

REPORT OF THE SCHOOL COMMITTEE

The School Committee unanimously recommends the fiscal year 2020 operating and capital budget as presented herewith. The Committee believes it is a fiscally responsible plan to meet the educational needs of the Town’s students. The general fund portion of the proposed budget is \$41,441,391, which is an increase of \$1,341,923 million or 3.35%. Including school related debt-service, health insurance, pension and other shared Town overhead expenses, the total proposed school budget is roughly \$58.6m, which is an increase of 5.18%.

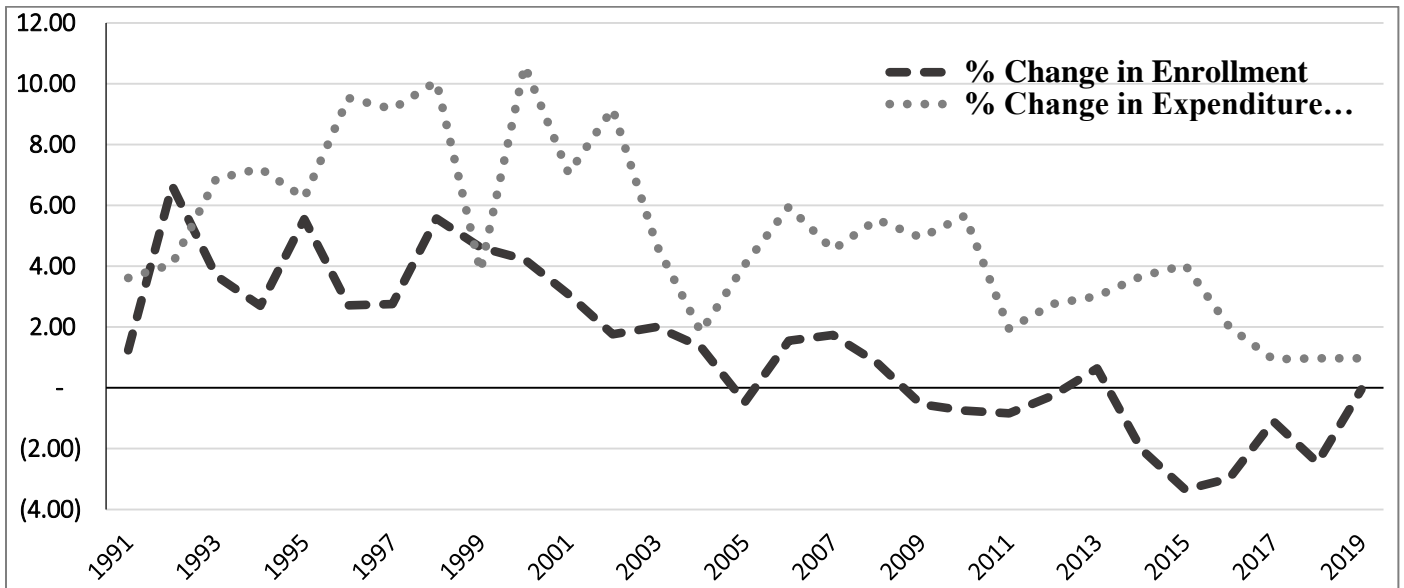
The budget was developed collaboratively following the School Committee Budget Guidelines to:

- Preserve excellence in curriculum and instruction;
- Maintain a safe and secure environment and infrastructure; and
- Maintain the rate of budget growth at a responsible level.

These guidelines reflect the Town’s desire to maintain the overall strength of the school system by supporting the needs of all students while remaining fiscally responsible. The recommended budget encompasses collective bargaining requirements, the estimated impact of current negotiations, Federal and State mandates such as the provision for Special Education, and elements of the District’s Long-Range Plan and the Superintendent’s Goals.

For the past six years, there has been an active discussion on the School Committee about school enrollment and budget trends. The following chart illustrates that the historical change in spending has generally declined over time as enrollment growth has slowed and then recently declined.

Percentage Change: Enrollment vs. Expenditure



The members of the School Committee recognize that we need to be disciplined about our expenses, and we have made a number of reductions and cuts over the past few years to contain the rate of growth. That said, our expectation is that our expenses will not decline in-line with enrollment as long as our teacher contract is structured the way that it is, with annual cost-of-living increases, “steps” for longevity, “lanes” for professional development and seniority rules. Although we are able to reduce the number of teachers as enrollment declines to reduce expenses, the negotiated compensation structure does not provide for a corresponding drop in total salaries. We also recognize the benefits of smaller class sizes, so are mindful of maintaining an

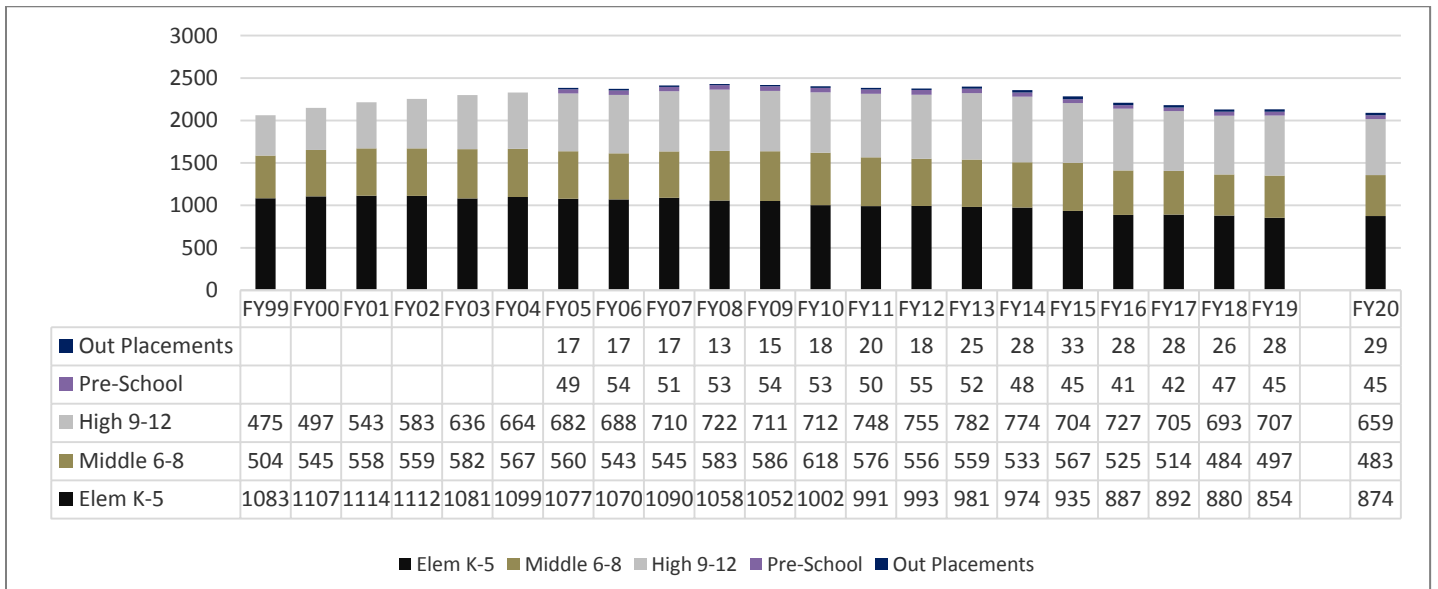
2019 ANNUAL TOWN MEETING

appropriate balance here.

The expense discipline of the School Department is highlighted by the fact that actual spending has come in below the approved budgets in recent years. Fiscal 2016 actual expense growth was only 2% vs. the 4.3% approved and \$662,000 of free cash was returned to the Town. Fiscal 2017 actual expense growth was only 0.9% vs. the 1.6% approved and \$910,000 of free cash was returned. Fiscal 2018 actual expense growth was .97% vs. the .86% that was approved and \$875,000 of free cash was returned.

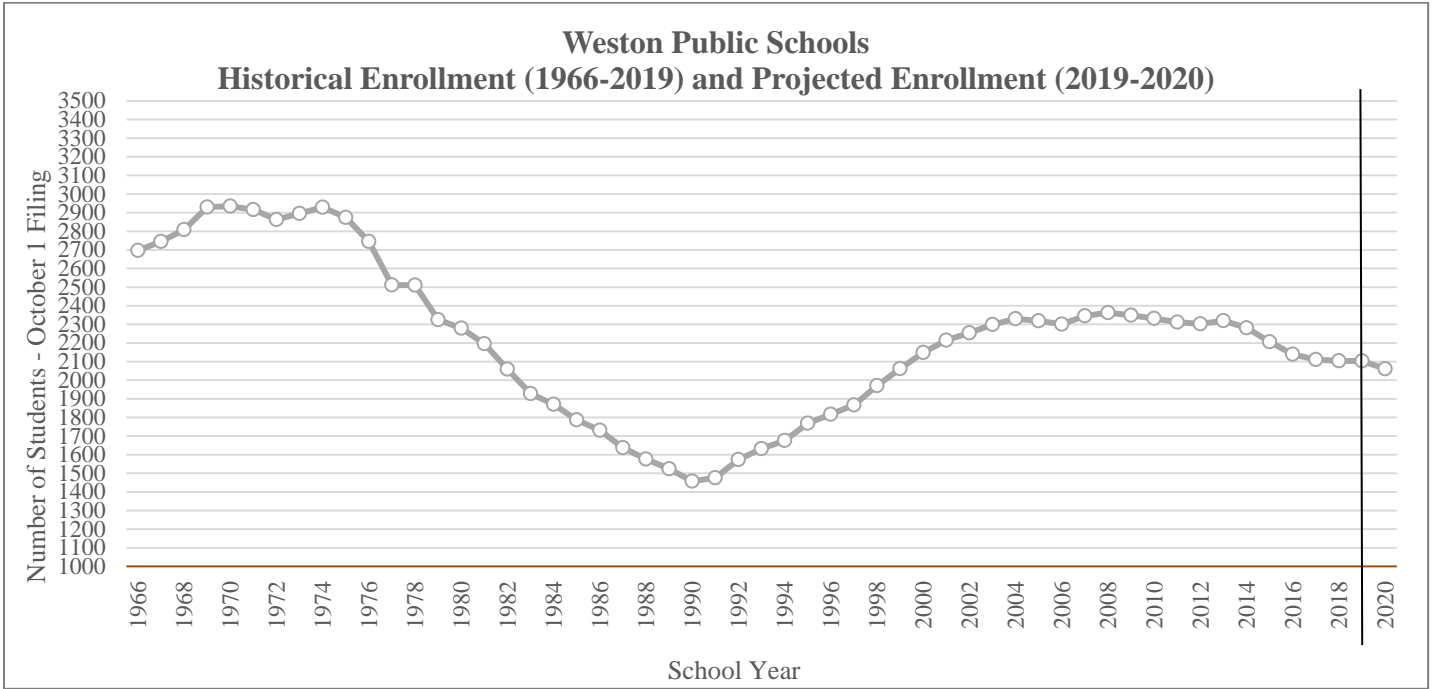
The chart below illustrates the change in enrollment and the underlying mix shift we have seen in town over the last 20 years. Currently, 34% of the student population is in the high school vs. only 23% in 1999. Elementary is down to 41% from 53% in 1999. Families are moving to Weston when their children are older, and many residents are keeping their homes long after their children have graduated.

Change in Enrollment and Student Population Shift



The following chart shows Weston Public Schools enrollment over a 50+ year period and illustrates a decline from ~2,900 students in the mid-1970s to a low point below ~1,500 in 1990, and a rebound to ~2,300 from 2003 – 2013, and a decline to just above 2,100 now. The School Committee reviews the demographic data and enrollment projections annually and is not convinced that we will continue to see enrollment declines, especially if we build more senior housing or 40B rental housing in town.

2019 ANNUAL TOWN MEETING



The table below highlights what is driving the expense growth. The salary and compensation line of \$35.89 million is increasing by \$1.18 million or 3.39% and is driven by contractual obligations and smaller increases in instructional materials and bus purchase costs, offset by staff reductions due to enrollment declines and state, federal and local funding. This growth rate is benefiting from the most recent round of collective bargaining agreements negotiated by the School Committee. Cost-of-Living increases were reduced from prior contracts and limited to 2% per year for our teachers. The School Committee is currently conducting another round of collective bargaining, and the proposed Fiscal '20 budget includes a number of assumptions about the likely outcomes from those negotiations.

FY20 Proposed School Budget

Description	FY'19 Revised	FY'20 Proposed	FY'20 \$ Change	% Change
Salary & Other Compensation	34,710,323	35,888,565	1,178,242	3.39%
Instructional Materials	1,266,354	1,392,647	126,293	9.97%
Contracted Services	993,043	980,376	(12,667)	(1.28%)
Contracted Student Services	3,120,303	3,158,627	38,324	0.012%
Utilities	1,471,983	1,429,516	(42,467)	(0.029%)
Equipment and Vehicles	491,819	520,890	29,071	5.91%
State Aid and Offsets	<u>(1,954,357)</u>	<u>(1,929,230)</u>	<u>25,127</u>	<u>(1.29%)</u>
Total \$	\$40,099,468	\$41,441,391	\$1,341,923	3.35%
Total FTE	422.925	419.937	(2.988)	

2019 ANNUAL TOWN MEETING

In addition to the negotiated cost of living adjustments with our six collective bargaining units, our faculty unit (WEA) provides for employee salary increases through “steps” and “lanes” movement. Continued employment allows faculty members to move through the steps, one step each year. Professional development and continuing education allow faculty members to move lanes. Lane movement can happen in the middle or start of an academic year. Salary increases are determined by a combination of step and lane movements. Accordingly, salary increases in the budget will invariably increase in excess of the negotiated cost of living adjustments (COLA) increase. Salary changes are the most significant drivers of the school budget. The “step” and “lane” increase for Fiscal ‘20 is ~\$274,000.

Costs associated with Special Education continue to increase, especially in the areas of outplacement tuition and transportation where rates are set by the state. Our Special Education costs grew by about 7% last year and are expected to grow about 1% in the current year. The reason for the reduction in our rate of growth is our use of the federally funded Circuit Breaker program. Outplacement tuition expenses are approved by the Executive Office for Administration and Finance, Operations Services Division (OSD), and with approval, can change mid-year. Although we participate in a large collaborative purchasing group for special education transportation, the limited number of vendors has caused significant increases in costs over the past five years. In addition, we are intentionally investing in new programs to insource more of our special education programming with the ultimate goal to reduce expensive outplacements and to keep students within our district.

The School Committee has been able to contain costs in some areas. High School expenses of \$8.9 million are up less than .5% and Information Technology of \$1.5 million is down 2.2%.

The following table shows the rate of growth for the major components of the total school budget. After moderating for several years, Debt Service will increase as a result of projects approved at Town Meeting.

Going forward, we expect to be making additional investments in student safety and building security. The renovation of the historic Case House was approved at fall Special Town Meeting. On the overhead side, it is important to note that the Middlesex retirement system is projecting that Weston’s contributions will need to increase by 6.5% per year through 2024 and 4% annually beyond that to become fully funded. On the positive side, please keep in mind that teacher pensions are an obligation of the Commonwealth, rather than the Town. Recent financial disclosures indicate that Weston’s teacher pensions are an \$82 million obligation for Massachusetts. With the size of our OPEB (Other Post-Employment Benefits) liability, health care costs should continue to be a very high priority for us in future negotiations with all employees. The current GIC contract between the Town and the unions covering health care costs extends through June 30, 2021.

Rate of Growth in Total School Budget

	FY'15 Actual	FY'16 Actual	FY'17 Actual	FY'18 Actual	FY'19 Voted Bud.	FY'20 Proposed
Total Overhead*	\$10,486,266	\$11,105,465	\$11,609,707	\$11,355,620	\$11,564,027	\$11,899,958
Debt Service	\$4,762,309	\$5,340,018	\$5,121,929	\$5,109,497	\$4,940,986	\$5,321,071
WPS Actual / Budget	\$37,023,312	\$37,319,186	\$37,737,766	\$38,204,364	\$40,099,468	\$41,441,391
Total Cost (\$)	\$52,271,887	\$53,764,669	\$54,469,402	\$54,669,481	\$56,604,481	\$58,662,420

**Overhead includes: Health Insurance, Workers’ Compensation, Unemployment, Property & Casualty Insurance, Retirement, OPEB, Minuteman Vocational School Tuition and Related Transportation*

2019 ANNUAL TOWN MEETING

Percentage Growth in Total School Budget

	FY'16 Actual	FY'17 Actual	FY'18 Actual	FY'19 Voted Bud.	FY'20 Proposed
Total Overhead*	5.90%	4.54%	-2.19%	1.84%	2.90%
Debt Service	12.13%	-4.08%	-0.24%	-3.30%	7.69%
WPS Expenditure / Budget	<u>0.80%</u>	<u>1.12%</u>	<u>1.24%</u>	<u>4.96%</u>	<u>3.35%</u>
Total Percent of Growth (%)	2.86%	1.31%	0.37%	3.54%	3.64%

The School Committee has been asked to analyze our cost structure relative to other districts. While benchmarking can be a valuable exercise, finding consistent and reliable data from comparable districts can be more challenging than it might appear. That said, there are a number of obvious drivers that boost our overall costs and cost per student relative to comparable communities. In no particular order, these include:

- We have three elementary buildings and the associated overhead staff (i.e. principal, assistants, custodians, etc.)
- We provide a very rich and diverse student experience at the high school. We run an 8-day rotation to ensure more students can take the courses they are interested in. We include music in the school day. We have students in the high school who choose to take more courses than they are required to. We do not charge student activities fees for most of our athletic and extracurricular programs.
- We provide busing for all our kids (including late buses) with our own buses and drivers who are town employees.
- We provide our own food service.
- Weston supports a higher percentage of METCO students than other districts and the METCO grant only covers a fraction of our expenses for this program.
- Our costs including employee benefits are “fully loaded” because we are contributing the full amount required to the Middlesex Retirement system and the Town has elected to contribute to the OPEB trust fund to offset these future obligations.

Recently, some residents have expressed concerns that Weston is not getting enough “value” from our school budget. The School Committee believes that making value judgments about schools is a nuanced exercise, and standardized test scores and magazine ratings are only parts of a much larger scorecard. While standardized tests are important, there are diminishing returns when “teaching to the test” and many students benefit from a focus on improving in other areas. While college placement is another important measure, we believe it is more important that our students are well prepared academically and emotionally to succeed in those college environments.

It is also important to remember that School Committee members have statutory and ethical obligations to our current and future students - we are not simply accountable to voters and taxpayers. Public school districts are subject to a growing number of state and federal laws, regulations and mandates.

The School Committee would like to acknowledge the efforts of Dr. Midge Connolly, Sheri Matthews, Ben Wilkins, our building principals and other staff members for their help in developing this budget. We appreciate that Weston voters have consistently supported the school budget in order to maintain the quality of our educational programs. We do not take that support for granted. We will continue to request only as much as we need to deliver the high-quality educational services that our students require and deserve.