term interests of the Town and its citizenry. Using this independence may require some political courage, but it should be viewed as a welcome change to the law, and Sudbury should explore taking advantage of it.

Three major service areas, which may provide the largest savings, were examined to determine the potential cost savings that could result from consolidation and regionalization: School Systems, Public Safety, and Maintenance of Streets & Roads. Estimates of the potential savings that could be realized in these areas are discussed in the following report, but it should be recognized that the analyses supporting those savings have been performed using only published budgetary figures in the 2008 Town Warrant and other publicly available data. Further discussions with knowledgeable parties could produce even greater cost savings projections.

Recommendation 1: Consolidate Administration of L-S and SPS

Consolidate the administrations of Sudbury Public Schools and Lincoln-Sudbury Regional High School under one Superintendent through a Superintendency Union (as defined below) which would operate administratively as one school district.

- Consolidation does not require an act of legislature
- Consolidation does not require a Town Meeting Vote by Sudbury or Lincoln
- Consolidation does not require approval from the Mass Dept of Education
- Consolidation simply requires L-S and SPS hiring the same Superintendent and allowing for the sharing of administrative resources.

Projected Financial Impact: (from near-term payroll synergy)

Consolidation:	\$1,048,000
Sudbury Share:	\$980,000

- Additional savings expected in the following areas:

- Comprehensive collective bargaining strategy
- Consolidation of physical plant
- Supplies and Inventory
- Facilities maintenance and operations
- Purchasing
- Payroll processing and other Human Resource applications
- Bill paying and other accounting transactions
- Long-term pension and healthcare savings.

Superintendency Union

A Superintendency Union is a union of two or more school districts which are governed by the same Superintendent. There are 20 Superintendency Unions comprised of 73 school districts in Massachusetts. In order for a Superintendency Union to be created between a Regional High School District and a K-8 School District, the two school districts would have to agree to hire the same Superintendent. Superintendency Unions are managed by a joint Superintendency Union Committee comprised of three members from each of the existing School committees. The primary responsibilities of the joint SU Committee are establishing salary schedules, benefits, and apportionment of shared costs for the shared administrators. Elections for the Superintendency Union Committee are not required since members from existing school boards are chosen to serve on the SU Committee.

The traditional definition of Superintendency Unions dates back to 1870 when the legislature first authorized a union between the schools of two towns. There is no statute which precludes a regional school from forming a union with another school district by hiring the same superintendent. Superintendency Union is the appropriate term for a union between a regional

school and another school district, according to Christine Lynch, Massachusetts Department of Education. In fact, every other regional 9-12 high school in Massachusetts has formed such a union already. Per Massachusetts General Law 71: 53A and 61-64 and according to Jeff Wulfson, Associate Director of the Massachusetts Department of Education, unions of school districts from two towns as well as unions involving regional schools do not require Town Meeting votes or an Act of Legislature or approval from the Department of Education. The only act necessary is the hiring of the same Superintendent. A written agreement governing the Superintendency Union is not legally required but is strongly recommended. In most cases, all of the central office administrative staff is also hired under the union agreement to increase efficiencies for the school districts in the union. The employment of “Special Teachers” who provide services across multiple school districts within the union are also provided for under the law. According to the Mass Department of Education: “On average, districts in Superintendency Unions have lower administrative costs per-pupil than do standalone local districts.” See Appendices J and K for more information regarding Superintendency Unions.

Recommendations to Consolidate the Administration of SPS and L-S.

1. Hire the Superintendent of Sudbury Public Schools to replace the current L-S Superintendent who will oversee the Superintendency Union of both school districts.
2. Hire a Principal for L-S and eliminate one Housemaster position at L-S
3. L-S Principal will report to the Superintendent of Sudbury Public Schools/Lincoln-Sudbury Regional High School
4. Consolidations implemented to administrative personnel to be consistent with the Superintendency Union model to save approximately \$1,048,000, see Appendix F for more details.
5. The Town of Lincoln will only pay its percentage of the time spent on L-S for shared resources. For example, if it is deemed the Superintendent of Schools spends 50% of his or her time working on L-S related initiatives, then Lincoln will only be obligated to pay 15% of 50% of the Superintendent’s salary (specifics to the shared percentages to be worked out in more detailed studies including Lincoln representatives).
6. Superintendents are normally hired under 3-year contracts. If a one-year interim solution should be considered, however, the Budget Review Task Force recommends that the Superintendent of Sudbury Public Schools be considered for the interim position as that would allow all stakeholders to evaluate the Superintendency Union in operation for a one-year interim period.

The Budget Review Task Force recommends that the appropriate town and school administrators review this proposed structure and the accompanying financial analysis. All data has been gathered from public sources and, where necessary, assumptions have been made and noted. The BRTF has requested and welcomes any corrections or clarifications to the data used in this report. This proposal is made, respectfully, for the appropriate administrators to consider and evaluate. The goal of the Budget Review Task Force is to recommend a model, which will maintain the academic excellence of these fine schools within an administratively cost-efficient model.

The table below represents the proposed administration structure for the SPS/L-S Superintendency Union with comparisons to the four other Superintendency Unions in our area. Algonquin and Acton-Boxborough do not have a METCO Program. Concord-Carlisle and Dover-Sherborn have METCO programs which are consolidated with one person running the METCO Program for both school districts within their respective unions

	Acton-Boxborough	Concord-Carlisle	Algonquin	Dover-Sherborn	Lincoln-Sudbury	Total
Superintendent	●	●	●	●	●	5
Assistant Superintendent			●	●	●	3
Business/Finance	●	●	●	●	●	5
Human Resources		●			●	2
Curriculum Coordinator	●	●				2
Special Education		●	●		●	3
Information Technology	●	●	●		●	4
Student Services	●		●			2
Facilities Director	●				●	2
METCO Director		●		●	●	3
Assistant Special Ed Coordinator			●			1
Total	6	7	7	4	8	

Table 3. Comparison of the composition of Superintendency Unions in the area. Data gathered manually by contacting School Committees and district offices, BRTF 2008.

The proposed organization chart below does not consolidate or reduce Curriculum Coordinators, Student Services or Special Education. Grant savings realized from the consolidation of the METCO program should be applied to the tuition of METCO students consistent with the other SU schools in our area. According to Hadley Cabral, ESE School Finance, Massachusetts

Department of Education, METCO grants are based on the number of students in the METCO Program for each district and the transportation necessary for those students.

The proposed organization chart below is designed to create an administratively efficient economic model while maintaining or potentially enhancing the level of education.

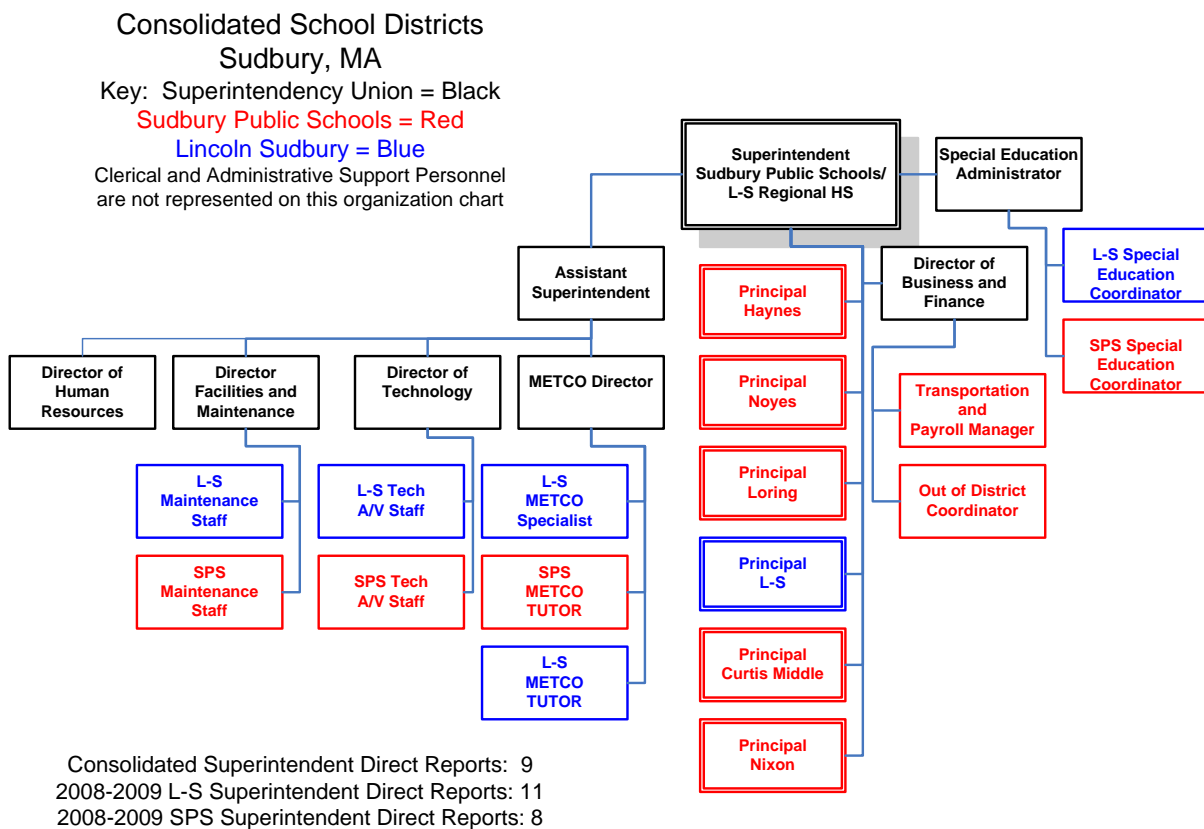


Table 4. Organization Chart for the Proposed Superintendency Union. BRTF 2008.

Supporting Information

Governor Deval Patrick is encouraging Massachusetts communities to bolster school capacity and increase the number of towns participating in regional school districts thereby reducing the number of school districts while increasing the ratio of towns to school districts. The inherent cost savings and economies-of-scale achieved by school regionalization are apparent solutions to the structural deficits facing many Massachusetts communities. Regionalization and Superintendency Unions have become such prevalent trends in Massachusetts that there are only 5 other standalone K-8 school districts in Massachusetts and no other standalone 9-12 High School district in Massachusetts. Furthermore, there are no other municipalities in the commonwealth which have both a standalone K-8 district and a standalone 9-12 High School district in their town.

The Massachusetts Legislature has enacted a state-funded grant program (see Appendix I) to assist municipalities which are seeking to create or expand regional school districts. A grant of up to \$150,000 was made available to qualifying municipalities, which are currently involved in a planning effort to:

1. Join two or more separate municipal or regional school districts into a new regional district;
2. Fully regionalize current regional members; or
3. Expand the membership or grade range of existing regional school districts.

Eligible school districts and local municipalities are those that provide evidence of:

1. Votes from two or more municipalities to establish a regional planning committee to investigate regionalization;
2. Regional school committee votes to establish a regional planning committee to expand or enlarge the existing region;
3. Votes from two or more municipal school committees to establish a committee to investigate regionalization; or
4. Records of joint meetings held by two or more municipalities or districts for the purpose of discussing the creation or expansion of a regional school district.

The Administrations of Lincoln-Sudbury and Sudbury Public Schools require their own School Committees, School Districts and Superintendents. The Sudbury Budget Review Task Force recommends school district administrative consolidation to achieve potentially significant cost savings.

- There are only 5 other standalone K-8 School Districts in Massachusetts which are not part of a Superintendency Union. They are Lincoln, Carlisle, Acushnet, Berkley and Shirley. Carlisle is considering joining the existing Superintendency Union with Concord Public Schools/Concord-Carlisle High School.
- There are no other standalone 9-12 High School Districts in Massachusetts which are not part of a Superintendency Union
- Concord-Carlisle has a consolidated school district. There is a Superintendent of Concord Public Schools/Concord Carlisle Regional High School. Carlisle has a separate K-8 School District which is considering joining the existing union. The Concord Public Schools/Concord-Carlisle School Committee meets regularly and alternates with two members from Carlisle attending the meeting to discuss the operation of the high school.
- Acton-Boxborough has a similar consolidated SU model. There is a Superintendent of Acton Public Schools/Acton-Boxborough Regional High School. The Acton Public Schools/Acton-Boxborough School Committee meets regularly and alternates with three members from Boxborough attending the meeting to discuss the operation of the high school.

- Dover-Sherborn has a K-12 consolidated SU model where all public schools in both Dover and Sherborn report to one School Superintendent.
- Northborough-Southborough (Algonquin) has a K-12 consolidated SU model where all public schools in both Northborough and Southborough report to one School Superintendent
- The 2008 School budgets, which were impacted by the override failure in Sudbury, resulted in 22 FTE reductions and 22 real headcount reductions for Sudbury Public Schools and 4.7 FTE reductions and 2.0 real headcount reductions for Lincoln-Sudbury.
- Section 18 which requires Medicare-eligible retirees to use Medicare as primary insurance instead of Town-funded healthcare was adopted by the Town of Sudbury and Sudbury Public Schools in 2006. The Lincoln-Sudbury School Committee voted in November of 2008 to adopt Section 18.

Lincoln-Sudbury has a Student-to-Principal ratio of 324 compared to Acton-Boxborough: 490, Concord-Carlisle: 419, Algonquin: 471, Dover-Sherborn: 290 (D-S only has 580 total students). “Principals” are defined as Superintendents, Principals, Headmasters, Vice Principals, Assistant Principals, and Housemasters. Not included are Supervisors, Coordinators and Directors of Instructional Services, Student Services, Curriculum, Finance, Special Education, Guidance, Athletics and Department Chairs.

Regional High School	Students	High School Superintendents	Principals	Vice Principals	House Masters	Total Principals	Students per Principal
Lincoln-Sudbury	1,622	1			4*	5	324
Acton-Boxborough	1,961		1	3		4	490
Concord-Carlisle	1,258		1	2		3	419
Algonquin	1,414		1	2		3	471
Dover-Sherborn	580		1	1		2	290

* L-S has a Director of Central in addition to the four L-S Housemasters. BRTF has been unable to find a matching administration title in other comparable high schools. The Director of Central is not included in the number of Housemasters in the above table.

Table 5. Ratios of Students to Principals for five comparable regional high schools. Data gathered manually from publicly available information, 2008.

We believe the Town of Lincoln should benefit from consolidation with the additional representation of three members on the Superintendency Union Joint Committee as well as the improved cost-efficiency this model affords. We believe the Town and taxpayers of Lincoln

should also benefit from a more stable budget process and will not be as dependent on the risk of uncertain override approvals in Sudbury.

Through the synergies of consolidating the school districts, the Towns of Sudbury and Lincoln can achieve projected cost reductions of \$1,048,000 in the annual school budget without impacting teaching personnel and before any other synergies are applied to collective bargaining, supplies, facilities, operations, guidance, pension, purchasing, payroll, transactions, healthcare, pension costs and other areas.

The current costs to administer SPS and L-S are shown in the table below. The L-S figures reflect the administrative costs of the entire school, not just Sudbury's share. All figures reflect the full costs except for debt, and exclude grants, fees, and state subsidies.

	Salaries	Benefits	Expenses	Total
Lincoln-Sudbury				
Administration	\$1,143,906	\$275,198	\$133,752	\$1,552,856
Admin Support	\$100,706	\$24,228		\$124,934
Clerical	\$762,615	\$183,468		\$946,083
SPS				
System Administration	\$850,096	\$265,715	\$320,105	\$1,435,916
Total of Both School Systems	\$2,857,323	\$748,609	\$453,857	\$4,059,789

Table 6. FY09 Administrative Costs exclusive of L-S Debt, Fees, and State Subsidies. '08 Town Warrant.

The school budget could be reduced in the near-term by a projected \$1,048,000 through the consolidation of the administration of L-S and SPS. These savings include the reduction of a Superintendent, hiring an L-S Principal, eliminating one Housemaster, consolidating some other administrator positions and reducing the administrative support for these positions. See Appendix F for more details.

L-S is a separate 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 L-S and SPS. To see the potential impact of these savings on Sudbury's share of costs, it is helpful to examine the current cost sharing arrangement. See the table below.

	L-S	SPS	Total
Total Operating Costs	\$24,667,088	\$35,818,453	\$60,485,541
Number of Sudbury Students	1382	3,247	4629
Number of Lincoln Students	247	0	247
Cost per Student	\$15,142	\$11,031	
Sudbury Share	\$20,926,897	\$35,818,453	\$56,745,350
Lincoln Share	\$3,740,191	\$0	\$3,740,191

Table 7. Current Operating Cost Sharing of L-S and SPSS, excluding Subsidies. Town Warrant, 2008.

If the expected administrative cost savings of \$1,048,000 are proportionally spread to the total L-S and SPS costs shown in Table 7, the resultant situation is shown in Table 8.

	L-S	SPS	Total	Savings
Total Operating Costs	\$24,276,195	\$35,250,846	\$59,527,041	
Number of Sudbury Students	1382	3,247	4,629	
Number of Lincoln Students	247	0	247	
Cost per Student	\$14,903	\$10,856		
Sudbury Share	\$20,588,641	\$35,250,846	\$55,839,487	\$980,000
Lincoln Share	\$3,687,554	\$0	\$3,687,554	\$68,000

Table 8. Cost Sharing after Consolidation of L-S and SPSS. Town Warrant, 2008.

Table 8 shows that after consolidation, the projected net savings to Sudbury would be \$980,000. This figure assumes that the administrative savings are shared proportionally based upon the costs of the two school systems, and Lincoln would continue to pay the cost of educating its students but at the reduced high school cost.

A Study on Academic Performance, Cost Efficiency and Superintendency Unions

The relationship between cost-efficiency and academic performance is an important one, especially in Sudbury, where citizens are concerned about the quality of our schools and the level of our taxes. In order to learn more about the Superintendency Union model and school districts which employ that model, the Budget Review Task Force spoke to school leaders who use the SU model and studied data from the Massachusetts Department of Education and data gathered for the September 2008 Boston Magazine Report: “The Best Public High Schools in the Boston Area.” In addition to studying this data, we contacted the people from the Massachusetts Department of Education and Boston Magazine who are responsible for gathering this data to ensure our interpretations were correct and verify that some inconsistencies exist and assumptions and comparisons need to be tempered in some instances.

Our research found that there are four two-town regional high schools in our area which use the Superintendency model and those schools are relatively good comparisons to Lincoln-Sudbury in terms of academic performance and cost-efficiency as well as the socioeconomic profiles of the communities these schools serve. We found that these comparable schools are not only cost-efficient organizations but also exceptional schools. Since no Sudbury resident wants to see a negative impact on academic performance, it was important for us to verify that the Superintendency Union model works in operation and works for schools and communities which

are similar to ours. In fact, we found that the Superintendency Union model is the model of choice for many of the top performing schools in the Boston Area.

The following table represents data for spending-per-student, MCAS and SAT scores for the comparable regional high schools which use the SU model and Lincoln-Sudbury.

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 L-S 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 Budget Review Task Force has concluded that increased spending on education does not directly correlate to improvement in MCAS and SAT scores. As shown in the table above, there are peer communities who spend significantly less per-student on education and have superior MCAS and SAT scores as there are communities who spend more per-student on education and have inferior test scores. Although MCAS and SAT scores are often analyzed and used for comparisons, the true effectiveness of an education cannot, and should not, be measured by these standardized test scores alone.

In addition to these metrics we also researched and compared how SU schools spend their money on education resources. We found that the non-teacher staff, teacher-student ratios, and AP courses were comparable between SU Schools and Lincoln-Sudbury. The only significant outlier in this analysis was the 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, September 2008.

The Massachusetts Department of Education has a wealth of data available for the research and comparison of public schools in the Commonwealth. The Budget Review Task Force conducted extensive analysis on this data to validate the Superintendency Union model by comparing schools which use this model to Lincoln-Sudbury and Sudbury Public Schools.

The table below represents data from the Massachusetts Department of Education for fiscal year 2007. We compared expenditures per-pupil for Lincoln-Sudbury and Sudbury Public Schools against the state averages for all schools, K-8 schools and high schools statewide as well as the four Superintendency Union schools in our area and the average of those four SU Schools. When comparing any numbers to statewide averages it is important to understand that the socioeconomic profile of the community which the school serves may be significantly different than the socioeconomic norms across the state. For example, there is a variation between the statewide socioeconomic profile and the socioeconomic profiles of Lincoln, Sudbury and the comparable communities which use the SU model in our area and this variation needs to be considered whenever using state averages for comparative analysis. Although there are many factors driving the cost model of a school district, aside from the administration model, we did find the comparisons between Lincoln-Sudbury and the average of the Superintendency Union High Schools helpful in validating our recommendation. The average cost per pupil for the four SU High Schools is 3% less than Lincoln-Sudbury. This 3% would equate to \$778,000 and although this does not exactly match our projected savings from consolidation it is directionally consistent and provides some evidence to validate our recommendation.

Schools	Total Expenditures Per Pupil
SPS	\$10,395
SPS compared to State Avg	(12%)
SPS compared to K-8 State Avg	(21%)
L-S	\$14,534
L-S compared to State Avg	+23%
L-S compared to HS State Avg	+9%
L-S compared to SU HS Avg	+3%
Superintendency Union High Schools	
Acton-Boxborough	\$11,582
Concord-Carlisle	\$16,331
Dover-Sherborn	\$15,698
Algonquin	\$12,606
Superintendency Union HS Avg	\$14,054
SU Compared to State Avg	+19%
SU Compared to HS State Avg	+6%
K-8 State Avg	\$13,128
High School State Avg	\$13,295
All Schools State Avg	\$11,859

Table 11. Comparisons of per-pupil cost between SPS, L-S, State Averages and Superintendency Union High Schools. From Mass DOE FY07.

When comparing state-provided data for Massachusetts schools it is important to understand that inconsistencies exist, comparisons may not always be practical and assumptions need to be carefully applied. There are many different school districts in the Commonwealth ranging from Kindergarten to K-12 and many in-between. Comparing districts comprised of different grades can be problematic and assumptions need to be validated. Although it may be a safe assumption that K-12 districts, in general, when averaged across a large number of districts may spend less than the average high school district, that assumption cannot be accurately applied to direct comparisons involving specific schools. For example, Newton has a K-12 District which spends more than the average of all high school districts statewide. Out of the 207 K-12 districts statewide, Newton spends more than all but 11 of those districts, putting it in the top 5% of K-12 districts statewide which is much higher than the K-12 state average and higher than many high schools in the Commonwealth. Furthermore, it may also 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 Budget Review

Task Force went to great lengths to analyze school data and understand the relationships within the data which can impact the practicality of comparisons and the application of assumptions.

Table 12 below represents data which also needs to be carefully analyzed as it represents inconsistencies of a different nature which need to be understood in order to determine the comparative effectiveness of schools. The table below compares Administration spending and Payments to out-of-district Schools on a per-student basis. Because this data is reported to the state by schools and not gathered by a central source and because the state does not apply strict guidelines to define the categories measured, schools tend to treat the same categories very differently. For example, Lincoln-Sudbury has a per-student Administration cost of \$363. This metric is based on a total Administration cost of \$580,000. This figure seems to very accurately represent the salaries of the Superintendent and the four Housemasters at L-S. Lincoln-Sudbury's per-student Administration cost is not only efficient and competitive, but also straightforward and easy to understand. In looking into the per-student Administration cost for Concord-Carlisle, however, we found that their \$801 per-student Administration cost is based on a total Administration cost of \$995,000. Concord-Carlisle has one Principal and two Assistant Principals and while it is safe to assume that the \$995,000 does not represent the salaries for those three administrators, it is difficult to determine which titles they are including in their administration cost.

The Payments to out-of-district Schools Per-Pupil represents another inconsistency in the data which must be understood to adequately apply comparisons. For all the other per-pupil cost metrics provided by the state, the common denominator is the total number of pupils in the district. For the state-provided Payments-to-out-of-district-schools per-pupil data, however, the common denominator is the number of students who are sent out-of-district for schooling, which is a much smaller number. As this denominator is inconsistent from the denominator used for all other comparisons, it is common for more outliers to appear in this category as the number of students sent out-of-district for special education can vary significantly. For example, Dover-Sherborn has zero. To normalize this data, the Budget Review Task Force looked at this category with both denominators: Total Pupils (ALL) and Pupils who are Out-of-District (OOD). When the data is normalized using the common denominator of Total Pupils (ALL), the Payments to out-of-district schools for both Lincoln-Sudbury and Sudbury Public Schools are relatively comparable to state averages and the Superintendency Union High Schools. But when the number of Out-of-District (OOD) pupils is used as the denominator, Sudbury Public Schools has a per-pupil cost of \$46,280 compared to the K-8 average of \$24,682 and Lincoln-Sudbury has a per-pupil cost of \$81,535 compared to the high school average of \$24,671. The average for out-of-district payments for all schools in the state is \$19,347 and is \$34,500 for the four comparable SU High Schools. This is a per-pupil cost, so the difference cannot be explained by a greater number of out-of-district students in Sudbury. Sudbury has a high cost per-student for out-of-district payments.

Schools	Admini- stration	Payments To Out-Of- District Schools Per Pupil (ALL)	Payments To Out-Of- District Schools Per Pupil (OOD Only)	Total Expenditures Per Pupil
SPS	\$363	\$664	\$46,280	\$10,395
SPS compared to State Avg	(10%)	(36%)	+139%	(12%)
SPS compared to K-8 State Avg	(30%)	(73%)	+88%	(21%)
L-S	\$364	\$1,654	\$81,535	\$14,534
L-S compared to State Avg	(9%)	+59%	+321%	+23%
L-S compared to HS State Avg	(22%)	+47%	+230%	+9%
L-S compared to SU HS Avg	(31%)	+38%	+136%	+3%
Superintendency Union High Schools				
Acton-Boxborough	\$420	\$1,862	\$37,952	\$11,582
Concord-Carlisle	\$801	\$2,376	\$71,667	\$16,331
Dover-Sherborn	\$565	-	-	\$15,698
Algonquin	\$318	\$552	\$28,380	\$12,606
Superintendency Union HS Avg	\$526	\$1,198	\$34,500	\$14,054
SU Compared to State Avg	+31%	+15%	+78%	+19%
SU Compared to HS State Avg	+12%	+6%	+40%	+6%
K-8 State Avg	\$522	\$2,483	\$24,682	\$13,128
High School State Avg	\$468	\$1,129	\$24,671	\$13,295
All Schools State Avg	\$401	\$1,039	\$19,347	\$11,859

Table 12. Comparison of cost-per-student spending for Administration and Out-of-District Payments for L-S and SPS compared to state averages and SU schools. From Mass DOE FY07. See Appendix O for more details.

Due to these inconsistencies in the data and the variation of reporting practices of schools, the Budget Review Task Force determined that the total cost per-pupil metric, such as Table 11, is reliable as a bottom line number and can be used reliably for comparisons, but when the budget-line item subtotal categories are used for comparisons, the inconsistencies must be understood and conclusions should not be based on these numbers alone. This understanding is why the Budget Review Task Force also considered data from other sources, such as in Table 5, where the total number of students is divided by the total number of Principals in order to ascertain another metric regarding administration cost.

The Budget Review Task Force carefully examined the relationship between cost-efficiency and academic performance as it relates to the Superintendency Union model. Superintendency Unions are being used to manage school districts not only across the state but also in communities which are very similar to Lincoln and Sudbury with regard to school expenditures, academic performance, socioeconomic profile and geographic proximity. We have concluded

through our research that the Superintendency Union is a model which promotes both cost-efficiency and academic excellence.

The Budget Review Task Force does not recommend a committee be formed to further explore Consolidation.

The Budget Review Task Force recommends Consolidation.

Recommendation 2: Regionalize L-S-W

The BRTF recommends the Selectmen further explore the expansion of Lincoln-Sudbury Regional High School to include the Town of Wayland and provide a status report at Town Meeting 2010.

After preliminary discussions with Selectmen in Wayland to determine their level of interest and cooperation, the Sudbury Board of Selectmen should support the formation of a joint Sudbury-Lincoln-Wayland committee to consider the feasibility of inviting Wayland to create 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 to be savings resulting from such a decision, but it is essential that Wayland actively participate in a more detailed study of the opportunity.

As long as the focus is placed upon reducing total administrative and other fixed costs that do not directly impact education, expanding the regional school system should not reduce the level of direct teaching services provided to the students. 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, L-S could invite other towns to join as well. However, Wayland is of particular interest because Wayland is currently preparing to build a new high school for its 906 students in Grades 9 – 12. This will involve a major capital expenditure that could be significantly mitigated if Wayland were to join Sudbury and Lincoln to form a 3 Town Regional High School. Currently, L-S has excess capacity for 221 students and if found to be economically feasible, the high school could also be expanded to support all of Wayland's 906 HS students. Either alternative is conceptually feasible, because a regional high school need not be restricted to a single campus; there is no reason why a central administration could not manage multiple campuses.

Table 13 is a preliminary analysis of the potential savings to Sudbury and Lincoln (and the cost to Wayland) if L-S absorbed 221 Wayland students while Wayland either renovated their existing HS or built a smaller facility. The savings stem from the assumption that there would be no changes required of the L-S building and grounds and that the existing L-S administrative costs would remain the same. That would result in the cost of accepting Wayland students (\$2.7M) to be restricted to the variable cost/student (See Appendix E), while requiring Wayland to pay both the variable cost and its share of the fixed costs (the \$3.2M figure), thereby resulting in the approximately \$0.5 M savings shown in Table 13. (Any increase in fixed costs would likely be balanced by the fact that some classes could absorb one or more students at a variable cost much less than that shown in Appendix E.)

	L-S	SPS	Wayland	Total	Savings beyond consolidation
Total Operating Costs	\$24,276,195	\$35,250,846	\$2,708,307	\$62,235,348	
Sudbury Students	1382	3247		4629	
Lincoln Students	247	0		247	
Wayland Students	221			221	
Cost per Student	\$14,586	\$10,856			
Sudbury Share				\$55,408,998	\$437,122
Lincoln Share				\$3,602,796	\$78,125
Wayland Share				\$3,223,554	(\$3,223,554)
If L-S absorbs Wayland students to current building capacity. Note that savings are in addition to consolidation savings					

Table 13. Savings from Regionalization with Wayland to extend of L-S capacity. Town Warrant, Mass DOE FY07 and BRTF, 2008.

An alternative to accepting students to the extent of existing capacity at L-S would be to expand the building at L-S to accommodate all Wayland HS students. Table 14 shows the impact on operating costs; construction costs have been ignored. (If this alternative were to be pursued, Wayland should be responsible for the construction costs.)

	L-S	SPS	Wayland	Total	Savings beyond consolidation
Total Operating Costs	\$24,276,195	\$35,250,846	\$12,454,152	\$71,981,193	
Sudbury Students	1382	3247		4629	
Lincoln Students	247	0		247	
Wayland Students	906			906	
Cost per Student	\$14,489	\$10,856			
Sudbury Share				\$54,275,043	\$571,077
Lincoln Share				\$3,578,854	\$102,067
Wayland Share				\$13,127,295	(\$13,127,295)

Table 14. Assumes all 906 students would attend LSW using a Wayland cost per student figure of \$12,255. Town Warrant, Mass DOE FY07 and BRTF, 2008

Note that this preliminary analysis indicates that the resultant savings to Sudbury and Lincoln would only be marginally better than that which would result from simply using L-S to its existing capacity. This is due to the fact that a physical school expansion results in increases to fixed operating costs as well as variable costs. While there are gains in efficiency nevertheless, those gains are much smaller than gains that result from using an existing facility to its full capacity. A much more detailed analysis is called for, but it is likely that the conclusion reached would show that a multi-campus approach is more efficient, more timely, and likely to be more acceptable to Wayland.

Recommendation 3: Regionalize L-S K-12

The BRTF recommends the Selectmen further explore the regionalization of all school districts in Lincoln and Sudbury into one regional K-12 regional school district and provide a status report at Town Meeting 2010

Consistent with the recommendation to consolidate L-S and SPS, the Selectmen should enter into discussions with Lincoln's Selectmen to explore 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.

In terms of the process to create an expanded K-12 school district, the following is from the:

Regional Agreement between the Town of Lincoln and the Town of Sudbury with respect to the formation of a Regional School District, as amended

“The current Lincoln-Sudbury Regional High School agreement may be amended in any manner approved by the majority vote of those present and voting on the question at an Annual Meeting or a Special Meeting called for the purpose in the Member Towns, provided that no such amendment shall adversely affect any obligation previously contracted by the Regional School District or affect in any adverse manner the liability of the Regional School District or of the respective member Towns on or with respect to the payment of principal of or the interest on any bonds or other evidences of indebtedness issued by the Regional School District, provided that this provision shall not prevent the admission of new towns to the District and the reapportionment accordingly of that part of the cost of construction represented by bonds or notes of the District then outstanding and of interest thereon.

A proposal for amendment may be initiated by the Board of Selectmen of a Member Town, by a majority of all the members of the Regional School District Committee or by a signed petition bearing the signatures of 500 registered voters of the District, provided the petition shall contain the signatures of a least 100 registered voters from each member town.”

The Budget Review Task Force recommends a phased approach to complete school district regionalization between Sudbury and Lincoln as follows:

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

Recommendation 4: Regionalize Public Safety Administration

The BRTF recommends the Selectmen validate and pursue the regionalization of the Public Safety (Police and Fire) 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. Regionalization will allow participating towns to achieve economies of scale and exploit the proximity of all these departments within such a small geographic footprint which is based on the colonial boundaries of these towns dating back hundreds of years.

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. The Sudbury Board of Selectmen should enter into preliminary discussions with neighboring towns to assess the level of interest and cooperation that could be expected, to be followed by chartering a joint inter-municipal committee to consider the feasibility of combining fire and police departments under one central administrative staff. First priority should be given to towns that border Sudbury. It is not essential that all communities participate, but preliminary analysis indicates that the more that do, the more savings the regional system would generate. As is the case with school systems, the optimum size of a regional system is reached when the incremental costs of further expansion (such as higher costs of the central authority) exceed the incremental savings to be expected.

Regionalization of police and fire departments has not been successful in Massachusetts to date. To quote from a Pioneer Institute study published in October 2008, “The attempts to regionalize fire services on the South Shore are emblematic of the obstacles faced by regionalization. Despite a study on cost savings and implementation, this attempt foundered because of funding disparities between large and small communities, an unwillingness to relinquish local control of budgets and services, and resistance by employees – both union and management – to change. Similarly, attempts to regionalize police and fire dispatch services in MetroWest foundered. Despite a study detailing millions in potential savings, resistance from union and management employees, as well local control issues, ended the effort. (The fire service and centralized dispatch initiatives took place in the 1990’s). BRTF acknowledges that these hurdles still exist, but the pursuit of a more efficient way of delivering police and fire services to the citizenry should continue nevertheless. While not including police and fire services, the Hampshire and Franklin County Council of Governments offer a model as to the relationship between a regional authority and the towns within the region.

To explore the potential cost savings of a regional approach to public safety among the neighboring towns, the police and fire budgets of Hudson, Wayland, Lincoln, Concord, Maynard, Weston, Stow and Sudbury were investigated, with the focus being upon consolidating the administration and centralized dispatch services, not by reducing the number of operational police and firefighters. Because of their size, Framingham and Marlborough were not considered likely candidates for an initial phase of regionalization except for the establishment of co-operative agreements for assistance when needed.

Within the area encompassed by these eight towns, there are eight police headquarters and 12 fire stations, all appropriately spaced. If a regional approach to public safety was adopted, response times to emergencies should be equal to or better than the existing situation, and the centralized co-ordination of a response to an emergency should allow citizens in the regional district to continue to feel safe.

Information regarding police and fire expenditures was obtained from the various Town web pages or, in the case of Wayland, from the Town Meeting Warrant. Unfortunately, there is no standardization to budget presentations, nor is the level of detail the same from town to town. In some cases, the figures represent the actual budget while in others the figures represent those displayed in the Warrants. Nonetheless, given reasonable assumptions, the figures are considered to be sufficiently accurate to estimate the approximate savings that would arise from a regional approach.

Potential savings to a particular town were assumed to be restricted to those staff positions that are involved in administration or centralized operations. Specifically, savings were assumed to be associated with the individual police and fire chiefs, clerical staff, and dispatchers. In addition to exploring potential savings, estimates were made as to the cost of the regional public safety staff that would have to be created. These cost estimates were used to offset the savings and a net savings estimate per town was developed.

Estimated Financial Impact:

Appendix C shows the details of the analysis. For Sudbury, it is estimated that with regionalization there would be an approximately 14% savings in the police and fire salary and benefits budget. This approximation was also applied to the police and fire budgets in other towns to develop an estimate of total savings. These savings were then reduced by estimates of the staffing and expense needs of the regional public safety office that would have to be created.

In the absence of any other information, staffing for the regional public safety authority was assumed to be the equivalent of two police chiefs, two fire chiefs, twice as many dispatchers and clerical staff currently employed by Sudbury, and no change to the existing total numbers of other police and firemen employed by all of the towns. It is assumed that the regional staff and the centralized dispatch center could be housed in one of the existing facilities in the seven towns, but it may require some initial level of capital expenditure to modify an existing structure. In the case of Sudbury, it was assumed that any capital expenditure contribution would be more than offset by terminating the initiative to build a new police station and modifying the existing structure instead. Eliminating Sudbury's dispatch center, the office of the police chief, and clerical space should allow for modifications that would result in an adequate local facility.

Based on the foregoing assumptions, the potential annual net operational cost savings to Sudbury is estimated at **\$570,000**. Including other neighboring towns such as Acton would tend to increase this projected savings, and the reverse is also true: the fewer towns that participate, the smaller the savings. Nevertheless, it is not a necessary condition that all listed towns participate; priority should be placed on crafting regional agreements with those towns sharing the largest boundaries with Sudbury.

Recommendation 5: Regionalize Road Maintenance

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.

The maintenance of streets and roads is another major expenditure and is also a strong candidate for regionalization. The Sudbury Board of Selectmen should enter into preliminary discussions with neighboring towns to assess the level of interest and cooperation that could be expected, to be followed by chartering a joint inter-municipal committee to consider the feasibility of combining street and road maintenance under one central administrative staff. First priority should be given to towns that border Sudbury. It is not essential that all communities participate, but preliminary analysis indicates that the more that do, the more savings the regional system would generate.

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. A comparison with neighboring towns was attempted, but the differing budget formats, lack of detail, and lack of consistency in the departmental structures among the various towns made questionable an attempt at determining costs within those other administrations.

If a regional approach could be agreed upon with neighboring towns, the non-operational costs to Sudbury could be eliminated. Estimates were made as to what Sudbury's contribution to such a regional authority would be, and net savings to the town were computed. (If the initiative on regionalizing public safety goes forward, it would require a regional authority be established, so it would be preferable to create a regional road maintenance organization composed of the same towns that participate in Public Safety, but that is not considered to be a necessary condition.)

Results:

The results are shown in the spreadsheet attached as Appendix D. The Sudbury FY 09 costs including benefits are approximately \$3 Million, of which about 25% appear to be associated with non-operational costs, and it is those costs which could reasonably be expected to be saved (about \$800,000) if a regional approach to road maintenance was adopted.

As is the case with any regionalization initiative, there would be costs associated with the establishment of a regional authority that would offset those savings. It is difficult to know precisely what those offsetting costs would be, but using the public safety analysis as a guide, if the cost were to be about 36% of the gross savings of each participating town, the net savings to Sudbury would be approximately **\$510,000**.

Recommendation 6: Collective Bargaining

The BRTF recommends the Town and School leaders of Sudbury develop a collective bargaining strategy which can attract and retain quality employees as well as reduce the long-term liabilities contributing to our structural deficit. The BRTF has conducted an extensive comparative analysis of the collective bargaining agreements from Sudbury and peer communities and offers a number of recommendations for future negotiations as set forth below.

In order to attract high quality teachers and town employees and bring Sudbury's healthcare agreements into balance with peer communities, the Budget Review Task Force recommends negotiating an increase in the salaries of teachers and town employees commensurate with adjusted healthcare benefits.

According to Governor Patrick's June 2008 press release (Appendix G) Massachusetts is moving toward 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 that town leaders conduct negotiations consistent with the statewide trends of salary increases, healthcare efficiencies and professional advancements.

The Budget Review Task Force offers the following recommendations to the Town of Sudbury for future collective bargaining negotiations:

- Teachers' salaries should be evaluated concurrently with healthcare reform (i.e. GIC adoption).
- Increase the course-load at Lincoln-Sudbury from 4 to 5 courses.
- Establishment of 2 evening parent teacher conferences, other schools offer 3 or 4 evening conferences
- Expand methods and update processes for teacher evaluation to new standards(see Southborough K-8 as example)
- Alignment of professional development to a fixed amount for district and away from per teacher allowance
- Reduction of steps to no more than 12, the highest noted in peer community contracts
- The BRTF found no contractual obligation of the ILAP days. Contracts note it is the right of the school committee to set the calendar; the school committee should change the calendar.
- Significant reduction of early release days. BRTF recommends no more than 4 (max noted by other schools). Sudbury children spend less time in class than peer communities because of early release days.
- Sudbury's K-8 and 9-12 Teacher contracts should be negotiated together as one contract consistent with Acton-Boxborough and Acton Public Schools.
 - As an alternative, negotiations for the Sudbury Public Schools CBA and the Lincoln-Sudbury CBA should occur on alternate years and not at the same time or same year.

- Sick days should not be permitted to accumulate as high as the current contracts allow and accumulated sick days should not be available to employees after returning from leave of absence
- Although the expenditures associated with paid sabbaticals and early retirement bonuses have been nominal in recent years, the collective bargaining agreements do allow for these benefits and the Budget Review Task Force recommends that these particular benefits not be granted under the present economic conditions. Funds established for these purposes should be used for direct teaching resources.
 - The current agreement which prevents a teacher from being denied a sabbatical twice in a row, with other conditions, should be removed or amended.

Due to time limitations, the BRTF did not complete comparative analysis of collective bargaining agreements for Police, Fire, Town employees and contracts for non-union employees as well. Analysis and recommendations for these agreements will be in the final report.

Recommendation 7: Health Insurance

The BRTF's specific recommendations regarding employees' healthcare plans, which it understands may be subject to collective bargaining, are as follows:

- Discontinue the Harvard Pilgrim Healthcare Plan offered to a few Town of Sudbury employees under a special "grandfather" program. Year-one estimated savings as well as permanent benefit budget reduction: \$100,000.
- Participate in the Massachusetts Group Insurance Commission benefit programs, which includes medical, dental, life and other insurance programs. For the purpose of this review, the BRTF focused only on the medical insurance plan. Estimated year-one savings as well as long-term permanent benefit budget reduction: \$2,400,000, less future medical increases. The BRTF notes the following in making its recommendation of participation in the GIC:
 - The GIC premium increased 49% in 5 years compared to Sudbury's increase of 105%.
 - The 2009 annual premium for Fallon Healthcare is projected to be nearly 34% less expensive than Sudbury's most popular Blue Cross Blue Shield Plan offered and 55% less expensive than the Harvard Pilgrim Healthcare plan noted in the previous healthcare recommendation.

Sudbury is a community with great budgetary challenges due to one of the highest households with children ratios in Massachusetts and low commercial tax base. As such, Sudbury, since 2000, ranks in the top 5th through 8th highest in the state in average property tax amount and recent years have seen consistent override requests. Sudbury has benefited from voter approved overrides to cover operational costs in the past, but continuation of this strategy is not feasible in the long term.

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 Sudbury Public Schools and Lincoln Sudbury Regional High School offers insurance to approximately 600 employees with 2009 healthcare costs in excess of \$9,000,000, or 14% of Sudbury's total operating budget. Since 2001, healthcare costs in Sudbury have more than doubled. This increase in health care costs is not sustainable and requires that Sudbury, and most other municipalities, alter existing health insurance agreements. As a community we must seek ways to ensure our town maintains its credit rating, school system, and town services while still providing fair levels of health insurance to the town's and regional district's employees.

The BRTF believes this can only be achieved in the short-term through higher property taxes, which is not a solution, or to significantly modify employees' benefits (pension and healthcare), which it believes must be accomplished. Recent trends regarding benefit plans indicate municipalities are shifting away from expensive, benefit rich, healthcare plans as they have more control in making healthcare cost modifications rather than modifications in pension reform, which would require legislative action.

Listed below are the most popular plans offered by the Town of Sudbury as well as peer communities (provided by the Town of Sudbury), including cost-sharing percentages. As this table indicates, Sudbury pays a substantially higher portion of employees' health care premiums than others (though a proper analysis of total compensation would include salary comparisons as well).

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
L-S*	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 EPO 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.

The Town of Sudbury Healthcare costs as reported to the Massachusetts Department of Revenue are noted below:

<i>in Millions</i> Municipality	Healthcare Costs in		Percent Change year-over year					
	2001	2006	01-02	02-03	03-04	04-05	05-06	5-year
Sudbury	\$2,840.0	\$5,821.0	21.4%	20.0%	14.1%	9.4%	12.7%	105.0%

Following extensive review of the healthcare plans currently offered by the Town of Sudbury, including Sudbury Public Schools, and Lincoln-Sudbury Regional High School, the BRTF

identified two areas of concern. The cost of plans offered by both employers are not sustainable under longer term property tax trends in Sudbury and the town and Regional School District must take significant steps to eliminate the need to make annual personnel reductions, which will occur if overrides are not consistently approved.

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

The BRTF's review of health plans noted 18 employees are covered by Harvard Pilgrim EPO. This plan costs \$29,940 (family) and \$11,412 (individual). Despite the employee paying 20% rather than 10% under the most popular plan above, this plan costs the Town of Sudbury 46% more than the most popular plan, Blue Cross Blue Shield HMO. 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 the Town of Sudbury immediately transfer these 18 employees to a plan offered to the remaining employee group, even if it is only a short-term transfer prior to GIC adoption. The discontinuation of the Harvard Pilgrim EPO plan will reduce the healthcare costs by ~\$100,000 in year one as well as future savings due to a lower premium base on the alternative plans. This savings is computed based on the cost difference between the HP EPO plan and the most popular Blue Cross and Blue Shield Plan.

Benefit Plan(s) Offered: Discontinue Current Plans and Participate in the Massachusetts Group Insurance

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

“The Group Insurance Commission, referred to as the GIC, was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors. The GIC also covers housing and redevelopment authorities' personnel, participating municipalities, and retired municipal employees and teachers in certain governmental units. (www.mass.gov/gic)

Health coverage options include an Indemnity plan, Preferred Provider-type Organizations (PPO), and multiple HMO plans. The GIC also manages basic and optional life insurance coverage. As part of its Indemnity and Navigator Plans, it manages mental health/substance abuse benefits and also manages pharmacy benefits for the Indemnity Plans. For active employees only, the GIC offers a long term disability (LTD) program, two pre-tax employee programs - Health Care Spending Account (HCSA) and Dependent Care Assistance Program (DCAP), and for managers, legislators, legislative staff and certain Executive Office staff, a dental/vision plan. The GIC also offers a discount vision and a dental plan for retirees.

The Group Insurance Commission is a quasi-independent state agency governed by a fifteen member Commission appointed by the Governor. Commission members encompass a range of interests and expertise including labor and retirees, the public interest, the administration, and health economics.

Municipal officials must employ a process known as coalition bargaining to negotiate collectively with union and retiree representatives through a Public Employee Committee. Agreement to enter into the GIC requires approval of 70 percent of the Public Employee Committee and administrators must notify the GIC of their participation by October 1, for coverage effective date of July 1.

The GIC's FY2009 appropriation is \$1.203 billion. The GIC covers more than 250,000 enrollees and over 300,000 lives. The mission of the GIC is to deliver high quality care at reasonable costs.

In **table 15**, provided by the Town of Sudbury, the Group Insurance Commission, GIC, is included by the BRTF for comparison. The '09 annual premium for Fallon Healthcare is projected to be ~34% less expensive than Sudbury's most popular Blue Cross Blue Shield Plan offered and 55% less expensive than the Harvard Pilgrim Healthcare plan noted in the previous recommendation. Part of the difference in cost is due to the fact that the GIC plan is not as benefit rich (e.g. higher co-pays more in line with the private sector) as existing Sudbury plans.

Early in the process, BRTF members extensively evaluated the benefit plans' impact to Sudbury's budget. As the educational phase continued, the BRTF learned that healthcare benefit plans and costs pose additional challenges due to employee collective bargaining agreements. Sudbury's budget is restricted due to these high medical benefits costs.

To review other communities' healthcare costs trends in recent years, the BRTF gathered information from a variety of resources including the Mass. Municipality databank as well as reports issued by community groups similar to the BRTF. The following list highlights communities that should be consulted to understand their experiences in reining in health care expenses. It should be noted that many communities in recent years have followed trends in the private sector where higher co-pays and deductibles, in addition to cost-sharing have been shifted more to the employee.

- Franklin, Belmont, Gloucester, and Lunenburg have decreased health care expenses over the 5-year period, while Southbridge, Hingham, Danvers and Brookline have kept increases below 60%.

<i>in Millions</i> Municipality	Healthcare Costs in		Percent Change year-over year					
	2001	2006	01-02	02-03	03-04	04-05	05-06	5-year
Franklin	\$3,727.2	\$1,621.5	9.2%	-69.1%	11.1%	-1.9%	18.1%	-56.5%
Belmont	\$4,339.1	\$3,371.9	30.0%	17.0%	9.1%	-57.2%	9.4%	-22.3%
Gloucester	\$4,271.4	\$3,360.4	-47.3%	8.6%	11.4%	2.1%	20.9%	-21.3%
Lunenburg	\$1,516.9	\$1,266.6	26.8%	16.2%	-52.2%	51.5%	-52.8%	-16.5%
Southbridge	\$2,247.1	\$2,312.0	25.6%	-42.9%	7.3%	11.1%	20.4%	2.9%
Hingham	\$2,182.1	\$2,876.6	-9.6%	15.4%	13.6%	17.0%	-5.0%	31.8%
Danvers	\$4,202.9	\$5,889.8	0.9%	38.1%	-8.4%	2.5%	7.1%	40.1%
Brookline	\$10,501.5	\$16,442.5	-1.7%	73.4%	17.8%	-17.3%	-5.6%	56.6%
<i>in comparison:</i> Sudbury	\$2,840.0	\$5,821.0	21.4%	20.0%	14.1%	9.4%	12.7%	105.0%

Table 16. Percentage changes in Health Insurance costs for peer communities

Brookline conducted a similar budget review committee/process concluding in early 2008. The following is taken from Brookline's final document and is informative:

Health Care Cost Control: Since FY96, when Brookline implemented a self-insured, managed health care plan, the health insurance budget has grown from \$7.4 million to \$21 million, an increase of \$13.6 million (184%). From FY96 to FY00, moderation of national health care costs kept expenditures reasonably under control. Since then, the town has seen double-digit rate increases. Amid these increases, the number of enrollees has also increased by 362 (15% since FY06). To address this, the town consolidated coverage into a single insurer (Blue Cross/Blue Shield), which slowed growth to 7% in FY05.

Premium growth then jumped again by 11% from FY06 through FY07. For FY08 the town cut its anticipated rate of increase in half from 12% to 6% by more than doubling co-pays. This was negotiated through a collective bargaining method called "coalition bargaining," which has the potentially restrictive feature of extending negotiating rights to retirees. However, because of the changes adopted by the town both in FY05 and FY08, group health costs are \$2 million less than would otherwise be the case. Despite these changes, the town has been notified to plan for a likely 14%-15% rate increase for FY09.

The BRTF notes that despite a continued rise in healthcare costs, Brookline is not absorbing all of these costs as they have increased cost-sharing of these increases by town employees.

The BRTF recommends that Sudbury consider actions similar to those of Weston, Millis and Watertown in getting their employees to join the Group Insurance Commission. Key takeaways from a 10/23/08 Globe article including Millis town administrator Charles Aspinwall as well as mention of Weston, Watertown and Brookline include:

- Millis health insurance costs had been increasing 18-25% annually
- GIC has slowed that to 7-11%
- Millis expects decrease in health insurance costs from \$1.5m to \$1.2m
- In the previous 5 years, Millis had been unsuccessful in pushing higher co-pays through unions and retirement boards, but now the average family costs has decreased from \$2k to \$1,242 annually, while co-pays have increased
- Weston will save a projected \$1.8m next year by joining GIC
- Watertown will save \$1.6m and while subscribers themselves save a projected \$1.1m as a result of joining GIC
- Both towns increased contribution (although Sudbury already has very high contribution) and still save money
 - Weston 80 to 85% (still save 20%)
 - Millis 60 to 70%
 - Watertown not increasing contribution, but increasing wages 3.5% (Watertown Educators Assoc agreed to 4.5% increase, join GIC and increase member portion from 10% to 20%)
- Benefit – towns don't have to negotiated health care in contracts

The BRTF reviewed various options of how Sudbury could best manage future healthcare costs and determined participation in the GIC is the best option at this time.

Based on detailed analysis of benefit plan participation, including 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 to gain acceptance of the plan switch, the net savings is a projected \$2,400,000 gain in year-one of adoption. For its projections, the BRTF utilized the following assumptions:

- plan costs based on a two-tiered health plan approach considering the HMO and PPO plans offered and applied those plans based on current enrollment levels in Sudbury's BCBS plan, and
- Selection of GIC plans that were more extensive in coverage, Fallon Healthcare Select and Direct, in order to ensure Sudbury's employees that the objective of providing quality healthcare coverage remains.
- Employee's participating in Blue Cross and Blue Shield HMO and/or PPO were assumed to opt for the same HMO / PPO plan within the Fallon healthcare plans.

Based on this, the BRTF estimates potential savings based on FY09 rates, plans, and participation:

	Existing Benefit Plan Offerings FY09		
<i>Family:</i>	Total	Town\$	EE\$
Network Blue + HPHC EPO (select EE's)	\$ 6,442,317	\$ 5,734,884	\$ 707,433
LS Blue Cross Blue Shield	\$ 2,901,309	\$ 2,175,982	\$ 725,327
Blue Cross Blue Shield PPO	\$ 299,400	\$ 239,520	\$ 59,880
<i>Individual:</i>			
Network Blue + HPHC EPO (select EE's)	\$ 974,304	\$ 867,744	\$ 106,560
Blue Cross Blue Shield PPO	\$ 39,360	\$ 29,520	\$ 9,840
Total costs with current plans	\$ 10,656,690	\$ 9,047,649	\$ 1,609,041

Utilizing the GIC's Fallon Healthcare plan, the estimated year-one savings are:

	Net Impact of GIC Adoption		
	Different from GIC (- Savings / + Cost)		
<i>Family:</i>	Total	Town\$	EE\$
GIC F (Fallon CH Select)	\$ (2,033,562)	\$ (2,207,880)	\$ 174,318
GIC F (Fallon CH Select) – LS	\$ (726,097)	\$ (435,812)	\$ (290,285)
GIC F (Fallon CH Direct)	\$ (58,740)	\$ (46,992)	\$ (11,748)
<i>Individual:</i>			
GIC I (Fallon CH Select)	\$ (210,504)	\$ (256,704)	\$ 46,200
GIC I (Fallon CH Direct)	\$ (15,279)	\$ (10,255)	\$ (5,024)
Difference in costs compared to current	\$ (3,044,182)	\$ (2,957,643)	\$ (86,539)

Due to the 10% employee contribution cost under the existing benefit plan, some Town of Sudbury employees, including those at Sudbury Public Schools may experience an increase in payroll deductions for medical costs; Lincoln-Sudbury Regional High School employees may have less of a payroll deduction impact as they currently have a higher contribution percentage. The BRTF considered this and compared surrounding community school contracts and recommendations of the following salary increases (cash compensation to offset some increased medical costs). The following recommendations for salary increases should not be considered without modification of the contracts as previously noted and in accordance with the recommendations under the collective bargaining section of this report.

Net Impact of GIC Adoption					
Diff. of GIC and Current Offerings (- Savings / + Cost)					
	Town\$	EE\$	Total	Post Tax Incr. EE Comp	Net GIC Savings
Town of Sudbury (Note 1)	\$ (806,986)	\$ 65,199	\$ (741,787)	\$ 56,800	\$ (684,987)
SPS (Note 2)	\$ (1,714,845)	\$ 138,547	\$ (1,576,298)	\$ 454,500	\$ (1,121,798)
LS (Note 3)	\$ (435,812)	\$ (290,285)	\$ (726,097)	\$ 90,750	\$ (635,347)
	\$ (2,957,643)	\$ (86,539)	\$ (3,044,182)	\$ 602,050	\$ (2,442,132)
	Year One Savings to Sudbury based on FY09 rates				\$ (2,442,132)

Note 1: The BRTF recommends employee compensation offsets to the extent the employee has a net tax adjustment. The BRTF made its calculations based on a net tax impact to the employee. The employee receives a pre-tax medical plan deductions benefit. The BRTF used a 75% factor (after tax benefit) multiplied by the difference in employee cost between the existing plans at a 10% share to 20% for the Fallon Healthcare plan in the above estimate.

Note 2: The BRTF supports an average salary increase of \$1,500 per teacher, less for non-teacher staff, in conjunction with an agreement of the contract negotiation recommendations within Recommendation 6, Contract Negotiations.

Note 3: The BRTF supports an average salary increase of \$750 per teacher, less for non-teacher staff, in conjunction with an agreement of the contract negotiation recommendations within Recommendation 6, Contract Negotiations.

Despite the expected and necessary debate on this recommendation, including the required support of the town employee groups, the BRTF strongly urges Sudbury's Board of Selectmen, Sudbury Public School Committee, and the Lincoln-Sudbury Regional High School (LSRHS) Committee negotiates for the adoption of the GIC as a provider for employee health benefits offered. While the BRTF acknowledges the challenges faced with negotiating this change in benefits, other communities are experiencing success with GIC adoption. The GIC has

demonstrated great success at managing healthcare costs, saving both the Commonwealth as well as municipalities millions of dollars each year. In 2008, additional municipalities and educational institutions will join the GIC, including Quincy, Stoneham, Wenham, Melrose, Blue Hills Technical Regional School, and Weston to name a few. Weston projects a savings of more than \$1.6 million dollars through its participation.

Sudbury's participation in the GIC and the overall budget reduction which could reach more than an estimated \$2,400,000, could be a key factor in reducing or eliminating some future override requests by the Board of Selectmen to the taxpayers of Sudbury. As such, the BRTF urges the Board of Selectmen to support this recommendation. This is a fundamental shift in Sudbury's and the Regional School District's bargaining strategy, however, it would align Sudbury with other communities in healthcare cost management and aid Sudbury's ability to maintain its credit rating and quality of community, as well as its 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 the Sudbury Public Schools introduce an optional fee based full-day kindergarten program, with a pilot program in place FY10. Sudbury Public Schools currently offers ½ day kindergarten for approximately 284 students based on FY08 enrollment. Sudbury is fortunate to have a strong tuition based SED (Sudbury Extended Day) program which covers the alternate time of the day the current ½ day kindergarten students are not in class. The SED program is an independent non-profit program and not affiliated with Sudbury Public Schools. Tuition for the standard mid-day SED program, excluding early / late program is approximately \$5,000 per school year and includes transportation to and from the respective elementary school to Parish Hall, when necessary.

The BRTF believes the introduction of the optional fee-based kindergarten program would provide for Sudbury Public Schools to save in the net costs of its current kindergarten program and shift these funds to other operating expenses. While a key concern of school officials is space, SPS administration believe non-permanent accommodations may be a consideration to balance the facility needs. In addition to facility requirements, availability is expected to pose an issue. Based on research of best practices, the BRTF recommends lottery placement without redistricting.

In 2002, SPS conducted a “full-day kindergarten” feasibility study which indicated Sudbury parents were willing to pay, which with a fee-based program, costs of the full-day expansion would be offset. The feasibility study also noted enrollment may likely increase as families consider returning to SPS programs from the private sector if the full-day option was available.

Excerpt, SPS Feasibility Study

“...Sudbury Public Schools explored introduction of a full-day kindergarten program. Though the literature delineates the benefits of full-day kindergarten over the half-day, benefits must be weighed against the costs of establishing such a program including additional teachers, classrooms and support space, materials and startup expenses.

While kindergarten has been delivered primarily as a half-day program since the Great Depression of the 1930's, fundamental changes in American society and education over the past 20 years support a greater emphasis on full-day kindergarten. Today, full-day kindergarten offers several potential benefits:

- provides continuity for children accustomed to full-day experiences outside the home;
- provides continuity with schedules in 1st grade and beyond;
- reduces the number of disruptions and transitions children experience in a typical day;

- allows teachers more time for both formal and informal instruction that provide deeper and more meaningful learning opportunities

Sudbury Full-Day K Feasibility Study also revealed...

- 83% of parents polled would prefer full-day kindergarten while 17% expressed an interest in staying with the traditional half-day model
- 63% would be willing to pay for extended day
- 65% would support an increase in the school budget to fund full-day K
- Most incoming kindergarteners arrive having experienced longer preschool and/or childcare programs

BRTF research identified Sudbury may be eligible for a grant up to \$15k per class for transition costs incurred to move to the full-day program (Massachusetts Kindergarten Development Grants, Line Item 7003-1002). Transition grants are used for administration needs including training necessary to update curriculum specialists and ensure best practices are adopted for the full-day kindergarten. Districts may also receive funding in the form of “quality grants” from the Department of Education for kindergarten classrooms at two levels, based on 2008:

- \$14,900 if teachers or instructional assistants are funded; or
- \$7,500 if grant funds are not used to fund classroom staff.

In addition, the BRTF noted from the 2007 Massachusetts Department of Education report on Kindergarten comments on the fee based program:

Tuition and equity: Some districts charge tuition for the second half of the day to families with children in full-day kindergarten. In FY 07, 23% of the grantee districts, 29 (up from 25 in FY 06) charged tuition for the non-mandated half of the day. Tuition charges in those districts range from \$650 to \$4,000, with the average being \$2,400. ... In funded districts where full-day kindergarten is not available to all children, the Department’s policy on tuition must be followed.

Based on 2006 data, the 2007 DOE report also notes:

- Annual tuition *averaged* \$2,400
- 29 grant-funded districts are charging tuition in FY 07: Acushnet, Arlington, Ashland, Barnstable, Belchertown, Berkley, Beverly, East Longmeadow, Framingham, Georgetown, Leominster, Marblehead, Marlborough, Melrose, Milford, Millis, Nashoba RSD, Norfolk, N. Andover, N. Reading, Northborough, Shirley, Shrewsbury, Southborough, Stoneham, Taunton, Wareham, W. Bridgewater, Winthrop
- 24 districts without grants charged tuition for full-day kindergarten in charged in FY 06:
Acton, Andover, Bellingham, Boxford, Boylston, Dedham, Douglas, Gardner, Holliston, Longmeadow, Lunenburg, Lynnfield, Marion, Mattapoisett, Medway,

Newburyport, Reading, Rochester, Sharon, Tyngsboro, Wrentham, Dennis-Yarmouth RSD, Southwick-Tolland RSD, Triton RSD (Newbury, Rowley, Salisbury)

- Where there is not 100% full-day kindergarten, reporting districts noted children were placed based on
 - lottery – 18 districts
 - parent request – 4 districts
 - school location – 3 districts

It is not possible to guarantee that a district with the characteristics of Sudbury would be viewed favorably in a competitive grant process. The BRTF also acknowledges school districts receiving the “quality grant” are subject to the maximum allowed fee for voluntary full-day program, not to exceed that of residual program costs.

Due to the current Massachusetts budget challenges for the purpose of this recommendation, the BRTF provides projections of the full-day fee based program without the quality grant. Transition grants are not considered material at this point. However, encourages SPS to pursue these grants to the extent possible.

Recommendation:

The BRTF recommends the Sudbury Public Schools introduce an optional fee based full-day kindergarten program. The program would be optional and would not require redistricting. Based on a 75% participation rate of the current 284 student level, \$5,000 tuition per year, Sudbury Public Schools would increase their operating fund availability by approximately \$385,000. This represents funds made available by reducing overall kindergarten program costs by the introduction of a full-day tuition based program. The BRTF attempted to use conservative numbers so the actual results may be vary slightly, however, SPS should establish a pilot program in FY10 given SPS’s current financial challenges. Please review the Kindergarten addendum for further details on the calculation.

Recommendation 9: Town Services, Comparative Analysis

The mission statement of the BRTF is to provide Sudbury's Board of Selectmen with recommendations to pursue increases in revenue and reductions in expense to impact Sudbury's structural budget deficit and the ongoing challenges associated with annual overrides. This mission also stated that recommendations shall not reduce levels of vital services for the community.

The BRTF learned through our research that Sudbury's structural deficit is due in large part to the complex municipal government infrastructure, employee contract terms and conditions, and the challenge of balancing significant property tax increases to maintain the high quality education system which was the reason for which so many people decided to live in Sudbury.

Following the education phase, the BRTF identified various areas of potential cost savings for further review. This included primarily regionalization of town services, consolidation of the school systems, employee benefits, and legislation.

While the BRTF strongly supports Sudbury to regionalize some town services, we acknowledge this is a recommendation that will take extensive time in planning and implementation, assuming agreement can be reached with participating communities. However, the BRTF also acknowledges the immediate need of Sudbury to identify areas where savings may be realized due to Sudbury's structural budget deficit, which will result in annual overrides unless significant increases in commercial revenues, state funding and/or significant modification in expense structures are made.

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 resources of information available to the public. The comparative analysis utilized information from the Massachusetts databank of Municipal data and evaluated every community in the commonwealth.

The information contained here is reported as required by every Massachusetts community. BRTF members reviewed all communities' key costs as reported for FY07, key census data (population, parcels, centerline road miles, housing per square mile, population per square mile, etc), and override history, etc. Our intention was to explore potential opportunities of cost savings by the exploration of best practices of other communities. For the purpose of this analysis, this exercise excluded significant evaluation of the school systems as it was determined it would not be possible to make a fair analysis given the time constraints of developing this preliminary report.

Following the data mining exercise, the BRTF expanded its definition of frequently used peer communities (between 5 and 10) during the educational phase and established a pool of 33 communities' similar attributes. These communities were selected based on town size in square miles, centerline road miles, housing density per square mile, houses per community, etc. As an example, a community was selected if centerline miles were relatively close to Sudbury's,

regardless of other town statistics, since centerline miles were considered a valid measurement for comparing some DPW expenditures. For the purpose of this evaluation, these parameters were considered more appropriate for evaluation of town services than percentage of total operating budget, headcount per town, or year-over-year cost increases.

The BRTF did not finalize recommendations as the work on this analysis is incomplete. Initial impressions are that several areas may exist where Sudbury appears to spend more compared to other towns, but additional research is needed. However, the BRTF recommends continued evaluation in the areas of police, fire, department of public works, and other public safety to identify potential cost savings.

The following are some of the data compiled for comparative purposes.

Item #1: According to the Department of Revenue website: Sudbury has ranked 5, 6, 7, or 8th for the highest property tax bills in the state since 2000.

	Avg Tax Bill	Increase per year	% year/year	Ranking (highest to lowest in State)
	(per house)	per household		
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

History of Sudbury Overrides (since 2000):

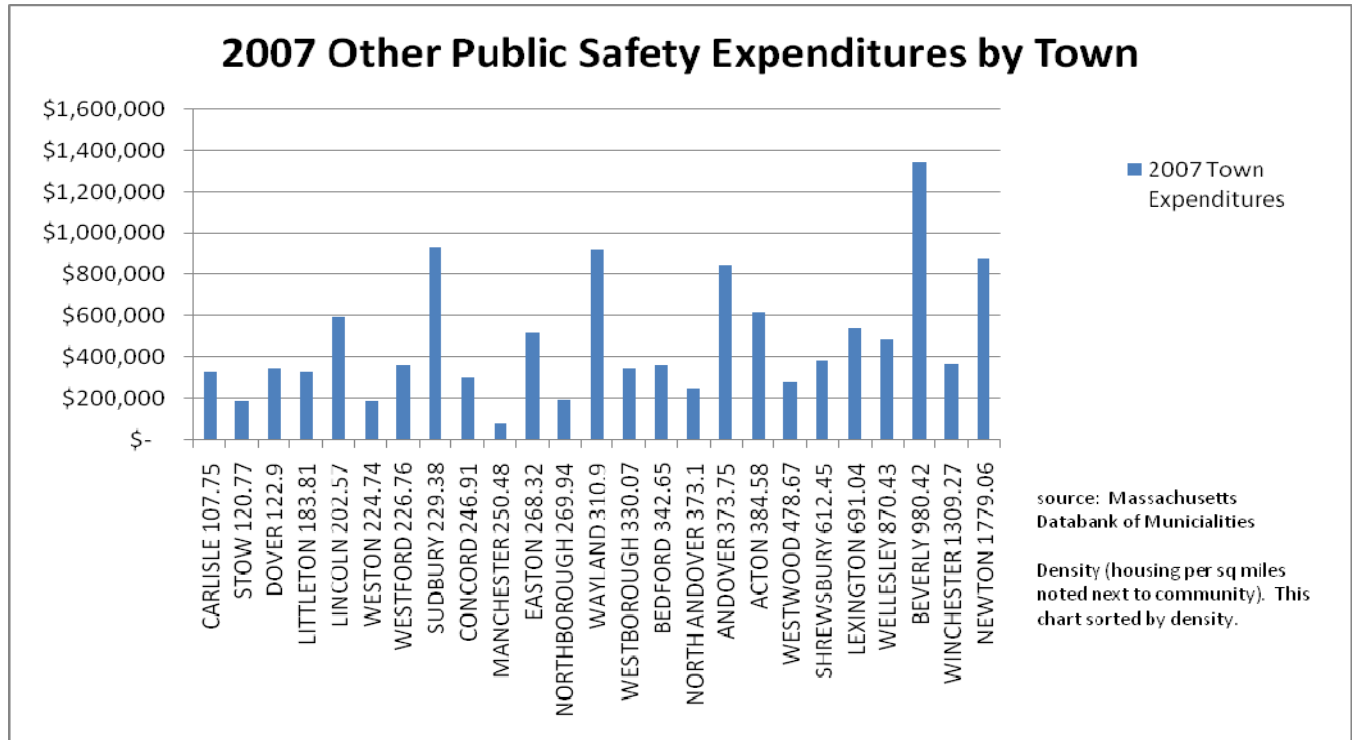
Description of Override Request:	Year	Yes	No		Amount\$
operating expenses of Sudbury school	27-Mar-00	1,482	1,272	WIN	1,740,946
SCHOOL OPERATING BUDGET	9-May-01	1,110	1,019	WIN	1,018,820
SUDBURY SCHOOL EXPENDITURES-LINCOLN-SUDBURY REG.DIST.HIGH SCHOOL	25-Mar-02	2,582	2,139	WIN	2,999,995
GENERAL OPERATING EXPENSES	5-Apr-05	1,744	1,649	WIN	3,050,000
GENERAL OPERATING EXPENDITURES	26-Mar-07	2008 1,981	1,551	WIN	2,519,400
general operating expenditures	31-Mar-08	2009 1,771	2,431	LOSS	1,821,200
general operating and school expenditures	31-Mar-08	2009 1,290	2,880	LOSS	2,821,200

As noted earlier, to evaluate expenditures, BRTF members reviewed expenses by key functions within town services such as, police, fire, public safety, public works, and general government.

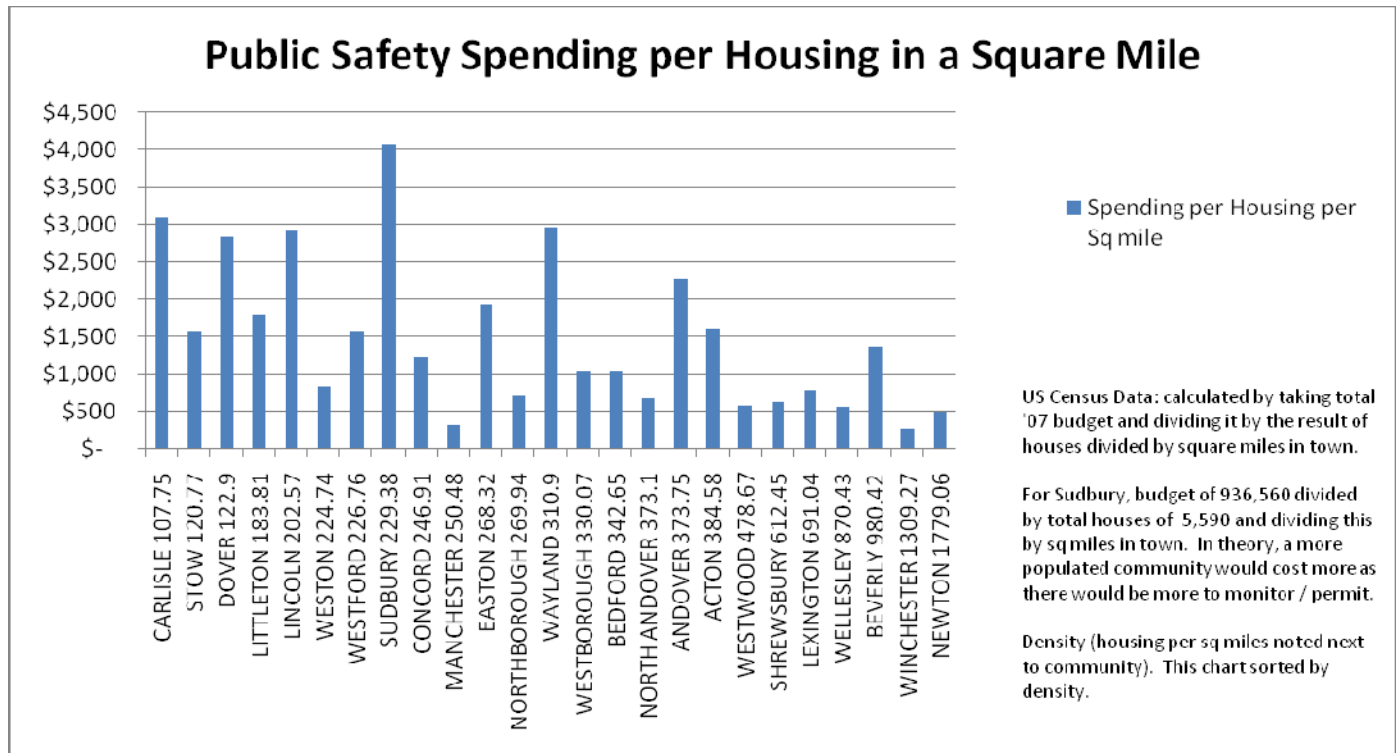
In general, total expenditures for the Town of Sudbury, excluding education, resulted in Sudbury ranking 65th in spending out of 351 Massachusetts communities.

We have listed functions by priority for consideration of a more extensive comparative analysis of these expenditures to determine line-item expenditure savings.

Other Public Safety Expenditure by Town:



The BRTF also explored some alternative analytics such as expenditures based on housing density to determine if there was anything that might stand out in comparisons. Sudbury's density is 229 houses per square mile. Density for other communities is noted next to the community's name. Based on this analytic, Sudbury appears to have a higher cost than some peer communities; however, additional evaluation is necessary.



The Sudbury Budget Review Task Force 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 Budget Review Task Force 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 with further direction.

End of Report.

ACKNOWLEDGEMENTS

Many of Sudbury's Town Officials were gracious with their time and knowledge during the education phase for the Budget Review Task Force and continued to support us over time as questions arose. We wish to thank the following individuals below who have helped us during our efforts to create this report, but their listing below does not indicate approval or endorsement of the recommendations contained herein.

Town

Lawrence O'Brien, Selectman
Maureen Valente, Town Manager
Wayne Walker, Assistant Town Manager
Andrea Terkelson, Director of Finance
Peter Fadgen, Police Chief
Kenneth MacLean, Fire Chief

Sudbury Public Schools

Dr. John Brackett, Superintendent
Mary Will, Director of Finance
Debbie Dixon, Director of Special Education

L-S

Dr. John Ritchie, Superintendent
Judy Belliveau, Director of Finance

Other

Jeff Wulfson, Associate Director Mass Department of Education
Christine Lynch, Massachusetts Department of Education
Hadley Cabral, ESE School Finance, Massachusetts Department of Education
Peter Fischelis, Concord-Carlisle School Committee
Louis Salemy, Concord-Carlisle School Committee, Carlisle School Committee
Claire Jackson, Dover-Sherborn School District
Acton Boxborough Regional School District
Acton Public Schools
Wayland Public Schools
Algonquin School District
Jason Schwartz, Boston Magazine

REFERENCES:

City & Town, "Superintendency Unions" March 2007
Wayland Collective Bargaining Agreement

Acton Public Schools Collective Bargaining Agreement
Acton-Boxborough Regional Collective Bargaining Agreement
Concord-Carlisle Regional Collective Bargaining Agreement
Concord Public Schools Collective Bargaining Agreement
Northborough-Southborough-Algonquin Collective Bargaining Agreement
Regional Agreement for Lincoln-Sudbury Regional High School
Lincoln-Sudbury Regional Collective Bargaining Agreement
Sudbury Public Schools Collective Bargaining Agreement
Brookline Budget Review Task Force Report
Shrewsbury Budget Review Task Force Report
Newton Budget Review Task Force Report
Massachusetts General Laws Section 53A, 61-64
Massachusetts Department of Education
<http://finance1.doe.mass.edu/>
Acton Public Schools/Acton-Boxborough Regional School District
<http://ab.mec.edu/>
Concord Public Schools/Concord-Carlisle Regional School District
<http://www.concordpublicschools.net/>
Northborough/Southborough/Algonquin School District
<http://www.nsboro.k12.ma.us/>
Dover-Sherborn School District
<http://www.doversherborn.org/>
Boston Magazine, "The Best Public High Schools in the Boston Area," September 2008

APPENDIX A: State and Local Property Tax



State and Local property tax per capita, FY 2005-2006

Rank, state and local property taxes per capita	State	State and local property taxes per capita
1	New Jersey	\$ 2,355
2	Connecticut	\$ 2,159
3	New Hampshire	\$ 2,115
4	Wyoming	\$ 1,913
5	NEW YORK	\$ 1,887
6	Vermont	\$ 1,841
7	Rhode Island	\$ 1,768
8	Massachusetts	\$ 1,682
9	Maine	\$ 1,673
10	Illinois	\$ 1,524
11	Alaska	\$ 1,446
12	Wisconsin	\$ 1,444
13	Texas	\$ 1,382
14	Michigan	\$ 1,340
15	Indiana	\$ 1,332
16	Florida	\$ 1,274
17	Nebraska	\$ 1,263
18	Virginia	\$ 1,208
19	Kansas	\$ 1,184
20	Pennsylvania	\$ 1,143
21	Iowa	\$ 1,137
22	Montana	\$ 1,121
23	Colorado	\$ 1,108
24	Ohio	\$ 1,097
25	Washington	\$ 1,081

Rank, state and local property taxes per capita	State	State and local property taxes per capita
26	Maryland	\$ 1,062
27	Minnesota	\$ 1,034
28	California	\$ 1,021
29	Nevada	\$ 1,005
30	North Dakota	\$ 998
31	Oregon	\$ 996
32	South Dakota	\$ 981
33	Georgia	\$ 955
34	South Carolina	\$ 916
35	Arizona	\$ 896
36	Missouri	\$ 853
37	Idaho	\$ 845
38	North Carolina	\$ 789
39	Hawaii	\$ 764
40	Utah	\$ 736
41	Mississippi	\$ 713
42	Tennessee	\$ 683
43	Delaware	\$ 622
44	West Virginia	\$ 582
45	Louisiana	\$ 576
46	Kentucky	\$ 576
47	Oklahoma	\$ 504
48	New Mexico	\$ 488
49	Arkansas	\$ 470
50	Alabama	\$ 419

United States Total **\$ 1,199**

NYS +/- U.S. Average **57%**

Source: [Public Policy Institute Analysis of Census Bureau State and Local Government Finances: 2005-06](#)

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518-465-7511 • www.ppiny.org

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APPENDIX B: Chapter 188 of the Acts of 2008

AN ACT FURTHER REGULATING INTERMUNICIPAL AGREEMENTS.

Whereas, The deferred operation of this act would tend to defeat its purpose, which is forthwith to further regulate intermunicipal agreements, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same as follows:

SECTION 1. The first paragraph of section 4A of chapter 40 of the General Laws, as appearing in the 2006 Official Edition, is hereby amended by striking out the first sentence and inserting in place thereof the following sentence:-The chief executive officer of a city or town, or a board, committee or officer authorized by law to execute a contract in the name of a governmental unit may, on behalf of the unit, enter into an agreement with another governmental unit to perform jointly or for that unit's services, activities or undertakings which any of the contracting units is authorized by law to perform, if the agreement is authorized by the parties thereto, in a city by the city council with the approval of the mayor, in a town by the board of selectmen and in a district by the prudential committee; provided, however, that when the agreement involves the expenditure of funds for establishing supplementary education centers and innovative educational programs, the agreement and its termination shall be authorized by the school committee.

SECTION 2. Said first paragraph of said section 4A of said chapter 40, as so appearing, is hereby further amended by striking out the last sentence and inserting in place thereof the following sentence:- For the purposes of this section, a "governmental unit" shall mean a city, town or a regional school district, a district as defined in section 1A, a regional planning commission, however constituted, a regional transit authority established under chapter 161B, a water and sewer commission established under chapter 40N or by special law, a county, or a state agency as defined in section 1 of chapter 6A.

APPENDIX C: Public Safety Regionalization Analysis

Appendix C

Analysis of Potential Savings if Public Safety Program was Regionalized

Existing Public Safety Costs

	Police	Fire	Estimated Non-Salary Costs *	Police & Fire Salaries	Estimated Benefits (31%)	Police & Fire Salaries & Benefits Total
Sudbury	\$2,592,832	\$2,861,658	\$627,537	\$4,826,953	\$1,496,355	\$6,323,308
Weston	\$2,892,517	\$2,659,222	\$638,725	\$4,913,014	\$1,523,034	\$6,436,048
Concord	\$3,548,055	\$3,389,261	\$798,136	\$6,139,180	\$1,903,146	\$8,042,326
Maynard	\$2,061,522	\$1,730,704	\$436,294	\$3,355,932	\$1,040,339	\$4,396,271
Wayland	\$2,296,650	\$1,931,342	\$486,429	\$3,741,563	\$1,159,885	\$4,901,448
Hudson	\$3,032,983	\$2,585,534	\$646,408	\$4,972,109	\$1,541,354	\$6,513,462
Lincoln	\$1,296,090	\$1,208,596	\$288,163	\$2,216,523	\$687,122	\$2,903,645
Stow	\$1,220,274	\$584,045	\$207,586	\$1,596,733	\$494,987	\$2,091,720
Totals	\$18,940,923	\$16,950,362	\$4,129,279	\$31,762,006	\$9,846,222	\$41,608,228

* All Towns assumed to be in same proportion as Sudbury

Potential Cost Savings with Regional Approach to Public Safety: Sudbury Alone

Potential Reductions

Police Chief	\$134,181	
Clerical	\$102,927	
Dispatchers	\$169,051	
Fire Chief	\$122,004	
Clerical	\$34,476	
Dispatchers	\$105,978	
Sub-Total	\$668,617	
Benefits Estimate	\$207,271	(31%)
Total	\$875,888	

13.9% Savings on Sudbury's fire & police salaries & benefits

Estimate of Offsetting Regionalization Costs

Police Chief/Deputy	\$268,362
Clerical	\$205,854
Dispatchers	\$338,102
Fire Chief/Deputy	\$244,008
Clerical	\$68,952
Dispatchers	\$211,956
Sub-Total	\$1,337,234
Benefits Estimate	\$414,543
Other Expenses	\$250,000
Total	\$2,001,777

Potential Cost Savings with Regional Approach to Public Safety for All Listed Towns

Assume Savings would be similar in other Towns, i.e. 13.9%

Total Salaries & Benefits	\$41,608,228
Potential Savings	\$5,763,464 (Before cost of regional public safety staff)
Less	-\$2,001,777 Estimated Annual Cost of Regional Public Safety Staff
Net Savings	\$3,761,687

Net Savings/Town

Sudbury	\$571,673
Weston	\$581,866
Concord	\$727,085
Maynard	\$397,455
Wayland	\$443,127
Hudson	\$588,865
Lincoln	\$262,511
Stow	\$189,107
Total	\$3,761,687

APPENDIX D: Road Maintenance Regionalization Analysis

Analysis of Potential Savings if Street & Road Maintenance was Regionalized

Existing Cost to Maintain Streets & Roads in Sudbury (Benefit costs assumed to be 31% of salaries)

	Operational Costs	Support Costs	Total
Engineering Department			
Engineer Salaries		\$344,837	
Engineer Benefits		\$106,899	
Clerical Salaries		\$48,178	
Clerical Benefits		\$14,935	
Engineering Expenses		\$15,855	
Streets & Roads			
Administrative Salaries		\$204,199	
Administrative Benefits		\$63,302	
Non-Clerical Workforce	\$606,497		
Non-Clerical Benefits	\$188,014		
Roadwork	\$511,000		
Street Lighting	\$54,635		
Snow & Ice	\$414,655		
Internal Maintenance	\$496,517		
	\$2,271,318	\$798,205	\$3,069,523
Ratio Operational Cost to Total	74.0%		
Theoretical Savings With Regional Approach	\$798,205		
Expected Contribution to Regional Authority	36%		
Net Savings to Sudbury	\$510,851		

APPENDIX E: FY 09 Costs of SPSS and L-S

(Costs do not consider Fee or Grant Income or State Subsidies)

Current SPSS Situation (FY09 Non-Override Budget Figures)

Source of Data: 2008 Town Warrant

Schools	Capacity DOE Standards	FY 08 Enrollment	FY 09 Enrollment	
Haynes	478	441		
Noyes	740	648		
Nixon	550	519		
Loring	604	574		
Curtis	1143	1077		
Totals	3,515	3,259	3,247	

	Salaries	Benefits	Expenses	Total
Fixed Costs (Not assoc w/# students)				
Syssem Admin & Operations	\$850,096	\$265,715	\$320,105	\$1,435,916
Plant Maintenance	\$805,544	\$251,789	\$439,038	\$1,496,371
Other Salaries	\$564,263	\$176,372		\$740,635
Utilities			\$1,218,926	\$1,218,926
Equipment			\$10,000	\$10,000
Elementary Support			\$93,119	\$93,119
Middle School Support			\$47,784	\$47,784
Curriculum, Instruction, Technology			\$33,974	\$33,974
				\$5,076,726
Fixed Cost/Student	\$1,564			
Variable Costs				
Elementary Instruction	\$8,875,473	\$2,774,211	\$227,514	\$11,877,198
Middle School Instruction	\$4,745,440	\$1,483,284	\$105,865	\$6,334,590
Curriculum, Instruction, Technology	\$522,307	\$163,258	\$280,350	\$965,914
Special Ed Instruction	\$4,741,322	\$1,481,997	\$3,339,225	\$9,562,544
Health, Transportation, & Cafeteria	\$717,062	\$224,132	\$1,060,287	\$2,001,481
				\$30,741,727

Variable Cost/Student	\$9,468			
Total Cost/Student	\$11,031	\$6,820,759		\$35,818,453
Less Offsets from State Subsidies & Adjustments				-\$1,972,739
Total Budget				\$33,845,714

FY 09 L-S Situation (Data from Town Meeting Warrant)

Number of Students	1,629			
School Capacity	1,850			
	Salaries	Benefits	Expenses	Total
Fixed Costs (Not assoc w/# students)				
Administration	\$1,143,906	\$275,198	\$133,752	\$1,552,856
Admin Support	\$100,706	\$24,228		\$124,934
Clerical	\$762,615	\$183,468		\$946,083
Building & Grounds Maintenance	\$598,796	\$144,057	\$370,450	\$1,113,303
Extra Services	\$53,201	\$12,799		\$66,000
Utilities			\$870,870	\$870,870
Contingency			\$30,000	\$30,000
Debt/Stabilization			\$2,914,200	\$2,914,200
Total Fixed costs to L-S				\$7,618,246
Fixed Cost Per Student				\$4,677
Fixed Cost Per Student , excluding debt				\$2,888
Variable Costs				
Professional Staff	\$11,375,853	\$2,736,778		\$14,112,631
Course Reimbursement	\$35,000	\$8,420		\$43,420
Educational Support	\$830,498	\$199,799		\$1,030,297
Substitutes	\$60,000	\$14,435		\$74,435
Coaches/Trainer	\$321,021	\$77,231		\$398,252
Instruction			\$530,325	\$530,325
Educational Support			\$834,989	\$834,989
Special Ed			\$2,938,693	\$2,938,693
Total Variable Costs to L-S				\$19,963,042
Variable Cost/Student				\$12,255
Total Cost/Student				\$16,931

Total Cost/Student Excluding Debt				\$15,142
Ratio of System Administration to Total Costs				9.5%
Ratio of System Administration to Total Costs Excluding Debt				10.6%
Sub-Totals	\$15,281,596	\$3,676,413	\$8,623,279	\$27,581,288
Less Offsets from Fees, Grants, Circuit Breaker, State Aid	-\$451,634	\$0	-\$1,005,416	-\$1,457,050
Total Budget	\$14,829,962	\$3,676,413	\$7,617,863	\$26,124,238
Total Cost, Excluding fees, etc and excluding debt				\$24,667,088

APPENDIX F: School District Consolidation Analysis

Appendix F

Potential Cost Savings by Consolidating SPS and LS Administrative & Support Functions (FY09 Basis)

	SPS	LS	Total	Consol- idated	Net Impact	Assumptions	Potential Savings
Administration							
Superintendents	1	1	2	0	-2	Superintendency Union is formed	-\$470,695
Superintendency Union				1	1	New Superintendent	\$282,469
Asst Superintendent	1		1	1	0		
Principal	5		5	6	1	Add 1 principal	\$162,500
Asst Principal	2		2	2	0		
Housemasters	3	4	7	6	-1	Reduce 1 Housemaster	-\$149,860
Clerical/Admin Asst	3	6	9	6	-3	Reduce 2 clerical support	-\$242,970
Subtotal	15	11	26	22	-4		-\$418,556
Finance							
Director	1	1	2	1	-1	Appoint single manager for district	-\$164,832
Clerical/Admin Asst	1	1	2	3	1	add one	\$80,990
Subtotal	2	2	4	4	0		-\$83,842
Personnel/HR							

Personnel Coordinator	1	1	2	1	-1	Appoint single manager for district	-\$110,500
Clerical/Admin Asst	1	1	2	3	1	add one	\$80,990
Subtotal	2	2	4	4	-		-\$29,510

METCO

METCO Director	1	1	2	1	-1	Appoint single director for district	-\$117,000
Clerical/Admin Asst	1	1	2	1	-1		-\$80,990
Subtotal	2	2	4	2	(2)		-\$197,990

Information Technology

Manager	2	1	3	2	-1	Appoint single manager for district	-\$91,000
Technician		1	1	1	0		
A/V Specialist		1	1	1	0		
Subtotal	2	3	5	4	-1		-\$91,000

Maintenance

Director/Coordinator	1	1	2	1	-1	Appoint single manager for district	-\$84,500
Electrician		1	1	1	0		
HVAC/Wastewater		2	2	2	0		
Painter		1	1	1	0		
Custodial/Grounds	15	9	24	22	-2	Shared services	-\$143,000
Subtotal	16	14	30	27	-3		-\$227,500
Total	39		73	63			-\$1,048,000

	34		(10)	
--	----	--	------	--

Shared Services Saving:	(709,000)
SPS Share	
(59%):	(418,000)
LS Share (41%):	(291,000)
LS Specific Savings:	(162,000)
SPS Specific Savings:	(177,000)
LS Total Savings:	(453,000)
Sudbury Share:	(385,000)
Lincoln Share:	(68,000)
SPS Total Savings:	(595,000)
Total Sudbury Savings:	(980,000)
Total Lincoln Savings:	(68,000)

Total Benefits Factor: 1.3

Title	Compensation
LS Superintendent	\$ 188,313
LS Principal	\$ 125,000
SPS Superintendent	\$ 173,760
Superintendency Union	\$ 217,284
Director of Finance	\$ 126,794
LS Housemaster	\$ 115,277
Personnel HR	
Coordinator	\$ 85,000
METCO Director	\$ 90,000
IT Manager	\$ 70,000
Clerical/Admin Asst	\$ 62,300
Maintenance Dir/Coord	\$ 65,000
Custodial/Grounds	\$ 55,000

Analysis excludes non administrative/educational support staff:

- Special Education
- Library
- Student Services
- Registrar
- Curriculum Support
- Health
- Food Service
- Transportation
- Athletics

Estimated savings excludes likely additional savings from physical consolidation of office space into either Fairbanks or L-S

Totals are rounded to the nearest thousand.

APPENDIX G: Governor Deval Patrick on School Regionalization

DEVAL L. PATRICK, GOVERNOR

TIMOTHY P. MURRAY, LIEUTENANT GOVERNOR

June 24, 2008 - For immediate release:

Governor Patrick Prepares to Unveil Long-Term Plan for Education Innovation

Governor's Education Action Agenda seeks to elevate the teaching profession and align substance with needs of the global economy

BOSTON – Tuesday, June 24, 2008 – Continuing his focus on preparing students and the Commonwealth to compete in the global economy, Governor Deval Patrick announced additional features today of the Education Action Agenda – the state's blueprint to move Massachusetts through its next phase in education reform by 2020.

"Great schools don't happen without great teachers," Governor Patrick said surrounded by business leaders at EMC Corporation in Hopkinton, a global leader of information infrastructure technology and solutions. "Unlocking their creativity and building their capacity is the key to developing a highly-skilled, global workforce for Massachusetts companies and a highly engaged citizenry for our society."

"These initiatives go to the heart of one of our greatest challenges in teaching: attracting, developing and sustaining top talent," said Paul Reville, Secretary Designate of Education. "These strategies will help the Commonwealth to build a genuine appealing, teaching profession."

"The recommendations in the Governor's Education Action Agenda will empower Massachusetts to grow beyond a national leader and into a global leader of innovation, education and competitiveness, giving our students the tools and training to compete and succeed in the 21st century world economy, " said Joe Tucci, EMC Chairman, President and CEO. "The time to drive fundamental, systemic change is now, when Massachusetts leads the country, not when we are falling behind."

The announcement comes after nearly a year of work undertaken by the Readiness Project – a statewide initiative involving more than 200 educators, business leaders, and community leaders to develop a strategic blueprint for the next phase of education reform in the Commonwealth. The full action agenda will be released on Wednesday, June 25th at the first-ever joint meeting of the state's education boards: the Board of Early

Education and Care, the Board of Elementary and Secondary Education, the Board of Higher Education and the University of Massachusetts Board of Trustees.

Boosting School Capacity

To equip students with the skills they need to succeed in the global economy, the state must help schools across the Commonwealth raise their capacity for teaching and learning. The Governor's Education Action Agenda encourages teachers and educators to take ownership over their schools, and rewarding schools that advance overall student achievement.

The state must attract the best teachers to the districts most in need, and ensure make resources are spent on learning – not bureaucracy. The Governor's Education Action Agenda creates incentives to teach subjects like math and science that are required for 21st Century success, and establishes a fellowship program to increase the numbers of teachers qualified in these important subjects.

Recommendations include:

- Establish the **Readiness Science and Math Teaching Fellowship Program** to increase the Commonwealth's supply of qualified math and science teachers. Reward outstanding school performance by providing financial rewards for "whole school improvement" – continuous advances in overall student achievement.
- Establish differentiated pay for qualifying teachers in high-needs districts and schools, high-demand disciplines and for those who possess highly needed, extraordinary skills and knowledge or who volunteer for particularly challenging responsibilities.
- Establish regional Readiness Centers dedicated to the continuous improvement of education at all levels of our public education system. These centers could be located at state colleges or universities but would be directed by boards comprised of regional pre-K through 12, higher education, business and community organization leaders.
- The Department of Elementary and Secondary Education will accelerate efforts to make available to teachers an online, formative assessment system that will provide "real-time" data on student performance as measured against state standards. This data-driven instruction system will help teachers to analyze current student performance and continuously modify teaching practice to meet evolving student learning needs.

- Maintain the current MCAS graduation requirement and strengthen the system by adding complementary measures of student growth and 21st century skills. This could include a culminating, multidisciplinary senior project on a student-selected topic of interest.
- Launch a new high-autonomy, in-district school model – the Readiness School – to facilitate teacher ownership, innovation, choice, and responsiveness to student and family needs.
- Increase the size while reducing the number of the Commonwealth’s current school districts to streamline administration and management structures while expanding opportunities to ensure strong oversight and leadership and to improve teaching and learning.

Initiatives Empowering and Supporting Teachers

- Launch a competitive grant program with funding for qualifying districts as determined by the Department of Elementary and Secondary Education to pilot intensive, systemic induction and mentoring in the first three years of teacher service.
- 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.
- Foster an intensive approach to teacher development, especially in schools with significant achievement gaps, through a pilot program that places an emphasis on dramatically improving early literacy achievement (K- 3.)
- Simplify the state teacher certification and licensure processes as well as other teacher development policies to eliminate bureaucratic barriers and facilitate state capacity to attract, prepare, develop and retain a high quality, culturally diverse and inspiring teaching force for the students of the Commonwealth.
- Partner with the state’s teacher colleges to develop a statewide teacher residency program similar to medical residency programs that would combine rigorous coursework, practical training in diverse settings and certification and licensure.
- Update Massachusetts’ Teacher Preparation Programs for 21st century teaching by providing: 1) subject matter knowledge which is aligned with state standards; 2) pedagogical knowledge and skill tailored to the student body teachers will be serving; and 3) field experiences that engage pre-service teachers in observation, analysis and practice in varied school and district settings.
- Establish regional Readiness Centers dedicated to the continuous improvement of education at all levels of our public education system. These Centers will be hubs for local partnerships and collaborations to support continuous improvement of teaching, the development of academic curriculum and content professional development opportunities and resources, teacher externships and student teaching internships.

- Launch a Statewide Master Teacher Contract Initiative that would start a critical conversation about transforming the educator compensation and benefit structure to attract top talent into teaching by, for example, offering flexibility for teachers to receive different pay and benefit packages at different stages of their careers. In this kind of scenario, new teachers might have the option of choosing higher compensation in lieu of longer-term benefits. Such a contract might also provide for more equitable distribution of teachers throughout the state while creating the possibility of various cost savings. For example, the Master Teacher Contract would provide a vehicle for addressing escalating health care costs, disparities in pay across regions of the state, pension portability and other issues. Such a contract would achieve the efficiency of eliminating contract negotiations in more than 300 separate school districts.

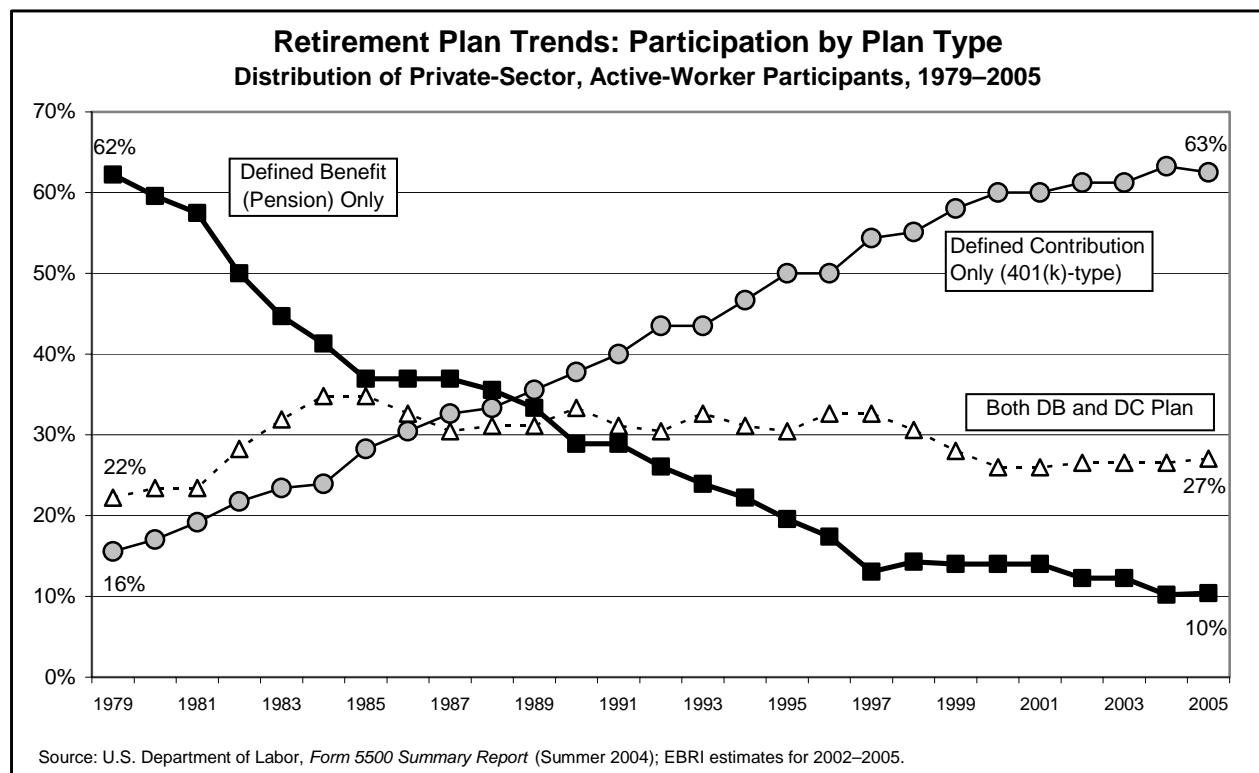
FACTS from EBRI

Employee Benefit Research Institute ■ 2121 K Street, NW, Suite 600 ■ Washington, DC ■ 20037

June 2007

Retirement Trends in the United States Over the Past Quarter-Century

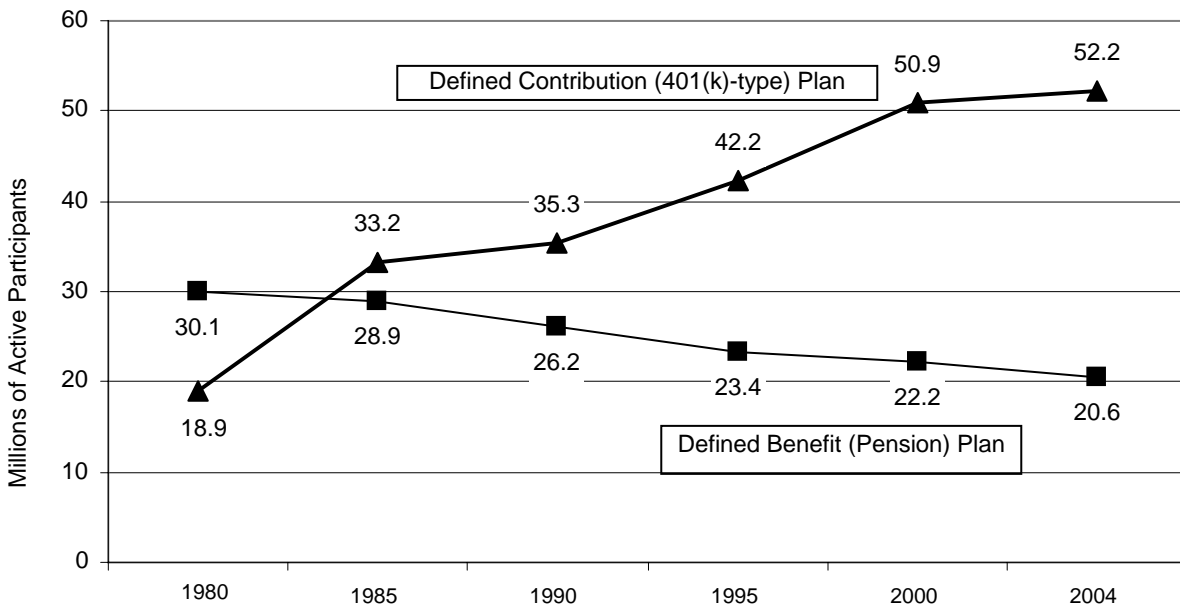
The vast majority of private-sector working-age Americans who have retirement and health benefits obtain them through their jobs. Since 1980, significant changes have occurred in the kind of employment-based retirement plan that workers participate in: Defined benefit (so-called “traditional” pension) plans have declined (reflecting pressures on defined benefit plan sponsors to control costs and funding volatility, in addition to increased regulatory burdens), while defined contribution (401(k)-type) plans have grown. The following figures give a quick overview of the changing trends in retirement plan coverage among American workers.



In the private sector, participation by type of retirement plan has largely reversed over the past quarter-century: “Traditional” defined benefit pension plans were dominant in 1979, but have been overtaken by defined contribution (401(k)-type) plans. The share of workers who are in *both* a defined benefit and defined contribution plan has remained fairly constant over the years.

Retirement Plan Trends: Active Participants

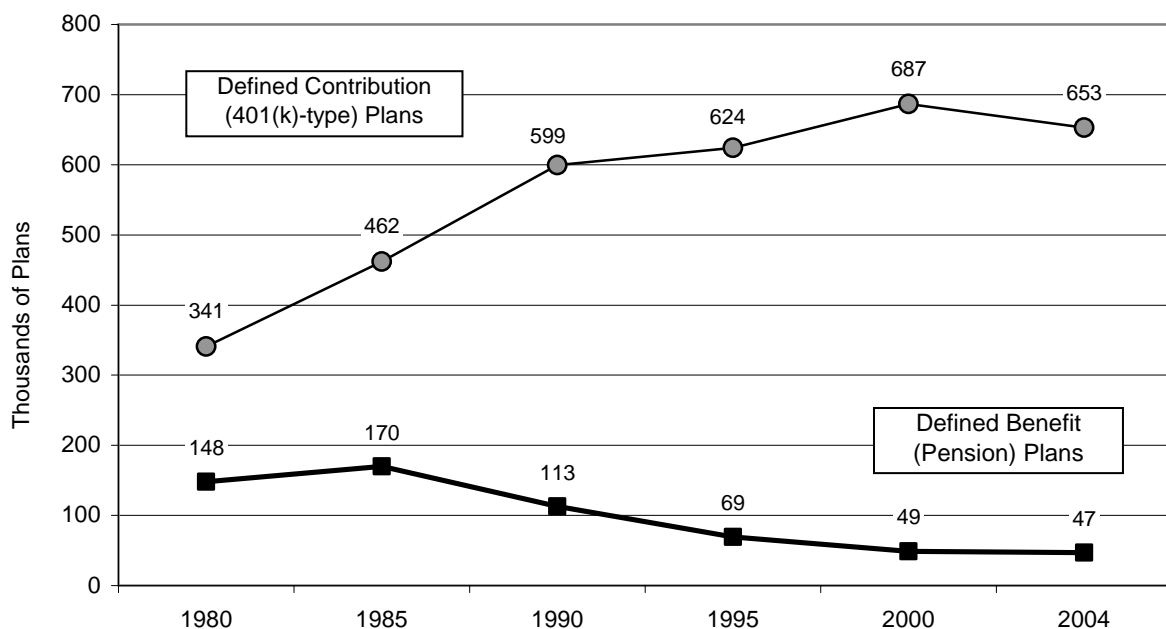
Number of Retirement Plan Active-Worker Participants, 1980–2004



Source: U.S. Department of Labor, *Private Pension Plan Bulletin: Historical Tables*, Employee Benefits Security Administration, March 2007, Table E1, various years.

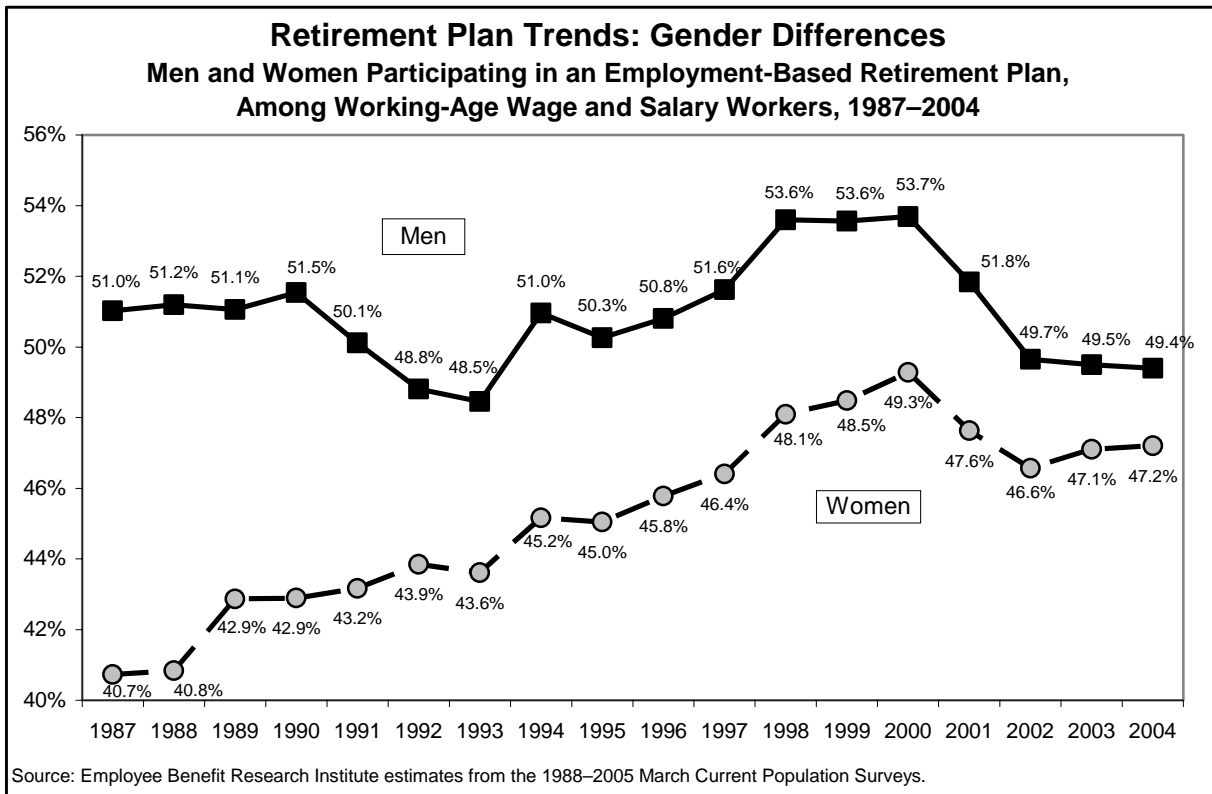
The number of active workers participating in an employment-based defined benefit (pension) plan has been steadily decreasing, while the number has been growing in 401(k)-type plans.

Retirement Plan Trends: Number of Plans By Type of Private-Sector Plan, 1980–2004

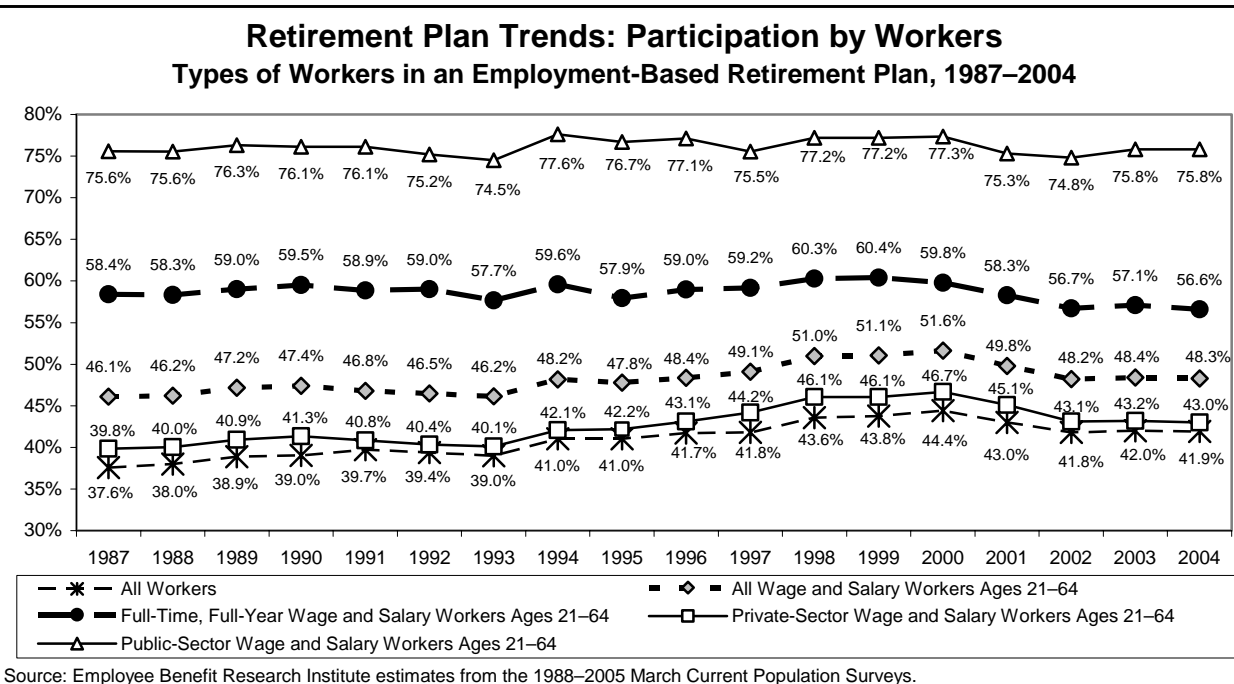


Source: U.S. Department of Labor, *Private Pension Plan Bulletin: Historical Tables*, Employee Benefits Security Administration, March 2007, Table E1, various years.

In the private sector, there are far more defined contribution (401(k)-type) plans than there are defined benefit (pension) plans; however, the average 401(k)-type plan has fewer participants than the average pension plan.



The gender gap in retirement plan participation has been steadily shrinking since the late 1980s.



Whether a worker is offered and participates in a retirement plan at work depends greatly on what type of worker the person is:

- *Public-sector workers* have the highest level of participation in a retirement plan (75.8% in 2004), while *part-time workers* typically are not offered a retirement plan or rarely participate when they are.
- Among *all workers*, less than half (41.9% in 2004) participate in a retirement plan.
- Among *full-time, full-year wage and salary workers*, more than half (56.6% in 2004) participate in a retirement plan.

APPENDIX I: Regional Planning Grants

Regional Planning Grants

Fund Code: 224

Purpose:	The purpose of this state-funded grant program is to support local planning efforts to establish or expand a regional school district, pursuant to Chapter 71, Sections 14-16I.
Priorities:	<p>Priority will be given to districts or municipalities involved in a planning effort to:</p> <ol style="list-style-type: none">1. join two or more separate municipal or regional school districts into a new regional district;2. fully regionalize current regional members; or3. expand the membership or grade range of existing regional school districts.
Eligibility:	<p>Eligible school districts and local municipalities are those that provide evidence of:</p> <ol style="list-style-type: none">5. votes from two or more municipalities to establish a regional planning committee to investigate regionalization;6. regional school committee votes to establish a regional planning committee to expand or enlarge the existing region;7. votes from two or more municipal school committees to establish a committee to investigate regionalization; or8. records of joint meetings held by two or more municipalities or districts for the purpose of discussing the creation or expansion of a regional school district. <p>Priority will be given to those municipalities or districts that demonstrate a commitment towards implementing a new or expanded regional district and that articulate a specific need for funds to support their efforts.</p>
Funding:	\$150,000 is available. Each grant applicant must designate a lead district or municipality that will manage the grant funds. If the applicant is a municipality or municipal district school committee, identify at least two or more municipalities/districts that will participate in the planning activities. Grant awards may be limited to \$25,000.
Fund Use:	Districts or municipalities may use these funds to: support planning activities around developing regional agreements; addressing collective bargaining issues; coordinating curriculum, financial, business, or administrative operations; and developing enrollment projections and other restructuring support efforts.

	Funds cannot be used to support school construction or renovation feasibility studies or for architectural services. Districts or municipalities that receive these awards will be required to submit a final report to the Department describing how the funds were used and documenting the outcomes of the planning process.
Project Duration:	Upon Approval - 6/30/2009
Program Unit:	School Finance and District Support
Contact:	Christine M. Lynch clynch@doe.mass.edu
Phone Number:	(781) 338-6520
Date Due:	Friday, November 21, 2008

APPENDIX J: MGL Laws Superintendency Unions

PART I. ADMINISTRATION OF THE GOVERNMENT

TITLE XII. EDUCATION

CHAPTER 71. PUBLIC SCHOOLS

SCHOOL COMMITTEES

Chapter 71: Section 53A. Employment of medical personnel by superintendency district or union; compensation; removal

Section 53A. A superintendency district formed and conducted under the provisions of section sixty, or a superintendency union formed and conducted under the provisions of sections sixty-one to sixty-four, inclusive, may employ one or more school physicians and may employ one or more school registered nurses; determine the relative amount of service to be rendered by each in each town; fix the compensation of each person so employed; apportion the payment thereof among the several towns; and certify the respective shares to the several town treasurers. A school physician or registered nurse so employed may be removed by a two thirds vote of the full membership of the joint committee. The joint committee of any superintendency union may employ clerical and secretarial help, special teachers and supervisors, fix the compensation of each person so employed and apportion the payment thereof among the several towns; and certify the respective shares to the respective town treasurers.

PART I. ADMINISTRATION OF THE GOVERNMENT

TITLE XII. EDUCATION

CHAPTER 71. PUBLIC SCHOOLS

SCHOOL COMMITTEES

Chapter 71: Section 61. Superintendent of schools; employment by a town union

Section 61. The school committees of two or more towns, each having a valuation less than two million five hundred thousand dollars, and having an aggregate maximum of seventy-five, and an aggregate minimum of twenty-five, schools, and the committees of four or more such towns, having said maximum but irrespective of said minimum, shall form a union for employing a superintendent of schools. A town whose valuation exceeds said amount may participate in such a union but otherwise subject to this section. Such a union shall not be dissolved except by vote of the school committees representing a majority of the participating towns with the consent of the department, nor by reason of any change in valuation or the number of schools.

PART I. ADMINISTRATION OF THE GOVERNMENT

TITLE XII. EDUCATION

CHAPTER 71. PUBLIC SCHOOLS

SCHOOL COMMITTEES

Chapter 71: Section 62. Readjustment of town unions

Section 62. The department may form or readjust such unions whenever it becomes necessary to include one or more towns otherwise unable to comply with the preceding section, and in so doing may disregard the minimum number of schools prescribed therein, but no such readjustment shall deprive a town of its right to aid under section sixty-five.

PART I. ADMINISTRATION OF THE GOVERNMENT

TITLE XII. EDUCATION

CHAPTER 71. PUBLIC SCHOOLS

SCHOOL COMMITTEES

Chapter 71: Section 63. School committees as joint committee; representation: meetings; employment of superintendent, removal

Section 63. The school committees of such towns shall, for the purposes of the union, be a joint committee and shall be the agent of each participating town, provided that any school committee of more than three members shall be represented therein by its chairman and two of its members chosen by it. The joint committee shall annually, after completion of annual elections in all of the member towns meet at a day and place agreed upon by the chairmen of the constituent committees, and shall organize by choosing a chairman and a secretary. It shall employ for a three year term, a superintendent of schools, determine the relative amount of service to be rendered by him in each town, fix his salary, which shall not be reduced during his term, and may provide for fringe benefits, and other conditions of employment, including but not limited to, severance pay, relocation expenses, reimbursement for expenses incurred in the performance of duties or office, liability insurance, and leave for said superintendent and shall apportion the payment thereof in accordance with section sixty-five among the several towns and certify the respective shares to the several town treasurers. He may be removed, with the consent of the department, by a two thirds vote of the full membership of the joint committee.

PART I. ADMINISTRATION OF THE GOVERNMENT

TITLE XII. EDUCATION

CHAPTER 71. PUBLIC SCHOOLS

SCHOOL COMMITTEES

Chapter 71: Section 64. Union superintendent; compensation

Section 64. The salary of the superintendent in such a union or in any twelve grade regional school district or the combined salary received by a person serving in a dual capacity as a superintendent in a union and a regional school district or in two or more regional school districts shall be not less than the amounts provided in the following schedule: ninety-five hundred dollars for the first year of service, ten thousand dollars for the second year, ten thousand five hundred dollars for the third year, eleven thousand dollars for the fourth year. If his salary is not in excess of eleven thousand six hundred dollars the union or any twelve grade regional school district or the union and the regional school district or two or more regional school districts, as the case may be, shall, and otherwise may, reimburse him for his actual traveling expenses incurred in the discharge of his duties, but such reimbursement may be limited to six hundred dollars a year.

Focus

on Municipal Finance

Superintendency Unions

Christine Lynch, Department of Education

Small local school districts looking for ways to use resources more efficiently may want to explore forming a superintendency union. Despite the name, superintendency unions have nothing to do with collective bargaining and labor unions. Rather, they are cooperative arrangements between two or more school districts to share the services of a superintendent of schools and central office staff, while allowing each town to keep its own school committee and school buildings. Sharing the costs of administrative personnel among multiple school districts creates efficiencies that in turn can provide additional resources for the classroom or for other school district priorities.

Superintendency unions have been around for quite some time, having been first authorized by the Legislature in 1870. There are currently 20 superintendency unions encompassing 73 separate school districts. (See Figures 1 and 2.) The typical superintendency union consists of two to four elementary districts along with a regional school district serving the secondary grades. Districts participating in superintendency unions tend to have a small student enrollment, with the average being just over 700 students. The smallest union superintendency is comprised of three towns with a combined school population of less than 400 students; the largest is comprised of two towns with a combined student enrollment of over 5,000.

A typical example is Union #66, where Superintendent Barbara Ripa and her

staff serve the school committees of three local elementary districts (Southampton, Westhampton and Williamsburg); one regional elementary district (Chesterfield-Goshen); and one regional secondary school district (Hampshire).

Creation and operation of a superintendency union

Superintendency unions are governed by the Massachusetts General Laws, chapter 71, sections 53A and 61 through 64. The creation of a superintendency union does not require approval by either town meeting or the Department of Education. It simply requires the vote of two or more school committees. A written agreement is not legally required but is strongly recommended to clarify the staff to be covered, the apportionment of joint expenses, and the operation of the joint union school committee.

In most cases, all of the central office administrative staff is hired under the union agreement. The enabling legislation also permits the employment of "special teachers," who could be teaching specialists who provide services in several different school buildings within the union.

A superintendency union is governed by a joint union school committee, which consists of three members from each of the constituent district school committees — the chairperson of each district committee and two other members appointed by the district committee. The joint union school committee's primary responsibilities are hiring the superintendent of schools; establishing salary schedules, benefits and other conditions of employment for the shared staff; and apportioning the shared costs among the member towns.

continued on page four

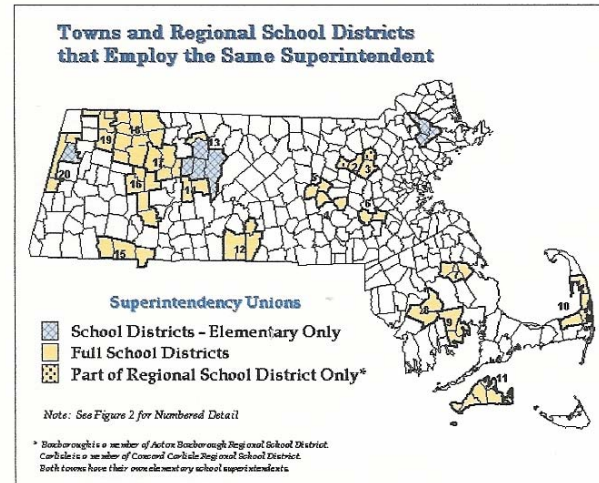


Figure 1

The individual district school committees continue to have control and oversight over their respective schools, including budget, curriculum, school policies, and salaries and employment conditions for school staff.

An existing superintendency union may be dissolved by the vote of the local school committees representing a majority of the participating districts and by a two-thirds vote of the joint union school committee. The chairperson of the union school committee must then submit to the commissioner of Education a written request for approval of the proposed dissolution by the state Board

of Education. The commissioner and the Board of Education will consider the dissolution request following a review of each district's proposed educational plan. This review ensures that the proposed dissolution will not impair the educational opportunities provided by each district, and that all contractual rights and responsibilities of the school system with regard to its employees have been met.

Advantages of a superintendency union

The management of a public school district has become increasingly complex over the past two decades. The state's

1993 education reform law and the federal No Child Left Behind legislation have set lofty goals for student achievement. To reach these goals, most districts need to expand their capacity in areas such as curriculum development, teacher mentoring and training, student assessment and evaluation, and information systems. New regulatory requirements, ranging from CORI checks to pesticide management plans to disaster planning, place additional demands on superintendents and their staffs.

Many small districts find it difficult to afford adequate central office staff to handle these new demands. In many cases, one person is responsible for multiple areas, which makes it difficult to develop in-depth expertise. Small districts may also find it difficult to match the higher salary levels offered by larger districts, leading to a continual loss of skilled personnel at all levels.

By pooling the resources of two or more districts, a superintendency union can provide the critical mass to fully staff a central district office and to allow the district to offer more competitive salaries. At the same time, economies of scale can provide savings that can be used to provide additional instructional services in the classrooms.

A superintendency union does require some extra administrative work to support multiple school committees and to track and allocate costs. Superintendents and other key staff have to spend many extra nights out attending school committee meetings. But on average districts in superintendency unions have lower administrative costs per pupil than do standalone local districts.

Comparison of superintendency unions and regional school districts

Regionalization is another organizational option that offers many of the same benefits as a superintendency union, including a critical mass and economies of

Superintendency Union Members and Districts That Share the Same Superintendent

Map no.	School district	Union no.	Map no.	School district	Union no.
1	Boxford Middleton Topsfield	58	12	Brimfield Brookfield Holland Sturbridge Wales Tantasqua Regional	61
2	Acton Acton Boxborough Regional (includes Acton and Boxborough)		13	Erving Leverett Shutesbury New Salem Wendell Regional	28
3	Concord Concord Carlisle Regional (includes Carlisle and Concord)		14	Amherst Pelham Amherst Pelham Regional	29
4	Northborough Southborough Northborough Southborough Regional	3	15	Granville Southwick Tolland Regional (includes Southwick and Tolland)	
5	Berlin Boylston Berlin Boylston Regional	60	16	Southampton Westhampton Williamsburg Chesterfield Goshen Regional (includes Chesterfield and Goshen)	66
6	Dover Sherborn Dover Sherborn Regional	50	17	Hampshire Regional Conway Deerfield Sunderland Whately Frontier Regional	
7	Halifax Kingston Plympton Silver Lake Regional	31	18	Rowe Hawlemont Regional (includes Charlemont and Hawley) Mohawk Trail Regional (includes Ashfield, Buckland, Colrain, Heath, Plainfield and Shelburne)	38
8	Freetown Lakeville Freetown Lakeville Regional	34	19	Clarksburg Florida Monroe Savoy	43
9	Marion Mattapoisett Rochester Old Rochester Regional	55			
10	Brewster Eastham Orleans Wellfleet Nauset Regional	54			
11	Edgartown Oak Bluffs Tisbury	19			

compared to all other organizational options. In a regional district, there is a single school committee, with one district budget, one curriculum and one set of policies. This, in turn, offers a greater opportunity to coordinate programs and staff to maximize resources.

Regional school districts are much more complicated to establish than superintendency unions. Approval is required from town meeting and from the Department of Education. A regional agreement must be negotiated, detailing the makeup of the regional school committee, the transfer of school buildings to the regional district, allocation of operating costs, and other issues. There is often reluctance on the part of local voters to give up direct control of their local schools.

It has not been uncommon for some towns to start with a superintendency union agreement and then later move to full regionalization.

In addition to the educational and organizational benefits, a regional district is the appropriate option if there is a need for a regional school, which is an individual school building serving two or more towns.

Who should consider a superintendency union

Compared to other states, Massachusetts' school districts tend to be very small in size. Nearly 85 percent of the operating academic school districts in the Commonwealth have enrollments of fewer than 5,000 students. Many of these are local districts that might benefit from the cooperative opportunities available in a superintendency union. Factors to be considered include the town's current fiscal capacity to meet the district's needs, and the proximity of other similar towns for which a union might be an option. Although most of the existing superintendency unions are either elementary districts only or

elementary districts combined with a regional secondary district, there is no reason why two or more small K-12 local districts could not benefit from a union agreement.

School committees interested in exploring the possibility of forming a new union need to carefully weigh the potential economic, organizational and educational impacts. Department of

Education staff are available to provide information and assistance. For more information, visit the DOE website at <http://finance1.doe.mass.edu/regional/> or contact Christine M. Lynch in DOE's school finance office, at 781-338-6520 or by e-mail at clynch@doe.mass.edu. ■

Editor's Note: This article represents the opinions and conclusions of the author and not those of the Department of Revenue.

Knowing What You Can Spend

The Importance of Multi-Year Financial Forecasting

by Christopher J. Ketchen

Every autumn, the 351 cities and towns across the Commonwealth begin their annual budget process. For most communities, the process begins with the presentation of budget projections that show a shortfall for the following year. Over the course of the budget process, local decision makers will find a way to balance next year's budget through a variety of methods depending on the community. However, very soon, the process starts all over again, and all the hard work and policy debates of the previous year will have officials back at the same place. In short: it may be a new year, but it is still the same old story and another budget in need of balance.

The Elusiveness of Structural Balance

The reason for this endless cycle is, while some communities may have balanced next year's budget, it was never *structurally* balanced for the long-term. That is, recurring government revenues are not sufficient to cover recurring expenses for programs and services.

The reasons for a lack of structural balance in municipal budgets are well defined.

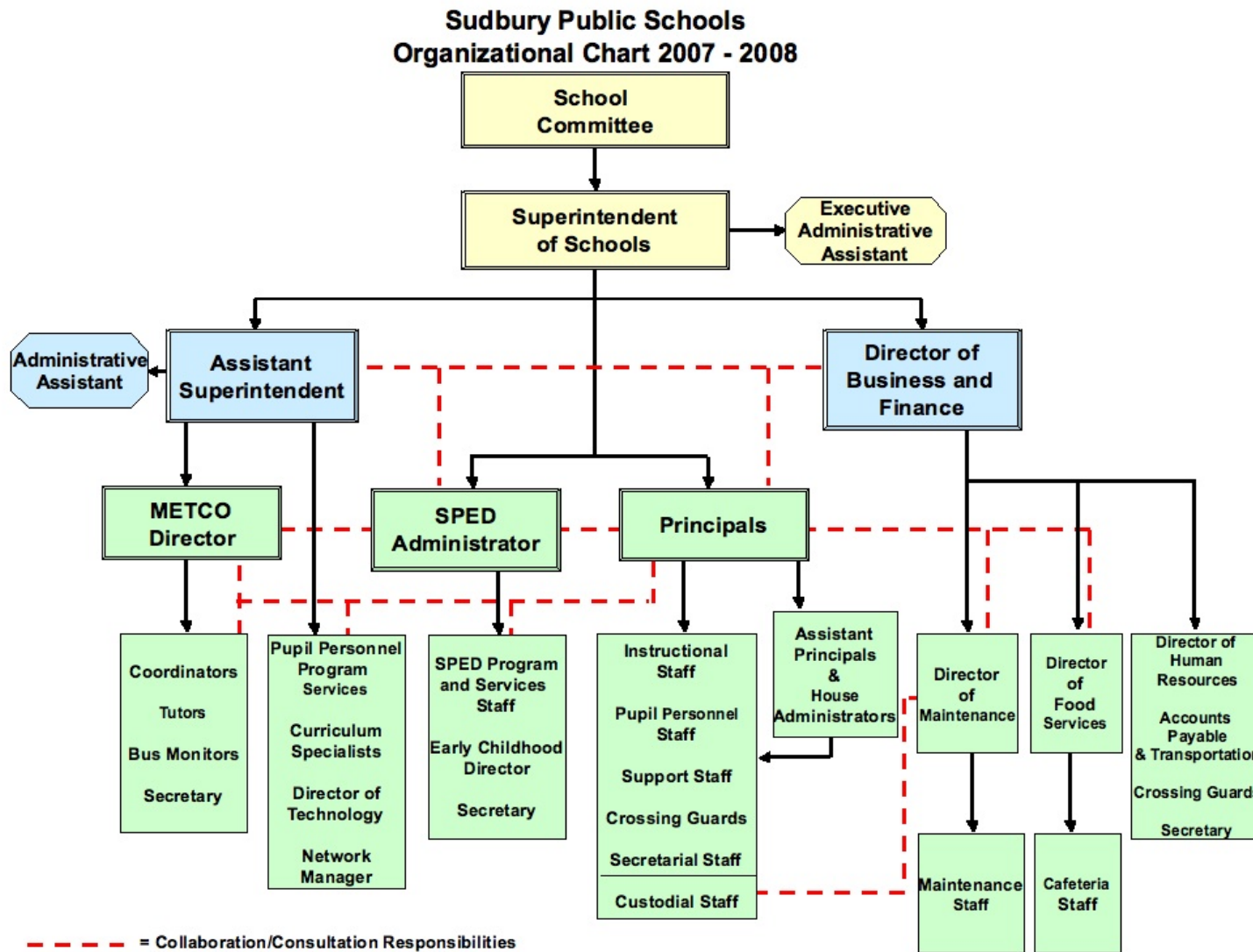
1. Uncontrollable costs
2. Constraints of Proposition 2½
3. Variable state aid

The first barrier to structural balance is rapid and uncontrollable cost increases. Examples from recent years include health insurance, pension obligations, special education and utilities. While such costs have routinely and significantly exceeded the rate of inflation, escalation alone does not create structural imbalance. As costs increase, structural difficulties are exacerbated by a second barrier — the revenue raising constraints of Proposition 2½.

Most communities work to build a budget within the revenue constraints established by Proposition 2½. The magnitude of this job is demonstrated by the fact that an average of 62 communities attempt at least one operating override question every year. Since the passage of Proposition 2½, there have been 4,185 operating budget override questions placed on city and town ballots in the Commonwealth. This figure does not include debt or capital exclusions. These ballot questions have a long-term success rate of 40 percent, though there is variation depending on the political or economic climate.

Many observers contend that the need for so many overrides demonstrates government's inability to live within its means. On the other side of the coin, some argue that the services provided by government are vital and the 2½ per-

APPENDIX L: Current SPS Organization Chart



APPENDIX M: CURRENT L-S ORGANIZATION CHART

Lincoln-Sudbury Administrative Team

The administrators work as a team. Every administrator has certain responsibilities including: supervision/evaluation of staff; supervision of students; overview of curriculum, instruction, and assessment; community, parent, feeder school relationships.

Superintendent-Principal Dr. John Ritchie (x2373)			
Director of Finance Judy Belliveau(x2383)	Treasurer Pauline Paste		
Director of Athletics & Activities Nancy O'Neil (x3100)	Director of Student Services Joanne Delaney (x2385)	Curriculum Coordinator Leslie Belcher (x2337)	
East Housemaster Leslie Gray (x3353)	North Housemaster Scott Carpenter (x3253)	South Housemaster Eleanor Burke (x2453)	West Housemaster Iain Ryrie (x2353)
Director of Central Peter Fredrickson (x4261)	Director of METCO Nicole Stewart (x2254)		

Forms for L-S Staff Members	Parking application June 2008(pdf)	Send a Safety Concern	Community Service Requirement Form
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APPENDIX N: Full Day Kindergarten

Current Kindergarten Program					in numbers A	in dollars				
					Classrooms needed 1/2 day	B		C = A x B		
						Avg Comp \$	\$ Benefits at ~25%		Cost of 1/2 day	
	Teachers	Students	Class Size	Fee, in 000						
		284	17.5		8.1					
Expenses:										
1/2 day kindergarten	8			n/a	8	\$ 62	\$ 16	\$ 78	\$ 624	
Class Aides (eliminated in FY08)				n/a						
Materials (per class)				n/a	\$ 2			\$ 16	\$ 32	
Assumes no "DOE Quality Grant"									\$ -	
Cost (in 000s) of 1/2 kindergarten without fixed costs					n/a				\$ 656	
Current Kindergarten Program, with optional full day and assumption of 75% participation					in numbers A	in dollars				
					Classrooms needed 1/2 day	B		C = A x B		
						Avg Comp \$	\$ Benefits at ~25%		Cost of 1/2 day + opt full day	
	Teachers	Students	Class Size	Fee, in 000						
		284	17.5		8.1					
Expenses:										
1/2 day kindergarten	2	71	17.5		2	\$ 62	\$ 16	\$ 78	\$ 158	
full day kindergarten	10	213	17.5		12	\$ 62	\$ 16	\$ 78	\$ 949	
Class Aides (eliminated in FY08)	4				4	\$ 31	\$ 8	\$ 39	\$ 156	
Materials (per class)					\$ 3			\$ 24	\$ 72	
Assumes no "DOE Quality Grant"										
LESS OFFSETS OF FULL DAY FEE		213		\$ 5.00					\$ (1,065)	
Cost (in 000s) of 1/2 kindergarten + opt full-time (without fixed costs)									\$ 271	
						Net Savings to SPS			\$ 385	

*Class Aides for full-day program would only be assigned to full day program

APPENDIX O: School Budget Data Mass DOE FY2007

Schools	Admini- stration	Instruct'l Leader- ship	Classroom and Specialist Teachers	Other Teaching Services	Prof Dev	Instruct'l Materials, Equip. and Tech	Guidance, Counsel- ing and Testing	Pupil Services	Ops and Maint	Ins, Retire and Other	Out-Of- District Schools Per Pupil (ALL)	Out-Of- District Schools Per Pupil (OOD Only)	Total Expend- itures Per Pupil
SPS	363	644	3,583	1,274	148	236	249	754	837	1,785	664	46,280	10,395
SPS compared to State Avg	(0.10)	(0.16)	(0.21)	0.56	(0.33)	(0.34)	(0.24)	(0.30)	(0.17)	(0.07)	(0.36)	1.39	(0.12)
SPS compared to K-8 State Avg	(0.30)	(0.31)	(0.32)	0.01	(0.23)	(0.48)	(0.25)	(0.27)	(0.32)	(0.11)	(0.73)	0.88	(0.21)
L-S	364	1,197	5,419	668	134	407	629	1,392	1,185	1,756	1,654	81,535	14,534
L-S compared to State Avg	(0.09)	0.55	0.20	(0.18)	(0.40)	0.14	0.92	0.29	0.17	(0.09)	0.59	3.21	0.23
L-S compared to HS State Avg	(0.22)	0.34	0.12	(0.08)	(0.38)	(0.05)	0.18	(0.06)	(0.00)	(0.13)	0.47	2.30	0.09
L-S compared to SU HS Avg	(0.31)	0.30	0.06	(0.14)	0.67	(0.13)	0.18	(0.20)	(0.06)	(0.08)	0.38	1.36	0.03
Superintendency Union HS													
Acton- Boxborough	420	749	3,683	663	99	191	393	1,571	1,074	1,855	1,862	37,952	11,582
Concord-Carlisle	801	1,105	5,263	1,251	90	772	674	1,636	1,284	1,597	2,376	71,667	16,331
Dover-Sherborn	565	1,176		642	66	476	567	2,300			-	-	15,698

			6,342						1,433	2,189			
Algonquin	318	649	5,106	540	65	431	497	1,446	1,236	2,001	552	28,380	12,606
Superintendency Unions HS Avg	526	920	5,099	774	80	468	533	1,738	1,257	1,911	1,198	34,500	14,054
SU Compared to State Avg	0.31	0.19	0.13	(0.05)	(0.64)	0.31	0.62	0.61	0.24	(0.01)	0.15	0.78	0.19
SU Compared to HS State Avg	0.12	0.03	0.05	0.06	(0.63)	0.09	0.00	0.17	0.06	(0.06)	0.06	0.40	0.06
K-8 State Avg	522	933	5,242	1,264	193	451	334	1,036	1,224	2,010	2,483	24,682	13,128
High School State Avg	468	892	4,837	730	215	428	531	1,486	1,189	2,026	1,129	24,671	13,295
All Schools State Avg	401	770	4,513	819	222	356	328	1,081	1,014	1,929	1,039	19,347	11,859



MASSACHUSETTS



Network Blue[®]

Summary of Benefits

Town of Sudbury

✓ This health plan meets Minimum Creditable Coverage Standards for Massachusetts residents that will be effective January 1, 2009, as part of the Massachusetts Health Care Reform Law.

Blue Cross Blue Shield of Massachusetts is an Independent Licensee of the Blue Cross and Blue Shield Association

Your Care

Your Primary Care Physician.

When you join Network Blue, you must choose a primary care physician (PCP) for you and each member of your family. There are several ways to find a PCP: visit the Blue Cross Blue Shield of Massachusetts website at www.bluecrossma.com; consult the Provider Directory; or call our Physician Selection Service at 1-800-821-1388. If you have trouble choosing a doctor, the Physician Selection Service can help. We can tell you whether a doctor is male or female, the medical school(s) he or she attended, and if any languages other than English are spoken in the office.

Referrals You Can Feel Better About.

Your PCP is the first person you call when you need routine or sick care (see *Emergency Care—Wherever You Are* for emergency care services). Your HMO Blue PCP cares about your health, which is why, should you and your PCP decide you need a specialist, you'll be referred to the one your PCP determines is appropriate for treating your specific condition. If you have a specialist to whom you would like to be referred, discuss this with your doctor. Your physician may also work with Blue Cross Blue Shield concerning the Utilization Review Requirements, which are Pre-Admission Review, Concurrent Review and Discharge Planning, Prior Approval for Certain Outpatient Services, and Individual Case Management. Information concerning Utilization Review is detailed in your benefit description.

Emergency Care—Wherever You Are.

In an emergency, such as a suspected heart attack, stroke, or poisoning, you should go directly to the nearest medical facility or call 911 (or the local emergency phone number). You pay a \$25 copayment per visit for emergency room services. This copayment is waived if you are admitted to the hospital or for an observation stay.

Service Area.

The plan's service area includes all cities and towns in the Commonwealth of Massachusetts. Please see your benefit description for exact service area details.

When Outside the Service Area.

If you're traveling outside the service area and you need urgent or emergency care, go to the nearest appropriate health care facility. You are covered for the urgent or emergency care visit and one follow-up visit while outside the service area. Any additional follow-up care must be arranged by your PCP. Please see your benefit description for more information.

Dependent and Student Benefits.

Your health care plan covers your unmarried dependent children until age 19, or full-time students until age 25. Student coverage ends when the student turns 25, or marries, or on November 1 following the date the student discontinues full-time classes or graduates, whichever comes first.

Your Medical Benefits

Covered Services	Your Cost
Outpatient Care	
Emergency room visits	\$25 per visit (waived if admitted or for observation stay)
Well-child care visits	\$5 per visit (no cost for immunizations and routine tests)
Routine adult physical exams, including related tests	\$5 per visit (no cost for routine tests)
Routine GYN exams, including related lab tests (one per calendar year)	\$5 per visit (no cost for routine tests)
Routine hearing exams	\$5 per visit
Routine vision exams (one per calendar year)	\$5 per visit
Family planning services—office visits	\$5 per visit
Preventive dental care for children under age 12 (one visit each six months)	Nothing
Office visits	\$5 per visit
Short-term rehabilitation therapy—physical and occupational (up to 60 visits per calendar year*)	\$5 per visit
Speech, hearing, and language disorder treatment—speech therapy	\$5 per visit
Allergy injections only	Nothing
Diagnostic X-rays, lab tests, and other tests	Nothing
Home health care and hospice services	Nothing
Oxygen and equipment for its administration	Nothing
Durable medical equipment—such as wheelchairs, crutches, hospital beds (up to \$1,500 per calendar year**)	All charges beyond the calendar-year benefit maximum
Prosthetic devices	20% co-insurance
Surgery and related anesthesia	
• Office setting	\$5 per visit
• Ambulatory surgical facility, hospital, or surgical day care unit	Nothing
Mental Health and Substance Abuse Treatment	
Biologically based conditions***	
Inpatient admissions in a general hospital or mental hospital	Nothing
Outpatient visits	\$5 per visit
Non-biologically based mental conditions (includes drug addiction and alcoholism)	
Inpatient admissions in a general hospital	Nothing
Inpatient admissions in a mental hospital or substance abuse treatment facility (up to 60 days per calendar year)	Nothing
Outpatient visits (up to 24 visits per calendar year)	\$5 per visit
Alcoholism treatment (in addition to non-biologically based mental conditions)	
Inpatient admissions in a general hospital	Nothing
Inpatient admissions in a substance abuse treatment facility (up to 30 days per calendar year)	Nothing
Outpatient visits (up to 8 visits per calendar year)	\$5 per visit

* No visit limit applies when short-term rehabilitation therapy is furnished as part of covered home health care.

** No dollar limit applies when durable medical equipment is furnished as part of covered home dialysis, home health care, or hospice services.

*** Treatment for rape-related mental or emotional disorders and treatment for children under age 19 are covered to the same extent as biologically based conditions.

Your Medical Benefits (continued)

Covered Services	Your Cost
Inpatient Care (including maternity care)	
General or chronic disease hospital care (as many days as medically necessary)	Nothing
Rehabilitation hospital care (up to 60 days per calendar year)	Nothing
Skilled nursing facility care (up to 100 days per calendar year)	Nothing
Prescription Drug Benefit	
At designated retail pharmacies (up to a 30-day formulary supply for each prescription or refill)	\$5 for generic \$10 for brand-name
Through the mail service pharmacy (up to a 90-day formulary supply for each prescription or refill)	\$5 for generic \$10 for brand-name

Healthy Blue Programs

At Blue Cross Blue Shield of Massachusetts we offer you Healthy Blue, a group of programs, discounts and savings, resources, and tools to help you get the most you can from your health care plan. Call us at **1-800-932-8323** to receive our *Healthy Blue* booklet, which outlines these special programs.

Living Healthy Babies®	No charge
A Fitness Benefit toward membership at a health club (see your benefit description for details)	\$150 per year, per individual/family
Living Healthy® Vision—discounts on eyewear (frames, lenses, supplies, and laser vision correction surgery)	Discount varies
Discounts on home safety items	Discount varies
Blue Care® Line to answer your health care questions 24 hours a day—call 1-888-247-BLUE (2583)	No charge
Living Healthy® Naturally—discounts on different types of complementary and alternative medicine services such as acupuncture, massage therapy, nutritional counseling, personal training, Pilates, tai chi, and yoga	Up to a 30% discount
Visit www.AHealthyMe.com for an around-the-clock healthy approach to fitness, family, and fun	No charge

Questions? Call 1-800-932-8323.

For questions about Blue Cross Blue Shield of Massachusetts, visit the website at www.bluecrossma.com.

Interested in receiving information from Blue Cross Blue Shield of Massachusetts via e-mail?

Go to www.bluecrossma.com/email to sign up.

Limitations and Exclusions. These pages summarize the benefits of your health care plan. Your benefit description and riders define the full terms and conditions in greater detail. Should any questions arise concerning benefits, the benefit description and riders will govern. Some of the services not covered are: cosmetic surgery; custodial care; chiropractor services; hearing aids; most dental care; and any services covered by workers' compensation. For a complete list of limitations and exclusions, refer to your benefit description and riders.

Please note: Blue Cross and Blue Shield of Massachusetts, Inc., administers claims payment only and does not assume financial risk for claims.





MASSACHUSETTS



Blue Choice[®] Plan 2

Summary of Benefits

Town of Sudbury

✓ This health plan meets Minimum Creditable Coverage Standards for Massachusetts residents that will be effective January 1, 2009, as part of the Massachusetts Health Care Reform Law.

Blue Cross Blue Shield of Massachusetts is an independent licensee of the Blue Cross and Blue Shield Association

Your Care

Your Primary Care Physician.

When you join Blue Choice, you choose a primary care physician (PCP) for you and each member of your family. There are several ways to find a PCP: visit the Blue Cross Blue Shield of Massachusetts website at www.bluecrossma.com; consult the Provider Directory; or call our Physician Selection Service at 1-800-821-1388. If you have trouble choosing a doctor, the Physician Selection Service can help. We can tell you whether a doctor is male or female, the medical school(s) he or she attended, and if any languages other than English are spoken in the office.

Your PCP is the first person you call when you need routine or sick care (see *Emergency Care—Wherever You Are* for emergency care services). If you and your PCP decide that you need to see a specialist for covered services, your PCP will refer you to an appropriate network specialist. The specialist will usually be one your PCP knows, probably someone affiliated with your PCP's hospital or medical group. Your physician may also work with Blue Cross Blue Shield concerning the Utilization Review Requirements, which are Pre-Admission Review, Concurrent Review and Discharge Planning, Prior Approval for Certain Outpatient Services, and Individual Case Management. Information concerning Utilization Review is detailed in your benefit description.

When You Choose to Receive Care on Your Own.

Your health care plan also allows you to seek most care without a PCP referral, at a lower level of coverage. You may choose any licensed health care provider. When you choose to seek care on your own, some responsibility is yours. If you require hospitalization, you, or someone on your behalf, will need to call us before you're admitted (or within 48 hours of an emergency or maternity admission) to make sure that you're covered.

You may have additional out-of-pocket expenses when you seek care without a referral from your PCP. These expenses include the following:

- For self-referred services, you must pay a calendar-year deductible before benefits are provided. The calendar-year deductible begins on January 1 and ends on December 31 of each year. The deductible is **\$250** for each member (or **\$500** per family). After you have met your deductible, you pay **20 percent** co-insurance for covered services.

- When the money you've paid for your 20 percent co-insurance equals **\$1,000** for each member in a calendar year (or **\$1,000** per family), then your benefits (or your family's benefits) are provided in full, based on the allowed charge, up to any benefit maximums, for the rest of that calendar year. Your PCP/plan-approved copayments do not count toward your co-insurance maximum. You must still pay your copayment when it applies.
- For services not approved as PCP/plan-approved benefits, your health care plan provides up to a lifetime maximum benefit of **\$3,000,000** for each member.

Emergency Care—Wherever You Are.

In an emergency, such as a suspected heart attack, stroke, poisoning, you should go directly to the nearest medical facility or call **911** (or the local emergency phone number). You pay a **\$25** copayment per visit for emergency room services. The copayment is waived if you are admitted to the hospital or have an observation stay.

Service Area.

The plan's service area includes all cities and towns in the Commonwealth of Massachusetts. Please see your benefit description for exact service area details.

When Outside the Service Area.

If you're traveling outside the plan's service area and you need urgent or emergency care, go to the nearest appropriate health care facility. You are covered for the urgent or emergency visit and one follow-up visit while outside the service area. You receive the highest level of benefits, any additional follow-up care must be arranged by your PCP.

Dependent and Student Benefits.

This health care plan covers your unmarried dependent children until age 19, or full-time students until age 25. Coverage ends when the student turns 25, or marries, or on November 1 following the date the student discontinues full-time classes or graduates, whichever comes first.

Your Medical Benefits

Covered Services	Your Cost For PCP/Plan-Approved Benefits	Your Cost For Self-Referred Major Medical Benefits (after your deductible)
Outpatient Care		
Emergency room visits	\$25 per visit (waived if admitted or for observation stay)	\$25 per visit (waived if admitted or for observation stay)
Well-child care visits	\$5 per visit (no cost for immunizations and routine tests)	20% co-insurance* (through age 5**)
Routine adult physical exams, including related tests	\$5 per visit (no cost for routine tests)	Not covered
Routine GYN exams, including related lab tests (one per calendar year)	\$5 per visit (no cost for routine tests)	Not covered
Routine hearing exams	\$5 per visit	Not covered
Routine vision exams (one per calendar year)	\$5 per visit	Not covered
Family planning services—office visits	\$5 per visit	20% co-insurance*
Preventive dental care for children under age 12 (one visit each six months)	Nothing	Not covered
Office visits	\$5 per visit	20% co-insurance*
Chiropractor services	Not covered	20% co-insurance*
Short-term rehabilitation therapy—physical and occupational	\$5 per visit (up to 60 visits per calendar year***)	20% co-insurance*
Speech, hearing, and language disorder treatment—speech therapy	\$5 per visit	20% co-insurance*
Allergy injections only	Nothing	20% co-insurance*
Diagnostic X-rays, lab tests, and other tests	Nothing	20% co-insurance*
Home health care and hospice services	Nothing	20% co-insurance*
Oxygen and equipment for its administration	Nothing	20% co-insurance*
Durable medical equipment—such as wheelchairs, crutches, hospital beds (up to \$1,500 per calendar year†)	All charges beyond the calendar-year benefit maximum	20% co-insurance* and all charges beyond the calendar-year benefit maximum
Prosthetic devices	20% co-insurance	20% co-insurance*
Surgery and related anesthesia		
• Office setting	\$5 per visit	20% co-insurance*
• Ambulatory surgical facility, hospital, or surgical day care unit	Nothing	20% co-insurance*
Inpatient Care (including maternity care)		
General or chronic disease hospital care (as many days as medically necessary)	Nothing	20% co-insurance*
Rehabilitation hospital care (up to 60 days per calendar year)	Nothing	20% co-insurance*
Skilled nursing facility care (up to 100 days per calendar year)	Nothing	Not covered
Prescription Drug Benefit		
At designated retail pharmacies (up to a 30-day formulary supply for each prescription or refill)	\$5 for generic \$10 for brand-name	
Through the mail service pharmacy (up to a 90-day formulary supply for each prescription or refill)	\$5 for generic \$10 for brand-name	

* In addition to your deductible and 20% co-insurance, you may be responsible for any balance of charges above the allowed charge for providers who do not have payment agreements with Blue Cross and/or Blue Shield.

** This service is provided according to an age-based schedule.

*** No visit limit applies when short-term rehabilitation therapy is furnished as part of covered home health care.

† No dollar limit applies when durable medical equipment is furnished as part of covered home dialysis, home health care, or hospice services.

Your Medical Benefits (continued)

Covered Services	Your Cost For PCP/Plan-Approved Benefits	Your Cost For Self-Referred Major Medical Benefits (after your deductible)
Mental Health and Substance Abuse Treatment		
Biologically based conditions*		
Inpatient admissions in a general hospital or mental hospital	Nothing	20% co-insurance**
Outpatient visits	\$5 per visit	20% co-insurance**
Non-biologically based mental conditions (includes drug addiction and alcoholism)		
Inpatient admissions in a general hospital	Nothing	20% co-insurance**
Inpatient admissions in a mental hospital or substance abuse treatment facility	Nothing (up to 60 days per calendar year)	20% co-insurance** (up to 60 days per calendar year)
Outpatient visits	\$5 per visit (up to 24 visits per calendar year)	20% co-insurance** (up to 24 visits per calendar year)
Alcoholism treatment (in addition to non-biologically based mental conditions)		
Inpatient admissions in a general hospital	Nothing	20% co-insurance**
Inpatient admissions in a substance abuse treatment facility	Nothing (up to 30 days per calendar year)	20% co-insurance** (up to 30 days per calendar year)
Outpatient visits	\$5 per visit (up to 8 visits per calendar year)	20% co-insurance** (up to 8 visits per calendar year)

* Treatment for rape-related mental or emotional disorders and treatment for children under age 19 are covered to the same extent as biologically based conditions.

** In addition to your deductible and 20% co-insurance, you may be responsible for any balance of charges above the allowed charge for providers who do not have payment agreements with Blue Cross and/or Blue Shield.

Healthy Blue Programs

At Blue Cross Blue Shield of Massachusetts we offer you Healthy Blue, a group of programs, discounts and savings, resources, and tools to help you get the most you can from your health care plan. Call us at **1-800-932-8323** to receive our *Healthy Blue* booklet, which outlines these special programs.

Living Healthy Babies®	No charge
A Fitness Benefit toward membership at a health club (see your benefit description for details)	\$150 per year, per individual/family
Living Healthy® Vision—discounts on eyewear (frames, lenses, supplies, and laser vision correction surgery)	Discount varies
Discounts on home safety items	Discount varies
Living Healthy® Naturally—discounts on different types of complementary and alternative medicine services such as acupuncture, massage therapy, nutritional counseling, personal training, Pilates, tai chi, and yoga	Up to a 30% discount
Blue Care® Line to answer your health care questions 24 hours a day—call 1-888-247-BLUE (2583)	No charge
Visit www.AHealthyMe.com for an around-the-clock healthy approach to fitness, family, and fun	No charge

Questions? Call 1-800-932-8323.

For questions about Blue Cross Blue Shield of Massachusetts, visit the website at www.bluecrossma.com.

Interested in receiving information from Blue Cross Blue Shield of Massachusetts via e-mail?

Go to www.bluecrossma.com/email to sign up.

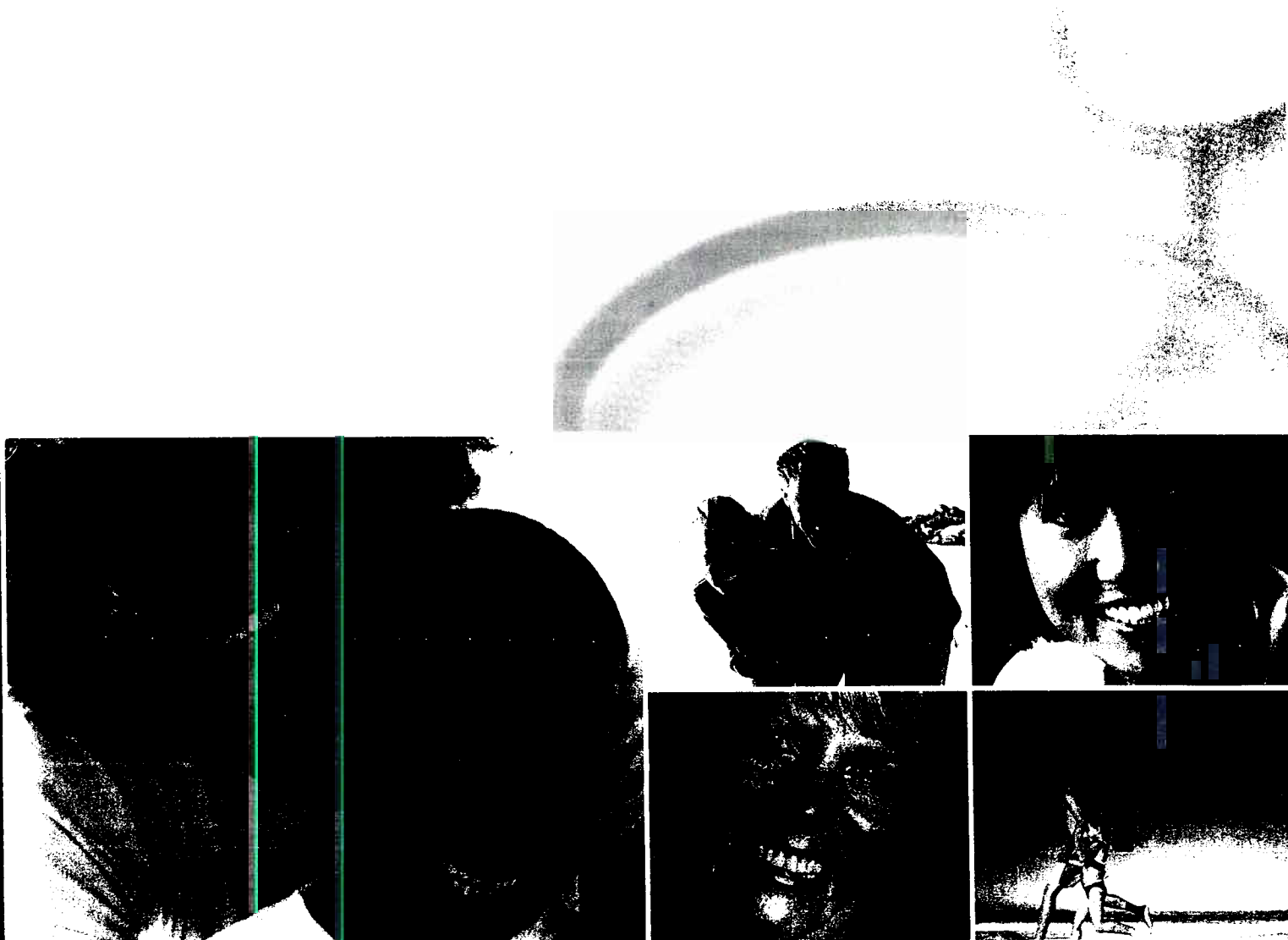
Limitations and Exclusions. These pages summarize the benefits of your health care plan. Your benefit description and riders define the full terms and conditions in greater detail. Should any questions arise concerning benefits, the benefit description and riders will govern. Some of the services not covered are: cosmetic surgery; custodial care; hearing aids; most dental care; and any services covered by workers' compensation. For a complete list of limitations and exclusions, refer to your benefit description and riders.

Please note: Blue Cross and Blue Shield of Massachusetts, Inc., administers claims payment only and does not assume financial risk for claims.



Schedule of Benefits

for The Harvard Pilgrim HMO



Harvard Pilgrim
Health Care

Schedule of Benefits

The Harvard Pilgrim HMO

Massachusetts

Services listed are covered when medically necessary and provided or arranged by Harvard Pilgrim Health Care providers. Please see your Benefit Handbook for details.

Service

Inpatient Acute Hospital Services (including Day Surgery)

All covered services including the following:

- Coronary care
- Hospital services
- Intensive care
- Semi-private room and board
- Physicians' and surgeons' services including consultations

Covered in full.

Hospital Outpatient Department Services

All covered services including the following:

- Anesthesia services
- Chemotherapy
- Endoscopic procedures
- Laboratory tests and x-rays
- Radiation therapy
- Physicians' and surgeons' services

Covered in full.

Emergency Services

- You are always covered for care in a Medical Emergency. A referral from your PCP is not needed. In a Medical Emergency, you should go to the nearest emergency facility or call 911 or other local emergency number. If you are hospitalized, you must call your PCP within 48 hours or as soon as you can. Please note that this requirement is met if your attending physician has already given notice to your PCP.

\$30 Copayment per visit in an emergency room. This Copayment is waived if admitted directly to the hospital from the emergency room. See "Physician's Services" for coverage of emergency services by a physician in any other location.

Physician Services (including covered services by podiatrists)

All covered services including the following:

- Administration of injections
- Allergy tests and treatments
- Changes and removals of casts, dressings or sutures
- Chemotherapy
- Consultations concerning contraception and hormone replacement therapy
- Diabetes self-management, including education and training
- Diagnostic screening and tests, including but not limited to mammograms, blood tests, lead screenings and screenings mandated by state law
- Family planning services
- Infertility services
- Health education, including nutritional counseling
- Medical treatment of temporomandibular joint dysfunction (TMD)
- Preventive care, including routine physical examinations, immunizations, routine annual eye examinations, school, camp, sports and premarital examinations
- Sick and well office visits, including psychopharmacological services
- Vision and hearing screening

\$5 Copayment per visit.
(Please note: diagnostic tests, mammograms, x-rays and immunizations will be covered in full if billed without an office visit and no other services are provided.)

-
- Administration of allergy injections

\$5 Copayment per visit.

Maternity Services

- Prenatal and postpartum care
- All hospital services for mother and routine nursery charges for newborn care

Covered in full.

Covered in full.

Mental Health and Drug and Alcohol Rehabilitation Services

Please note that no day or visit limits apply to inpatient or outpatient mental health treatment for biologically-based mental disorders, rape-related mental or emotional disorders, and non-biologically-based mental, behavioral or emotional disorders for children and adolescents. No day or visit limits apply to inpatient or outpatient drug and alcohol rehabilitation services that are authorized by a Plan mental health clinician in conjunction with treatment of mental disorders. (Please see your Benefit Handbook for details.)

- Inpatient mental health services in a licensed general hospital - unlimited
 - Inpatient mental health services in a psychiatric hospital - up to 60 days per calendar year
 - Inpatient drug and alcohol rehabilitation services - up to 30 days per calendar year
 - Inpatient detoxification
-
- Outpatient mental health services - up to 24 visits per calendar year for individual therapy and up to 25 visits per calendar year for group therapy, not to exceed a combined maximum of 25 individual and group therapy visits per calendar year
 - Group therapy
 - Individual therapy
 - Outpatient drug and alcohol rehabilitation services - up to 20 visits or \$500 in benefit value per calendar year, whichever is greater
 - Group therapy
 - Individual therapy visits 1-8
 - Individual therapy after visit 8
 - Outpatient drug and alcohol rehabilitation services in conjunction with the treatment of mental disorders
 - Group therapy
 - Individual therapy
 - Outpatient detoxification
 - Psychological testing
-

Covered in full.

\$5 Copayment per visit.

\$5 Copayment per visit.

\$5 Copayment per visit.

\$5 Copayment per visit.

\$25 Copayment per visit.

\$5 Copayment per visit.

\$5 Copayment per visit.

\$5 Copayment per visit.

\$5 Copayment per visit.

Home Health Care Services

- Home care services
 - Intermittent skilled nursing care
-

Covered in full.

No cost sharing or benefit limit applies to durable medical equipment, physical therapy or occupational therapy received as part of authorized home health care.

Dental Services

- Preventive care for children under the age of 14. Two visits per Member per calendar year, including examination, cleaning, x-rays and fluoride treatment.
 - Extraction of teeth impacted in bone
 - Initial emergency treatment (within 72 hours of injury)
-

Covered in full.

\$5 Copayment per visit. If inpatient services are required, please see "Inpatient Acute Hospital Services" for cost sharing.

Skilled Nursing Facility Care Services

- Covered up to 100 days per calendar year

Covered in full.

Inpatient Rehabilitation Services

- Covered up to 100 days per calendar year

Covered in full.

Diabetes Equipment and Supplies

- Therapeutic molded shoes and inserts, dosage gauges, injectors, lancet devices, voice synthesizers and visual magnifying aids
- Blood glucose monitors, insulin pumps and supplies and infusion devices
- Insulin, insulin syringes, insulin pens with insulin, lancets, oral agents for controlling blood sugar, blood test strips, and glucose, ketone and urine test strips

Subject to the applicable cost sharing, if any, under the durable medical and prosthetic equipment benefit.

Covered in full.

Subject to the applicable prescription drug Copayment listed on your ID card, if your Plan includes prescription drug coverage. If prescription drug coverage is not available, then you will pay a \$5 Copayment for Tier 1 items, \$10 Copayment for Tier 2 items and a \$25 Copayment for Tier 3 items.

Durable Medical Equipment including Prosthetics

Durable medical equipment (DME) including prosthetics - up to a maximum of \$5,000 per calendar year for all covered equipment. Coverage includes, but is not limited to:

- Durable medical equipment
- Prosthetic devices (the DME benefit limit does not apply to artificial arms and legs)
- Ostomy supplies
- Breast prostheses, including replacements and mastectomy bras (the DME benefit limit does not apply)
- Oxygen and respiratory equipment (the DME benefit limit or cost sharing, if any, does not apply)
- Wigs - up to a limit of \$350 per calendar year when needed as a result of any form of cancer or leukemia, alopecia areata, alopecia totalis or permanent hair loss due to injury

20% Copayment of equipment cost to HPHC, not to exceed a Member's total expense of \$1,000. There is no coverage after the \$5,000 in equipment cost have been paid, including Member Copayments.

Hypodermic Syringes and Needles

- Hypodermic syringes and needles to the extent Medically Necessary, as required by Massachusetts law

Subject to the applicable prescription drug Copayment listed on your ID card, if your Plan includes prescription drug coverage. If prescription drug coverage is not available, then you will pay the lower of the pharmacy's retail price or a \$5 Copayment for Tier 1 items, \$10 Copayment for Tier 2 items and a \$25 Copayment for Tier 3 items.

Other Health Services

- Cardiac rehabilitation
- Dialysis
- Physical and occupational therapies - up to 90 consecutive days per condition
- Speech-language and hearing services, including therapy
- Early intervention services up to a maximum of \$5,200 per Member per calendar year and a lifetime maximum of \$15,600
- Second opinion

\$5 Copayment per visit.

-
- House calls

\$15 Copayment per visit.

-
- Ambulance services
 - Low protein foods (\$2,500 per Member per calendar year)
 - State mandated formulas

Covered in full.

-
- Hospice services

Covered in full. If inpatient services are required, please see "Inpatient Acute Hospital Services" for cost sharing.

-
- Vision hardware for special conditions

Covered in full up to the applicable benefit limits as described in the Benefit Handbook.



Commonwealth of Massachusetts
Group Insurance Commission

Your
Benefits
Connection

MUNICIPAL EMPLOYEES *and Non-Medicare Retirees and Survivors*

2008-2009



For Changes
Effective
July 1, 2008

GIC Health Plans Benefits-At-A-Glance



Weigh Your Options During Annual Enrollment

- Determine which plans you are eligible for – See your *GIC Benefit Decision Guide*.
- Review the chart and the corresponding plan descriptions for an overview of your health plan options, their structure, and the co-pays and deductibles for frequently used services. Weigh the following:
 - Are there out-of-network benefits and do you need them?
 - Do you prefer having a Primary Care Physician required to coordinate your care?
 - Monthly rates (*see separate rate chart*)
- Contact the plans you are considering to find out:
 - Information on other health plan benefits that are not described in this brochure
 - If your doctors and hospitals are in the network
 - Which co-pay tiers your doctors and hospitals are in
- Attend a GIC health fair and see the GIC's website for additional information.

See Health Plan Locations map on back page.

Additional Contact Information

All UniCare State Indemnity Plans

- Prescription Drug Benefits (Express Scripts): 1.877.828.9744; www.express-scripts.com
- Mental Health/Substance Abuse and EAP Benefits (United Behavioral Health): 1.888.610.9039; www.liveandworkwell.com (access code: 10910)

Navigator by Tufts Health Plan

- Mental Health/Substance Abuse and EAP Benefits (United Behavioral Health): 1.888.610.9039; www.liveandworkwell.com (access code: 10910)



Mark the Date!

Forms are due Friday, May 16 for changes effective July 1, 2008

- **Active employees:** Return completed forms and required documentation for family coverage as outlined on the *Your GIC Records* section of our website (if a new GIC enrollee or RMT converting to municipal coverage) to the GIC Coordinator in your benefits office.
- **Springfield and Saugus Retirees:** Return completed forms to the GIC or written request to the GIC asking for the change.
- **Retirees/Survivors enrolling for the first time:** Return completed forms and required documentation for family coverage as outlined on the *Your GIC Records* section of our website to the GIC Coordinator in your benefits office.

Forms are available through your GIC Coordinator, on our website, and at the GIC health fairs.

This chart is a comparative overview of GIC plan benefits. The UniCare benefits. These plans also offer out-of-network benefits with higher individual plan.

HEALTH PLAN	FALLON COMMUNITY HEALTH PLAN DIRECT CARE
PLAN TYPE	HMO
TELEPHONE NUMBER	1.866.344.4442
WEBSITE	www.fchp.org
Primary Care Physician Office Visit – Sick visit <i>(Some plans offer lower co-pays for wellness visits; contact the Plan for details.)</i> ★★★ Tier 1 (excellent) ★★ Tier 2 (good) ★ Tier 3 (standard)	100% after \$10 per visit no tiering no tiering
Specialist Physician Office Visit ★★★ Tier 1 (excellent) ★★ Tier 2 (good) ★ Tier 3 (standard)	100% after \$15 per visit no tiering no tiering
Inpatient Hospital Care – Medical Tier 1 Tier 2	100% after \$200 per admission no tiering
Outpatient Surgery	100% after \$100 per occurrence
Emergency Room Care	100% after \$75 per visit (waived if admitted)
Prescription Drug Co-pays Retail – up to a 30-day supply Tier 1 Tier 2 Tier 3 Other – if applicable	 \$10 \$25 \$40 N/A
Mail order – Maintenance drugs – up to a 90-day supply Tier 1 Tier 2 Tier 3 Other – if applicable	 \$20 \$50 \$90 N/A
Outpatient Mental Health and Substance Abuse Care	100% after \$10 per visit

are State Indemnity Plan/Basic is available throughout the United States and outside of the country. Benefits described below for the Harvard P
r out-of-pocket costs. With the exception of emergency care, there are no out-of-network benefits for the GIC HMOs – Fallon, Health New Eng

FALLON COMMUNITY HEALTH PLAN SELECT CARE	HARVARD PILGRIM INDEPENDENCE PLAN	HEALTH NEW ENGLAND	NAVIGATOR BY TUFTS HEALTH PLAN	
HMO	PPO	HMO	PPO	
1.866.344.4442	1.800.542.1499	1.800.842.4464	1.800.870.9488	
www.fchp.org	www.harvardpilgrim.org/gic	www.hne.com	www.tuftshealthplan.com/gic	
100% after \$10 per visit 100% after \$15 per visit 100% after \$25 per visit	100% after \$15 per visit no tiering no tiering	100% after \$10 per visit 100% after \$15 per visit ¹ 100% after \$25 per visit	100% after \$15 per visit no tiering no tiering	
100% after \$15 per visit 100% after \$25 per visit 100% after \$35 per visit	100% after \$15 per visit 100% after \$25 per visit 100% after \$35 per visit	100% after \$15 per visit 100% after \$25 per visit 100% after \$35 per visit	100% after \$15 per visit 100% after \$25 per visit 100% after \$35 per visit	
Maximum one deductible per calendar quarter or four co-pays per year, depending on plan; deductible/co-pay waived if r				
100% after \$250 per admission no tiering	100% after \$300 per admission no tiering	100% after \$250 per admission no tiering	100% after \$200 per admission 100% after \$400 per admission	
Maximum one deductible per calendar quarter or four co-pays per year, dependin				
100% after \$125 per occurrence	100% after \$100 per occurrence	100% after \$100 per occurrence	100% after \$100 per occurrence	
100% after \$75 per visit (waived if admitted)	100% after \$50 per visit (waived if admitted)	100% after \$50 per visit (waived if admitted)	100% after \$50 per visit (waived if admitted)	
\$10 \$25 \$40 N/A	\$10 \$20 \$40 N/A	\$10 \$20 \$40 N/A	\$10 \$20 \$40 N/A	
\$20 \$50 \$90 N/A	\$20 \$40 \$90 N/A	\$20 \$40 \$120 N/A	\$20 \$40 \$90 N/A	
100% after \$15 per visit	100% after \$15 per visit	100% after \$15 per visit	100% after \$15 per visit	

¹ Pediatric Physician Office Sick Visit: 100% after \$15 per visit

Pilgrim Independence Plan, Navigator by Tufts Health Plan, UniCare State Indemnity Plan/Community Choice and PLUS are in-network and Neighborhood Health Plan. For providers, benefit details, exclusions, and limitations, see the Plan handbook or contact the

NHP CARE (Neighborhood Health Plan)	UNICARE STATE INDEMNITY PLAN/ BASIC with CIC (Comprehensive) <i>Without CIC deductibles are higher and coverage is only 80% for some services. Contact the Plan for details.</i>	UNICARE STATE INDEMNITY PLAN/ COMMUNITY CHOICE	UNICARE STATE INDEMNITY PLAN/PLUS
HMO	INDEMNITY	PPO-TYPE	PPO-TYPE
1.800.462.5449	1.800.442.9300	1.800.442.9300	1.800.442.9300
www.nhp.org	www.unicare-cip.com	www.unicare-cip.com	www.unicare-cip.com
100% after \$10 per visit 100% after \$20 per visit 100% after \$25 per visit	100% after \$10 per visit 100% after \$20 per visit 100% after \$25 per visit	100% after \$10 per visit 100% after \$20 per visit 100% after \$25 per visit	100% after \$10 per visit 100% after \$20 per visit 100% after \$25 per visit
100% after \$15 per visit 100% after \$25 per visit 100% after \$35 per visit	100% after \$10 per visit 100% after \$20 per visit 100% after \$30 per visit	100% after \$15 per visit 100% after \$20 per visit 100% after \$35 per visit	100% after \$15 per visit 100% after \$20 per visit 100% after \$35 per visit
100% after \$250 per admission no tiering	100% after \$200 per admission no tiering	100% after \$200 per admission no tiering	100% after \$250 per admission 100% after \$400 per admission
100% after \$100 per occurrence	100% after \$100 per occurrence	100% after \$100 per occurrence	100% after \$100 per occurrence
100% after \$75 per visit (waived if admitted)	100% after \$50 per visit (waived if admitted)	100% after \$50 per visit (waived if admitted)	100% after \$50 per visit (waived if admitted)
\$10 \$25 \$45 N/A	\$7 \$20 \$40 \$2 Value	\$7 \$20 \$40 \$2 Value	\$7 \$20 \$40 \$2 Value
\$20 \$50 \$135 N/A	\$14 \$40 \$90 \$4 value \$10 specialty (30-day supply only)	\$14 \$40 \$90 \$4 value \$10 specialty (30-day supply only)	\$14 \$40 \$90 \$4 value \$10 specialty (30-day supply only)
100% after \$10 per visit	100% after \$15 per visit	100% after \$15 per visit	100% after \$15 per visit

Four years ago the GIC began the Clinical Performance Improvement Initiative to improve health care quality while containing costs. The GIC has quantified differences in physician quality and cost efficiency standards. The GIC's health plans use this information to develop benefit designs in which members are given modest co-pay incentives to use better performing providers. For FY09, the Clinical Performance Improvement Initiative for Employee and Non-Medicare Retiree/Survivor Plans will continue to evolve:

Physician office visit co-pays will migrate to three tiers for specialists, as well as Primary Care Physicians in some plans, based on quality and cost efficiency standards. Health plans will tier physicians on the group and individual level, depending on the practice type and data available:

★★★ Tier 1 (*excellent*)

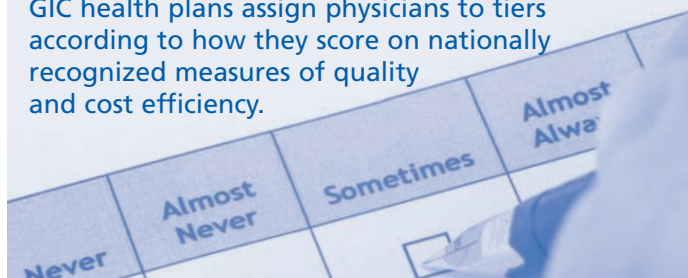
★★ Tier 2 (*good*)

★ Tier 3 (*standard*)

Physicians for whom there is not enough data and non-tiered specialists will be assigned the Plan's Tier 2 co-pay.

How are physician tiers determined?

Based on a thorough analysis of physician claims, GIC health plans assign physicians to tiers according to how they score on nationally recognized measures of quality and cost efficiency.



Fallon Community Health Plan Direct Care (HMO)

- Tiering: Not Applicable – Has Selective Network
- PCP required – yes
- Out-of-network benefits – no

Fallon Community Health Plan Select Care (HMO)

- Tiering: Fallon Community Health Plan tiers network physicians based on quality and cost efficiency standards.
- PCP required – yes
- Out-of-network benefits – no

Harvard Pilgrim Independence Plan (PPO)

- Tiering: Harvard Pilgrim Health Care tiers the following Massachusetts specialists based on quality and cost efficiency standards: Allergists/Immunologists, Cardiologists, Dermatologists, Endocrinologists, Gastroenterologists, General Surgeons, Neurologists, Obstetrician/Gynecologists, Ophthalmologists, Orthopedic Specialists, Otolaryngologists (ENTs), and Rheumatologists.
- PCP required – no
- Out-of-network benefits – yes

Health New England (HMO)

- Tiering: Health New England tiers network Primary Care Physicians and the following specialists based on quality and cost efficiency standards: Cardiologists, Dermatologists, Endocrinologists, Gastroenterologists, Obstetricians/Gynecologists, Orthopedists, Otolaryngologists (ENTs), and Rheumatologists.
- PCP required – no
- Out-of-network benefits – no

Navigator by Tufts Health Plan (PPO)

- Tiering: Tufts Health Plan tiers the following specialists based on quality and cost efficiency standards: Cardiologists, Dermatologists, Endocrinologists, Gastroenterologists, General Surgeons, Neurologists, Obstetricians/Gynecologists, Ophthalmologists, Orthopedic Specialists, Otolaryngologists (ENTs), Rheumatologists, and Urologists. The plan also tiers its hospitals for adult medical/surgical services, obstetrics (OB), and pediatrics based on quality and cost efficiency standards.
- PCP required – no
- Out-of-network benefits – yes

NHP Care – Neighborhood Health Plan (HMO)

- Tiering: Neighborhood Health Plan tiers network Primary Care Physicians and the following specialists based on quality and cost efficiency standards: Cardiologists, Endocrinologists, Gastroenterologists, and Obstetrician/Gynecologists.
- PCP required – yes
- Out-of-network benefits – no

UniCare State Indemnity Plan/Basic (Indemnity Plan)

- Tiering: UniCare tiers Massachusetts physicians based on quality and cost efficiency standards.
- PCP required – no
- Out-of-network benefits – not applicable; the Indemnity Plan is available throughout the U.S. and outside of the country

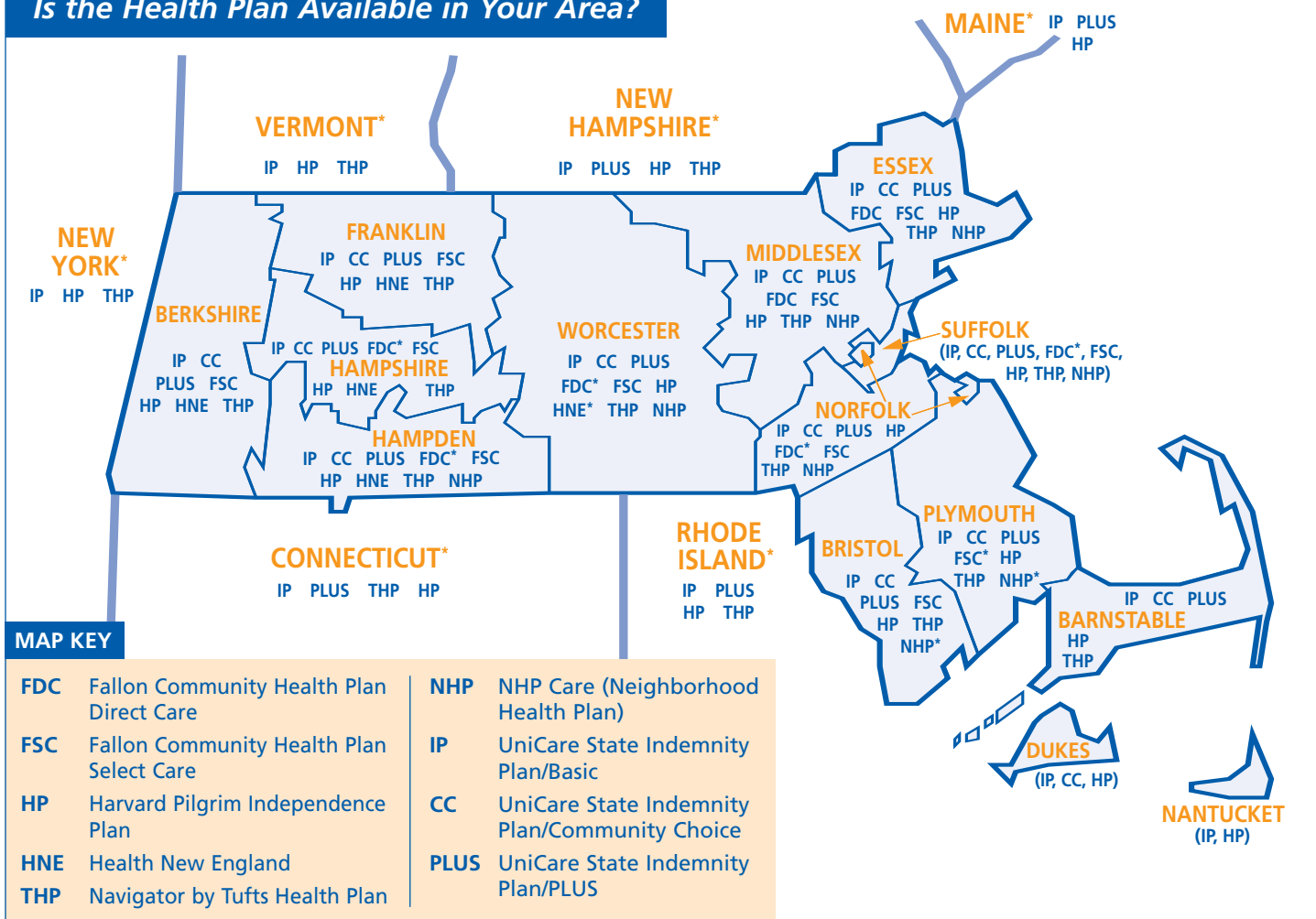
UniCare State Indemnity Plan/Community Choice (PPO-type)

- Tiering: UniCare tiers Massachusetts physicians based on quality and cost efficiency standards.
- PCP required – no
- Out-of-network benefits – no; all Massachusetts physicians included in Plan

UniCare State Indemnity Plan/PLUS (PPO-type)

- Tiering: UniCare tiers Massachusetts physicians based on quality and cost efficiency standards.
- PCP required – no
- Out-of-network benefits – yes

Is the Health Plan Available in Your Area?



* Plans may not be available in every city and town in this county or state. Call the plans for their specific city and town coverage.



The UniCare State Indemnity Plan/Basic is the only plan offered by the GIC available throughout the United States and out of the country.



Commonwealth of Massachusetts
Group Insurance Commission

Your
Benefits
Connection

Group Insurance Commission
PO Box 8747
Boston, MA 02114-8747

617.727.2310

TDD/TTY 617.227.8583

www.mass.gov/gic



Monthly Group Insurance Commission (GIC) Effective July 1, 2008
Full Cost Rates Including 0.75% Administrative Fee

Employee/Non-Medicare Retiree Health Plans

HEALTH PLAN	PLAN TYPE	INDIVIDUAL	FAMILY
Fallon Community Health Plan Direct Care	HMO	\$397.47	\$953.91
Fallon Community Health Plan Select Care	HMO	471.68	1,132.03
Harvard Pilgrim Independence Plan	PPO	513.54	1,242.54
Health New England	HMO	427.06	1,058.70
Navigator by Tufts Health Plan	PPO	486.23	1,173.51
NHP Care (<i>Neighborhood Health Plan</i>)	HMO	421.74	1,117.61
UniCare State Indemnity Plan/Basic with CIC (<i>Comprehensive</i>)	Indemnity	753.25	1,758.57
UniCare State Indemnity Plan/Basic without CIC (<i>Non-Comprehensive</i>)	Indemnity	718.51	1,677.98
UniCare State Indemnity Plan/Community Choice	PPO-type	410.94	986.24
UniCare State Indemnity Plan/PLUS	PPO-type	521.79	1,245.24

Medicare Plans

Health Plan	PLAN TYPE	PER PERSON
Fallon Senior Plan [*]	Medicare (<i>HMO</i>)	\$201.00
Harvard Pilgrim Medicare Enhance	Medicare (<i>Indemnity</i>)	355.94
Health New England MedPlus	Medicare (<i>HMO</i>)	357.40
Tufts Health Plan Medicare Complement	Medicare (<i>HMO</i>)	325.19
Tufts Health Plan Medicare Preferred [*]	Medicare (<i>HMO</i>)	178.83
UniCare State Indemnity Plan/Medicare Extension (OME) with CIC (<i>Comprehensive</i>)	Medicare (<i>Indemnity</i>)	355.22
UniCare State Indemnity Plan/Medicare Extension (OME) without CIC (<i>Non-Comprehensive</i>)	Medicare (<i>Indemnity</i>)	344.65

^{*}Rates are subject to federal approval and became effective January 1, 2009.