

DRAFT

Name of Committee: OSC Schools Sub-Committee

Meeting Date: Jan. 15, 2014

Time: 5:00 p.m.

Meeting Location: Town Hall

Subcommittee Members Present: Cliff Brown, Chad Ellis, Michael Glover, Carol Kamin, Lisa Serafin Sheehan, Lee Selwyn, Jim Stergios, Beth Jackson Stram, Tim Sullivan

Others Present: Dick Benka, Susan Wolf Ditkoff, Kevin Lang, Sergio Modigliani, Bill Lupini, Peter Rowe, Alan Morse

Minutes:

The meeting focused on a discussion of cost analyses.

Beth Jackson Stram presented a short-run incremental cost model to help determine the budgetary impacts of changes to enrollment estimates, personnel costs and programmatic policies (class size, Materials Fee and METCO programs).

The model includes:

- Base Case figures from 12/10/13 Long-Range Financial Plan presented by Sean Cronin
- “Catch up” and programmatic investments proposed by PSB
- Technology investments proposed by PSB

The group provided input on additional town budget items that needed to be included in the analysis:

- OPEBs (TBD how to address it in the model: shows up on actuarial accounting as an unfunded liability)
- Portion of CIP related to school projects
- Other capital-related costs: maintenance, rent, custodial

Next step: need to coordinate with the OSC Capital subcommittee to determine capital effects of the various enrollment and programmatic scenarios we are reviewing.

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Lee Selwyn presented a regression model to estimate the long run incremental cost per student for the Materials Fee and METCO programs. The purpose of this analysis is to determine the long-run costs that need to be addressed for the programs, and ultimately base policy recommendations on them.

Some context provided for the analysis:

- Collected data on several aspects of school operations including the town portion of school related expenses (including debt service), school expenses, K-12 enrollment, variables for 2008 tax override and switch to the GIC
 - Special Education series had multi co-linearity with other variables so it was removed from the analysis
- R squared of 99.4
- Long-run marginal cost per student estimated \$16,331

Next step: make adjustments specific to METCO and Materials fee programs

Kevin Lang argued that a regression model is a model of how the budget is set, not the effect the number of students. It is not a causal model that demonstrates how much it costs to provide a given students a Brookline education, because that is not how budgets are set here.

Mr. Lang's proposed approach is to build from the bottom-up what the budget would look like for 7200 students. Then devise a different scenario changing the number of students by 600. The hypothesis is that in a district of Brookline's size, marginal cost is not far below average cost.

The group noted that initially, marginal cost would be lower because in a growth period PSB is hiring new teachers. The cost is at a starting salary, not at the average teacher salary.

In light of this point, Chad Ellis proposed decreasing the marginal cost per student from the regression analysis by ~15-20%.

Susan Wolf Ditkoff posed the question that if we are using this marginal cost per student for policy choices, should it also be applied to the T/S formula for enrollment increases? The T/S formula does not currently provide for the full marginal cost discussed here, but negotiations between the Town and School perhaps allow it to get closer.

Finally, the group briefly touched on the analysis of class size, and whether or not there could be consolidation in upper grades. Some consolidation does currently happen, provided by the flexibility of high student turnover.