

We enter February with sadness following the tragedy that occurred at Lincoln-Sudbury Regional High School on January 19. We offer our deepest sympathy to the Alenson family. We also remain concerned for the Odegren family and others affected by this event. Parents have raised questions about how best to support our children and about other issues in relation to this event. The Sudbury Public Schools will host a meeting February 5, 2007, at 7:00 pm at Curtis to respond to these concerns. Parents should continue to reach out – to school administrators, counselors, school committee members, and others – so that we may continue to address any concerns as we move forward.

Town and school officials have been immersed in the response to this event, which has somewhat delayed the budget process. In the coming months, there will be a renewed focus on the budget, so this month we provide updated information.

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Sudbury faces a structural budget deficit. Like other municipalities in Massachusetts, Sudbury confronts this challenge every year because the costs of services increase faster than revenues. The Finance Committee, the Town Manager, and others have provided extensive background information concerning the structural deficit in public hearings and written reports. Comprehensive information is available on the Town website, including links to state-wide reports about the municipal structural deficit.

Revenue: The Town Manager has projected an increase in revenue for next year from all available sources of about 3.3%. This includes property taxes within the Proposition 2 _ tax levy, other sources of local revenue, and state aid. The timing of our budget process and the changes in state government make state aid difficult to predict. Given what is known at this time, Sudbury is expected to receive the same amount of aid next year that it received for this fiscal year. As the state has continued to shift the burden of costs for schools, public safety, and other services onto local taxpayers, state aid has declined as a percentage of Sudbury’s total revenues (from 9.86% in fiscal year 2000 to 8.96% for fiscal year 2007).

Expenses: The most significant factor driving budget increases continues to be the costs of health benefits, which have been growing at double-digit rates annually for both the private and public sectors. These costs make up a growing percentage of all municipal budgets. As reported in the January 4, 2007, edition of the *Boston Globe*, other towns are suffering from increases that reflect the “soaring” costs of health care in Massachusetts; Wellesley, for instance, expects that 20% of its tax levy will be spent on health insurance over the next four years.

Sudbury anticipates that health and retirement benefit costs will grow 12% to 15% for the next fiscal year, as they have in recent years. Employee benefits make up about 15% to 20% of our overall operating budget (town and schools). The projected 3.3% increase in revenue would provide about \$1.8 million in additional revenue over this year; approximately \$1.5 million of that will be spent on benefits and insurance. Once these costs have been factored in, the remaining available revenue would support an increase of about 1.8% in the operating budgets for the schools and town departments for all costs other than benefits.

The costs for all expenses (other than benefits) for the two school systems and the town departments are expected to rise about 5% to 6% if all program areas maintain their current employees (a “Level Staff” budget). The primary expense categories that drive these increases include salaries, utilities, transportation, and special education. Salaries account for approximately 60% to 65% of the total operating budget.

The Sudbury Public Schools has outlined a Level Staff budget that would allow us to continue with all existing staff and would address anticipated and unavoidable increases in utilities, transportation, special education, and other areas. This budget would require a 5.94% increase over fiscal year 2007. A Level Service budget, which would allow for additional teachers to meet enrollment growth and maintain current class sizes, would require a 7.77% increase over this year. Neither of these budgets addresses essential needs covered in the Adopted Budget, such as additional administrative staff. Details for these budgets are on the SPS website.

Benchmarks: To better inform our budget process, town officials look to similar communities to compare revenues and expenditures. For instance, a survey of the average residential tax bills of nine demographically similar communities in our region found that Sudbury’s taxes have risen at a lower rate than in eight of these communities (from 2001 to 2006). According to the latest DOE data, the Sudbury Public Schools spends \$8,172 per pupil compared to \$11,014 for similar K-8 districts. The costs of our special education programs are comparable to costs in similar districts. Finally, Sudbury spending on non-school services is lower per capita than that in peer towns.

The comparative data highlights two factors that affect Sudbury more than other communities. We have a relatively small commercial tax base – 94% of our tax revenue is from residential property taxes. Also, Sudbury has a high proportion of households with school-age children – one of the highest in the state.

The town of Concord, which is similar in size to Sudbury, provides a useful comparison. Concord has more employees than Sudbury in almost every town department. For example, the Concord public library has about 21 full-time equivalent employees, while Sudbury has only 12.3 full-time equivalents. The Concord K-8 schools spend about \$11,251 per pupil. The Sudbury Public Schools would need another \$9,966,107 to spend as much per pupil as the Concord K-8 schools.

Again, I urge you to take advantage of the detailed information made available by our town officials and administrators, especially through the school and town websites. (Section III of the Town Manager’s Preliminary Budget Document and the Finance Committee’s FAQs are particularly helpful.) The Finance Committee budget hearings will be repeated on the local cable channel. As always, you should feel free to contact any school committee member with your questions or input.

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