

**BOARD OF FINANCE
REGULAR MEETING – JULY 21, 2015
MEETING ROOM B TOWN HALL**

PRESENT: Warren Serenbetz, Lynne Vanderslice, Al Alper, Jeff Rutishauser, John Kalamarides
Absent: Richard Creeth

Others Present: Sandra Dennies, CFO; Kendra Baker, Wilton Bulletin; and one member of the public - Peter Balderston

Call to Order

Chairman Warren Serenbetz called the meeting to order at 7:30 p.m.

Approval of Minutes

John Kalamarides made a motion to approve the Minutes of June 16 as presented. Al Alper seconded and the motion carried 5-0.

Discussion of FY 17 Operating Budget Guidance

BoE

Jeff Rutishauser opened the discussion for the Board of Education Budget with the attached document, "BOE Enrollment Projections and Budget Implications". The paper presents long-range projections of five to seven years, indicating a large decline in the student population. It also suggests a reduction in teachers along with a reduction in other staff. Mr. Rutishauser felt that BoF guidance to the BoE would be more accurate if it were to focus on a formula of enrollment and per pupil expense growth.

John Kalamarides was concerned that seven years is too far to project, as numbers could change in five years. He further stated that the number of teachers is at the discretion of BoE, to which Mr. Rutishauser agreed. Mr. Serenbetz asked Mr. Rutishauser if there was a breakout for Special Ed. Mr. Rutishauser replied that there is no breakout in the numbers; this is at the BoE level only. The BoE budget is broken out 75% regular education and 25% special education, with October 1st the date of student enrollment driving the calculation.

Both Ms. Vanderslice and Mr. Alper liked the report. For Mr. Alper, it personalizes the Budget for the public and also forces long-term focus for the BoE. Ms. Vanderslice felt that the Board of Finance should go along with the formula. Mr. Rutishauser then made a motion to change the way the BoF targets guidance to make it a 2.2% increase times the change in students between this October vs. last October, and going forward in the same manner. Mr. Alper seconded the motion, so they could discuss.

Ms. Vanderslice: 2.2 % is too high because it does not take into consideration the fact that the Town Budget was rejected. Mr. Alper agreed that 2.2% was too high because the eight-year average used to calculate it is too high. Further, over most of those years the BoE Budget did not include participation

fees. Mr. Alper suggested the guidance of per pupil expenses be taken back to the sub-committee to determine what is painful, what is aggressive and what is easy to live with, and then the BoF can come up with the percentage at a later date.

Mr. Rutishauser withdrew his initial motion and made a new motion to set guidance at the number of students in November times a percentage increase in the per pupil expense, percentage to be determined at a later date. Lynne Vanderslice seconded and the motion carried unanimously.

BoS

With respect to using a metric for the BoS similar to the BoE, Ms. Vanderslice saw no correlation between the number of houses vs. the 20:1 students to teacher ratio. A survey should be done to determine the real cause for the shift in voting, which she believes relates to peoples' incomes. The BoF should react to this shift.

Mr. Alper said reporting on a per household basis is good as it reflects the impact of economic development. Wilton has an informed electorate when it comes to budget vs. bonding issues on the ballot, and the willingness to actually vote should be acknowledged.

Mr. Kalamarides brought up the budget was not voted down. Despite the apathy, he indicated that he believed the majority thought the budget was ok.

Mr. Rutishauser agreed that there was a collapse in the yes vote over previous years, adding that the BoE and BoS budgets can't be compared due to different metrics employed.

Mr. Serenbetz suggested a 1% increase as a starting point. John Kalamarides felt 1% was too tight for the new incoming First Selectman to properly do the job. He felt we should stick to the 1.75%. Warren Serenbetz feels 1.75% is unresponsive to voter turnout. Ms. Vanderslice believes in the long-term we must cut costs, grow revenues and minimize tax increases. Two factors increase the mil rate: debt and the \$5 million used to reduce the mil rate in FY16. Each year going forward there will be less surplus, which also drives up the mil rate. In response Mr. Alper prefers below 1% because the budget has been artificially inflated in the past by moving Roads to Bonding. Jeff Rutishauser stated that the Board can't keep doing business as usual and must be more responsive to voters, since the people said the budget was too high.

Mr. Serenbetz polled each BoF member for a suggested range. Jeff Rutishauser, John Kalamarides and Lynn Vanderslice agreed on between 1.25 – 1.5%; Al Alper, below 1% and Mr. Serenbetz, 1%. The BoF needs to see the 2015 results before deciding on a final number for guidance. Ms. Dennies informed Mr. Serenbetz that FY15 will be closed on July 31st so a report will be available at the August meeting.

Committee Reports

None

Other Business

The CCM report on the FY16 State budget impact on towns and cities was reviewed. Mr. Rutishauser noted the 2.5% municipal spending cap in FY18. He said Wilton is known as an anti-development town, due to Planning and Zoning restrictions that compels developers to go elsewhere. Ms. Vanderslice agreed but said Bob Nerney is held in high regard by many. She met with Marcus Partners, the largest property owner in town, who told her Wilton taxes are the highest per square foot of surrounding communities. Mr. Alper stressed our primary driver of economic development is The Plan of Conservation and Development, and that it needs to be re-evaluated.

Public Participation

None

Having no further business, the meeting adjourned at 8:45 p.m.

Respectfully submitted,

Kris Fager
(from video recording)

BOE Enrollment Projections and Budget Implications

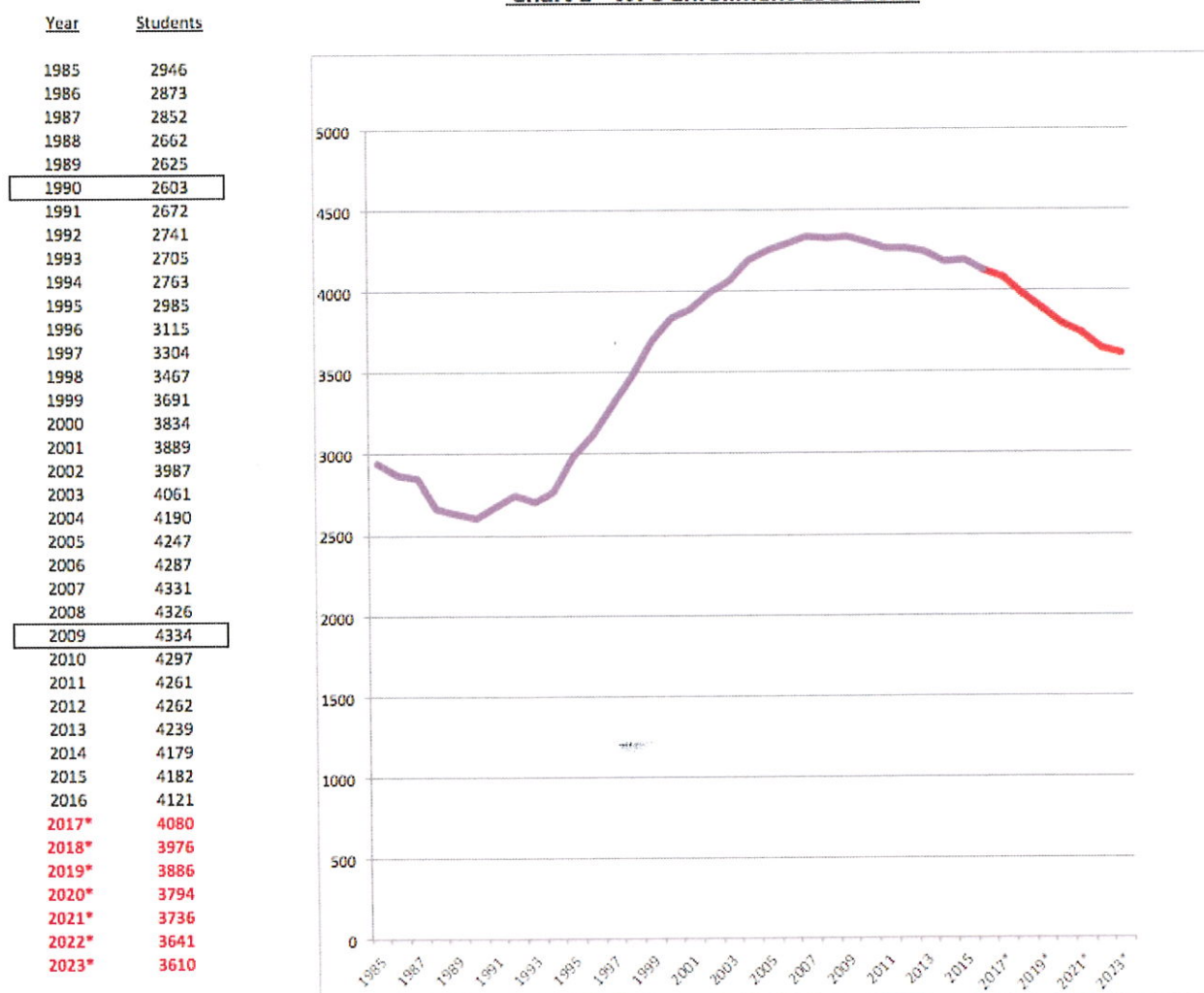
Each year, the BOF has focused on the issue of what should be the appropriate target for the BOS and BOE budgets each year. For many years, the BOF has adopted a 1.75% annual growth target for both the BOE and BOS budgets. This target was established despite some initial BOE concerns that it was too tight but, as history has demonstrated, the BOE brought in budgets below 1.75% annual growth for three of the past seven years (FY 2010, 2011 and 2013), demonstrating that it can be done.

This paper proposes a new approach to the budget target we should consider adopting and the financial projections that result. Its main objective is to inform our board of the future budget targets for the BOE, allowing it to plan accordingly in the face of what appears to be a significant and sustained decline in Wilton Public Schools (WPS) enrollment.

WPS Enrollment Cycles

From the enrollment reports on the BOE website, we do know that the WPS student population was expanding significantly as the children of the Baby Boomers entered into the WPS system. In 1990, WPS had 2603 students enrolled. This expanded to a peak of 4334 in 2009, a 66% increase in 19 years:

Chart 1 - WPS Enrollment 1985-2023



* M&M Forecast

Table 1 below picks up the enrollment story in FY2000 and shows that the student population already rising in Wilton starting from 1990, the beginning of the current student enrollment growth cycle, until the peak in 2009. This table also extends the enrollment seven years into the future based on the three enrollment projections (below).

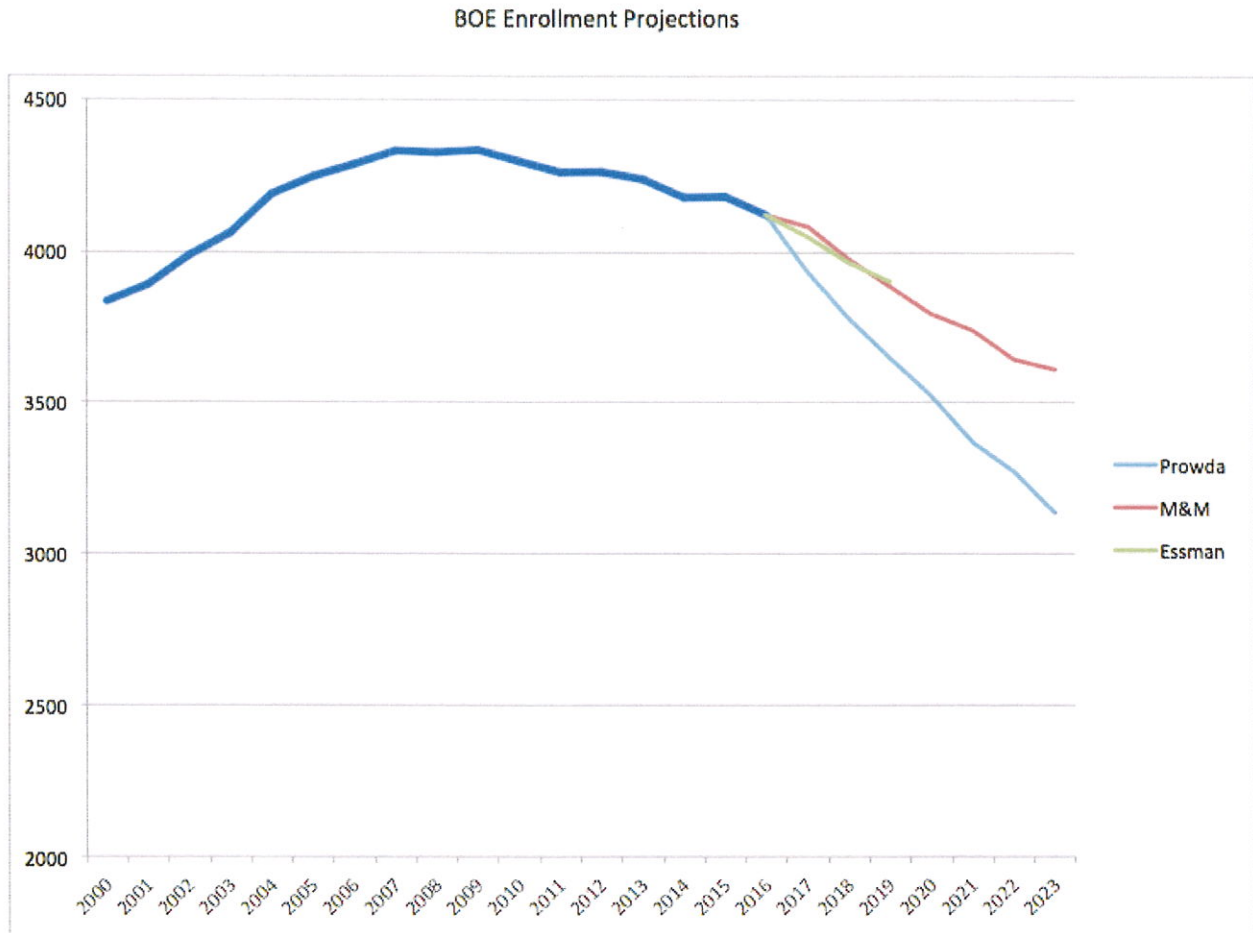
Table 1: BOE Enrollment Projections: M&M vs Prowda vs Essman

| <u>Fiscal Year</u> | <u>M&M Enrollment</u> | <u>Enrollment Change %</u> | <u>Prowda Enrollment</u> | <u>Enrollment Change %</u> | <u>Essman Enrollment</u> | <u>Enrollment Change %</u> |
|--------------------------|-------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|
| 2000 | 3834 | | 3834 | | 3834 | |
| 2001 | 3889 | 1.4% | 3889 | 1.4% | 3889 | 1.4% |
| 2002 | 3987 | 2.5% | 3987 | 2.5% | 3987 | 2.5% |
| 2003 | 4061 | 1.9% | 4061 | 1.9% | 4061 | 1.9% |
| 2004 | 4190 | 3.2% | 4190 | 3.2% | 4190 | 3.2% |
| 2005 | 4247 | 1.4% | 4247 | 1.4% | 4247 | 1.4% |
| 2006 | 4287 | 0.9% | 4287 | 0.9% | 4287 | 0.9% |
| 2007 | 4331 | 1.0% | 4331 | 1.0% | 4331 | 1.0% |
| 2008 | 4326 | -0.1% | 4326 | -0.1% | 4326 | -0.1% |
| 2009 | 4334 | 0.2% | 4334 | 0.2% | 4334 | 0.2% |
| 2010 | 4297 | -0.9% | 4297 | -0.9% | 4297 | -0.9% |
| 2011 | 4261 | -0.8% | 4261 | -0.8% | 4261 | -0.8% |
| 2012 | 4262 | 0.0% | 4262 | 0.0% | 4262 | 0.0% |
| 2013 | 4239 | -0.5% | 4239 | -0.5% | 4239 | -0.5% |
| 2014 | 4179 | -1.4% | 4179 | -1.4% | 4179 | -1.4% |
| 2015 | 4182 | 0.1% | 4182 | 0.1% | 4182 | 0.1% |
| 2016 | 4121 | -1.5% | 4121 | -1.5% | 4121 | -1.5% |
| 2017 | 4080 | -1.0% | 3928 | -4.7% | 4047 | -1.8% |
| 2018 | 3976 | -2.5% | 3777 | -3.8% | 3964 | -2.1% |
| 2019 | 3886 | -2.3% | 3649 | -3.4% | 3904 | -1.5% |
| 2020 | 3794 | -2.4% | 3526 | -3.4% | | |
| 2021 | 3736 | -1.5% | 3367 | -4.5% | | |
| 2022 | 3641 | -2.5% | 3270 | -2.9% | | |
| 2023 | 3610 | -0.9% | 3134 | -4.2% | | |
| Decline From '09 Peak | -724 | -17% | -1200 | -28% | n/a | n/a |

The peak enrollment of 4334 students for the WPS occurred in FY2009 and then started a gradual decline to the 4182 students in FY2015, a reduction of only 3.6% from peak (0.6% annually). However, the trend towards declining enrollment is expected to continue in the next eight years (FY2016-23) declining even faster than the previous seven years (FY2009-15).

To determine the future enrollment for planning purposes, the BOE enlisted three consulting groups to forecast the enrollment in order for the BOE to adapt the professional staff to the anticipated needs. Ellen Essman has been providing enrollment projections to the BOE for many years and provided one of the projections used. In the past Essman's projections were generally quite accurate, especially in the aggregate. However, her projection goes only through the FY2019 school year.

The BOE engaged two other consulting firms, Milone & MacBrook (“M&M”) and Peter Prowda (“Prowda”), to make longer range 7-year projections. These three enrollment projections are graphed below. Both M&M and Essman have similar projections for 2016-19 while Prowda projects a significantly faster decline in projected enrollment. [Note: the vertical scale does not start at zero]



In discussion with WPS Administration (Dr. Smith and Ken Post), they felt that the M&M forecast was a better study since it had deeper analytical support than the Prowda projection analysis. Therefore, the M&M forecast is used as the projection baseline for this analysis. It must be noted that the M&M forecast shows a more gradual decline than the Prowda projection and that the enrollment decline might actually end up more like Prowda, or somewhere in between. But it is important to note that all three forecasts show significant near-term decline in enrollment, in line with regional and national trends. This is clearly visible on the graph above.

Finally, the near-term years in any forecast will be more accurate than the out-years. This is why the BOE re-forecasts enrollment each year. However, even if out-year numbers are less reliable, they are better than no forecast at all to inform long-term staffing needs.

History of BOE/BOS Budget Targets

The implementation of BOS/BOE budget targets arose in the 2008-09 period in response to the abrupt economic downturn that resulted in a significant decline in the typical Wilton taxpayer's home value. Prior to 2009, the Wilton Grand List grew at a 10.5% annual rate from \$2.03B in FY2000 to \$4.97B in FY2009. This large increase in homeowner wealth allowed a similar expansion of BOE budget growth of 8.2% annually during the same period FY2000-09. These large BOE budget increases were partially due to enrollment growth over the time period (1.4% annually) but primarily due to the 6.8% annual rise in Per Pupil Expenditure ("PPE") during that period. The attitude of the BOE and BOF was that, although the BOE budget growth was at a relatively high rate, the rise in the Grand List meant that we could afford it since we were in an educational "arms race" against our wealthier neighbors of New Canaan, Westport and Darien.

This attitude all changed in the late 2008 downturn. Even during the boom years, there had been increasing awareness that these large BOE budget increases were unsustainable. Recognizing that the Grand List was expected to plunge at the next revaluation period, a group of fiscally conservative members that had been elected to the Board of Finance, both Republicans and Democrats, began to rein in the budgets in early 2009 (FY2010 budget season). This group collectively changed the BOF behavior from passive acknowledgement of budget increases passed with cursory review to a new more active dig-into-the-details, zero-based budgeting review for both the BOS and the BOE. The impact of this dramatic change can clearly be seen on Table 2 (below) where the average annual BOE increases of 8.2% between FY2000-09 are substantially reduced to an annual average increase of 2.2% from FY2010 to the present.

Also in early 2009, with the realization that the Town needed to rein in spending during the economic downturn, a Tri-Board meeting was held where Bill Brennan introduced the concept of a budget freeze from the previous year for all operating departments. Subsequent evolution of this concept at the BOF led to the adoption of a 1.75% annual budget increase target for both the BOS and the BOE. This 1.75% guideline has been reviewed and re-approved each year by the BOF as guidance for putting together departmental budgets. Despite the economic condition of Town residents having improved somewhat since 2009, the Grand List is still down 15% from its 2009 peak. Further, some Town residents have begun to focus more closely on the economic justification of public expenditures, most notably the Miller-Driscoll renovation, with heightened scrutiny of Town budgets anticipated to continue.

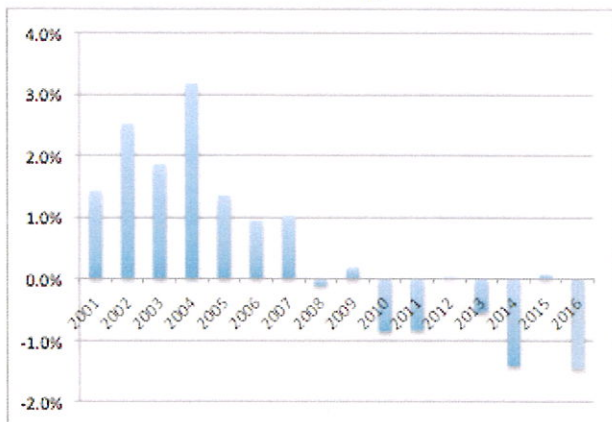
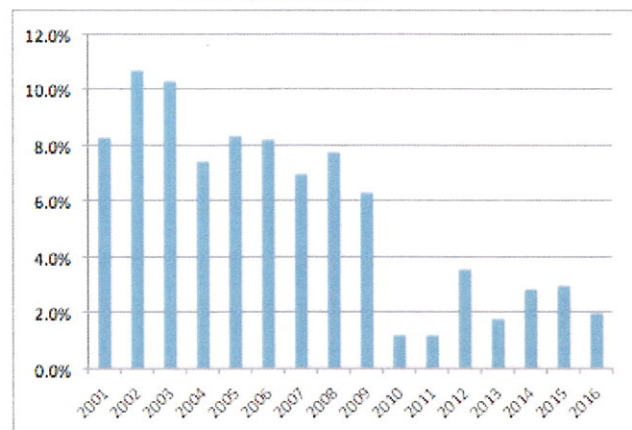
The 1.75% guidance has as an assumption that the underlying service requirements have not changed significantly from the prior year. For the BOS budget, this is generally true since we have the same number of homes and citizens for the police and fire staff to protect, same number of parks to manage, the same number of miles of roads to maintain/plow, etc. So an overall budget growth target is appropriate for BOS since its service requirements are essentially static.

Table 2: Historical BOE Budget

Wilton Public Schools
Selected Budget Data
2000 - 2016

| Fiscal Year | Enrollment | Enrollment Change % | Total Budget | Budget Increase | % Budget Increase | Per Pupil Expense |
|-------------|------------|------------------------|-----------------|--------------------|----------------------|----------------------|
| 2000 | 3834 | | 33,697,186 | | | 8,789 |
| 2001 | 3889 | 1.4% | 36,478,870 | 2,781,684 | 8.3% | 9,380 |
| 2002 | 3987 | 2.5% | 40,383,201 | 3,904,331 | 10.7% | 10,129 |
| 2003 | 4061 | 1.9% | 44,547,656 | 4,164,455 | 10.3% | 10,970 |
| 2004 | 4190 | 3.2% | 47,837,232 | 3,289,576 | 7.4% | 11,417 |
| 2005 | 4247 | 1.4% | 51,822,674 | 3,985,442 | 8.3% | 12,202 |
| 2006 | 4287 | 0.9% | 56,081,828 | 4,259,154 | 8.2% | 13,082 |
| 2007 | 4331 | 1.0% | 59,965,097 | 3,883,269 | 6.9% | 13,846 |
| 2008 | 4326 | -0.1% | 64,592,872 | 4,627,775 | 7.7% | 14,931 |
| 2009 | 4334 | 0.2% | 68,658,145 | 4,065,273 | 6.3% | 15,842 |
| 2010 | 4297 | -0.9% | 69,475,700 | 817,555 | 1.2% | 16,168 |
| 2011 | 4261 | -0.8% | 70,276,025 | 800,325 | 1.2% | 16,493 |
| 2012 | 4262 | 0.0% | 72,777,608 | 2,501,583 | 3.6% | 17,076 |
| 2013 | 4239 | -0.5% | 74,051,212 | 1,273,604 | 1.7% | 17,469 |
| 2014 | 4179 | -1.4% | 76,140,105 | 2,088,893 | 2.8% | 18,220 |
| 2015 | 4182 | 0.1% | 78,401,124 | 2,261,019 | 3.0% | 18,747 |
| 2016 | 4121 | -1.5% | 79,956,024 | 1,554,900 | 1.98% | 19,402 |

| | | |
|---------|------------------|------|
| 2000-09 | Average (10 yrs) | 8.2% |
| 2010-16 | Average (7 yrs) | 2.2% |

% Enrollment Change**BOE Budget Increase %**

For the BOE, the size of the teaching staff and related overhead is heavily influenced by the number of enrolled students to educate. The BOE has adopted a policy of a fixed ratio between number of students and classroom teachers. For example, if the number of students doubled, the required number of classroom teachers would double as well to maintain the BOE's teacher/student ratio policy. Consequently, in the 1990's and early 2000's, the 66% rise of enrolled students led to a correspondingly large increase of WPS staffing.

Since 2009, the beginning of the economic downturn and coincidentally the peak WPS enrollment year, the student population has been roughly flat, so that an overall BOE annual budget target of 1.75%, not tied to any enrollment shifts, was a good approach for this period of relative enrollment stability. However, if the number of students is anticipated to rise or fall significantly, the BOE budget should vary with those projected enrollment changes. As we head into a period of anticipated sustained declining enrollment, a fixed overall BOE budget target of 1.75% (or any other percentage) makes little sense and should be reconsidered.

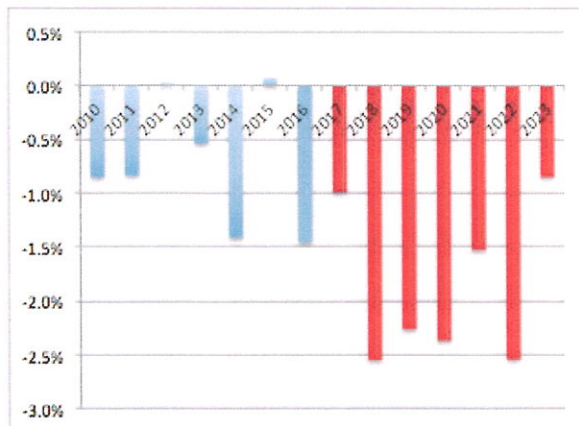
Using Per Pupil Expenditure as a Budget Target Driver

First, to see why using a PPE growth target is a better budgeting methodology than an overall budget target, it is instructive to see what would happen if we continued to use an overall budget target for BOE.

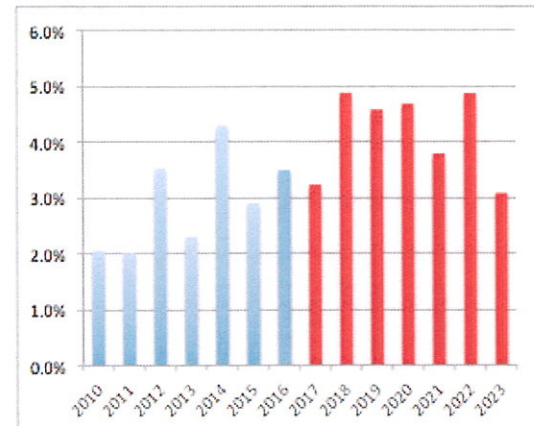
Table 3: BOE Budget Overall Growth at 2.2% Annually

| Fiscal Year | Enrollment | Enrollment Change % | Total Budget | Budget Increase | % Budget Increase | Per Pupil Budget Expense | Per Pupil % Budget Increase |
|-------------|------------|---------------------|--------------|-----------------|-------------------|--------------------------|-----------------------------|
| 2010 | 4297 | -0.9% | 69,475,700 | 817,555 | 1.2% | 16,168 | 2.1% |
| 2011 | 4261 | -0.8% | 70,276,025 | 800,325 | 1.2% | 16,493 | 2.0% |
| 2012 | 4262 | 0.0% | 72,777,608 | 2,501,583 | 3.6% | 17,076 | 3.5% |
| 2013 | 4239 | -0.5% | 74,051,212 | 1,273,604 | 1.7% | 17,469 | 2.3% |
| 2014 | 4179 | -1.4% | 76,140,105 | 2,088,893 | 2.8% | 18,220 | 4.3% |
| 2015 | 4182 | 0.1% | 78,401,124 | 2,261,019 | 3.0% | 18,747 | 2.9% |
| 2016 | 4121 | -1.5% | 79,956,024 | 1,554,900 | 2.0% | 19,402 | 3.5% |
| 2017 | 4080 | -1.0% | 81,715,057 | 1,759,033 | 2.2% | 20,028 | 3.2% |
| 2018 | 3976 | -2.5% | 83,512,788 | 1,797,731 | 2.2% | 21,004 | 4.9% |
| 2019 | 3886 | -2.3% | 85,350,069 | 1,837,281 | 2.2% | 21,963 | 4.6% |
| 2020 | 3794 | -2.4% | 87,227,771 | 1,877,702 | 2.2% | 22,991 | 4.7% |
| 2021 | 3736 | -1.5% | 89,146,782 | 1,919,011 | 2.2% | 23,862 | 3.8% |
| 2022 | 3641 | -2.5% | 91,108,011 | 1,961,229 | 2.2% | 25,023 | 4.9% |
| 2023 | 3610 | -0.9% | 93,112,387 | 2,004,376 | 2.2% | 25,793 | 3.1% |

% Enrollment Change



Per Pupil Budget Increase %



BOE Budget Increase %

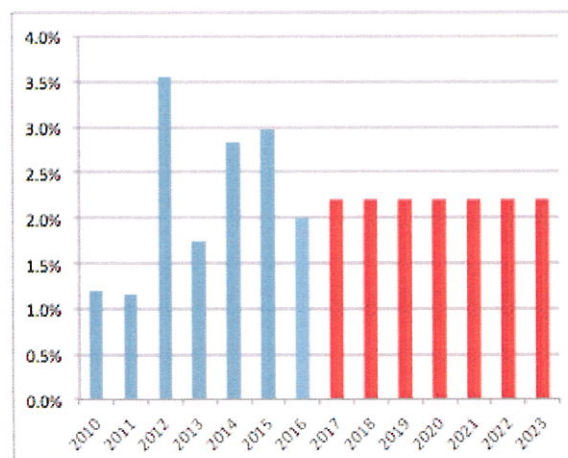


Table 3 above uses the M&M enrollment forecast for 2017-23 coupled with the average 2.2% BOE overall budget increase achieved over the past seven years (since 2009). If we extend the same 2.2% BOE budget growth for the next seven years, the BOE budget rises from \$79.9 to \$93.1 million and PPE rises from \$19,454 to \$25,793, an increase of 32% and a range of 3.1%-4.9% annually in PPE growth.

This PPE growth is at a significantly higher rate than the previous seven years. These high PPE growth rates would be difficult for the Wilton taxpayers to support, being significantly above inflation and Grand List growth rate. Taxpayers would say, "Why is the BOE budget forecasted to rise by 16.5% through 2023 while the number of students is projected to decline by 14% over the same period?" That would be hard to justify to Wilton's taxpayers.

The graphs above clearly illustrate this point. Combining the large projected enrollment declines with an overall 2.2% annual BOE budget growth results in higher growth in PPE in general than the past seven years.

Therefore, it seems intuitively obvious that the overall school budget target should be tied in some way to the actual number of students we will have enrolled, rising in times of increasing enrollment and falling in times of decreasing enrollment.

Using a 2.2% PPE Increase Applied to the M&M Forecasts

Table 4 below projects the BOE budget using a target of 2.2% increase applied to the PPE of the prior year. This increased PPE is then multiplied by the enrollment using the M&M enrollment forecast. While the PPE is increasing 2.2% annually, equal to the average BOE budget increases for the past seven years, the overall future BOE budget is essentially flat. This is because the PPE growth is generally offset with forecasted enrollment decline. The overall BOE budget would rise to \$81.6 million by 2023 with a PPE of \$22,595 which is 16% higher than today.

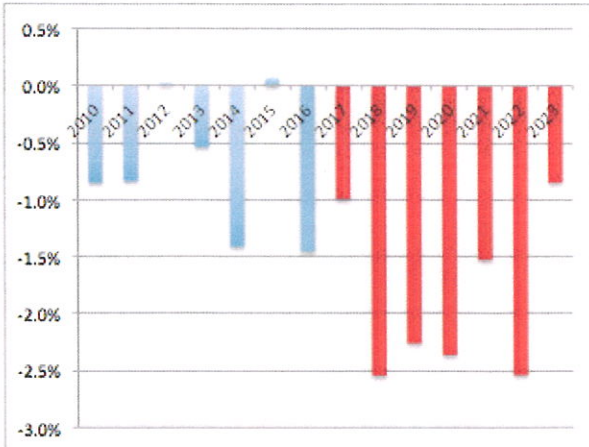
This PPE-budget methodology seems to be the best trade-off between the interests of (1) taxpayers and (2) parents of schoolchildren. To the parents, we could demonstrate that BOE is increasing the PPE by 2.2% annually, which is what has happened over the past seven years. To the taxpayers, we would be reducing the budget growth (and the tax increases) by consolidating the organization in line with the enrollment decline.

Also, a PPE-based budget target has the benefit that it adjusts for the actual enrollment change, whatever may come. Thus it can be considered a dynamic budget target, not a static one. This is significant for the changing enrollment WPS is forecasted to experience in the near term.

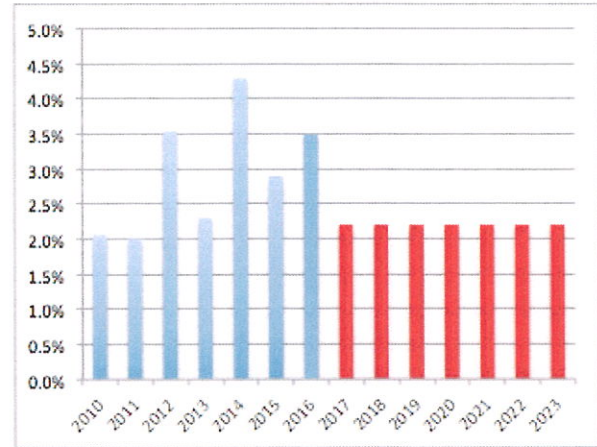
Table 4: M&M Enrollment Projection @ 2.2% PPE Growth

| <u>Fiscal Year</u> | <u>Enrollment</u> | <u>Enrollment Change %</u> | <u>Total Budget</u> | <u>Budget Increase</u> | <u>% Budget Increase</u> | <u>Per Pupil Budget Expense</u> | <u>Per Pupil % Budget Increase</u> |
|--------------------|-------------------|--------------------------------|-------------------------|----------------------------|------------------------------|---|--|
| 2010 | 4297 | -0.9% | 69,475,700 | 817,555 | 1.2% | 16,168 | 2.1% |
| 2011 | 4261 | -0.8% | 70,276,025 | 800,325 | 1.2% | 16,493 | 2.0% |
| 2012 | 4262 | 0.0% | 72,777,608 | 2,501,583 | 3.6% | 17,076 | 3.5% |
| 2013 | 4239 | -0.5% | 74,051,212 | 1,273,604 | 1.7% | 17,469 | 2.3% |
| 2014 | 4179 | -1.4% | 76,140,105 | 2,088,893 | 2.8% | 18,220 | 4.3% |
| 2015 | 4182 | 0.1% | 78,401,124 | 2,261,019 | 3.0% | 18,747 | 2.9% |
| 2016 | 4121 | -1.5% | 79,956,024 | 1,554,900 | 2.0% | 19,402 | 3.5% |
| 2017 | 4080 | -1.0% | 80,902,070 | 946,046 | 1.2% | 19,829 | 2.2% |
| 2018 | 3976 | -2.5% | 80,574,337 | -327,733 | -0.4% | 20,265 | 2.2% |
| 2019 | 3886 | -2.3% | 80,482,982 | -91,355 | -0.1% | 20,711 | 2.2% |
| 2020 | 3794 | -2.4% | 80,306,276 | -176,706 | -0.2% | 21,167 | 2.2% |
| 2021 | 3736 | -1.5% | 80,818,339 | 512,064 | 0.6% | 21,632 | 2.2% |
| 2022 | 3641 | -2.5% | 80,496,061 | -322,278 | -0.4% | 22,108 | 2.2% |
| 2023 | 3610 | -0.9% | 81,566,541 | 1,070,480 | 1.3% | 22,595 | 2.2% |

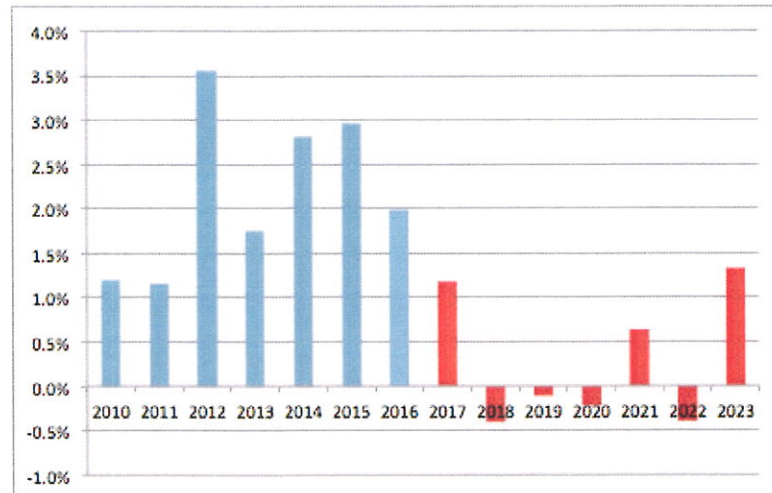
% Enrollment Change



Per Pupil Budget Increase %



BOE Budget Increase %



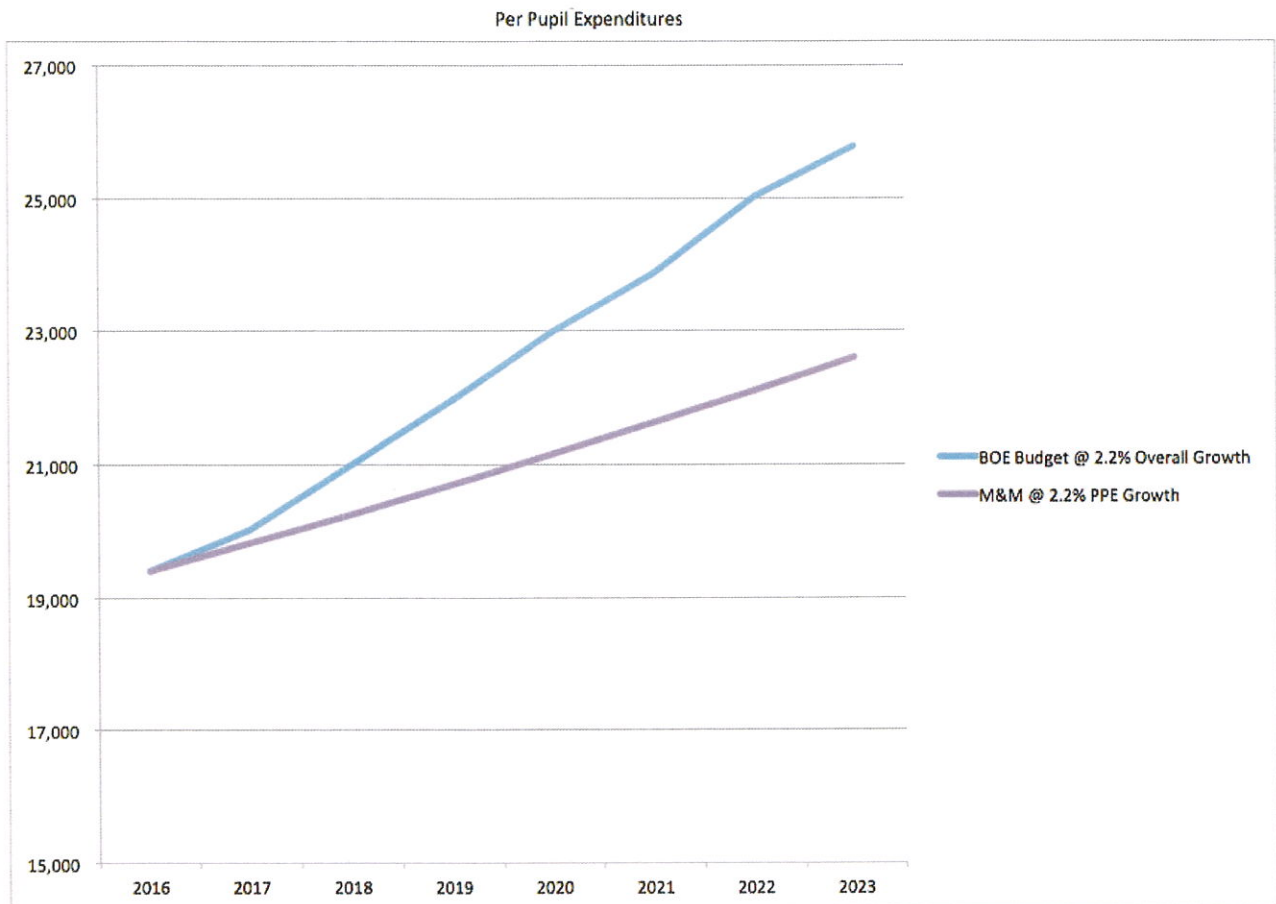
Forecast Per Pupil Expenditure Growth

The most reliable measure of whether we are providing the appropriate economic resources to Wilton's students is the Per Pupil Expenditure. If PPE is growing, then we are providing more resources to each student than the prior year, regardless to falling enrollment levels.

Table 5 below demonstrates that both scenarios provide rising PPE in each of the next seven years so it is important to emphasize that WPS students will be getting increasing economic resources per capita under all the scenarios that we are analyzing in this paper. There are no "anticipated cuts" to Wilton's PPE being considered, just differing rates of PPE increase applied to actual enrollment levels.

Table 5: PPE Projection vs. Overall BOE Budget Growth

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>CAGR</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| BOE Budget @ 2.2% Overall Growth | 19,402 | 20,028 | 21,004 | 21,963 | 22,991 | 23,862 | 25,023 | 25,793 | 4.2% |
| M&M @ 2.2% PPE Growth | 19,402 | 19,829 | 20,265 | 20,711 | 21,167 | 21,632 | 22,108 | 22,595 | 2.2% |

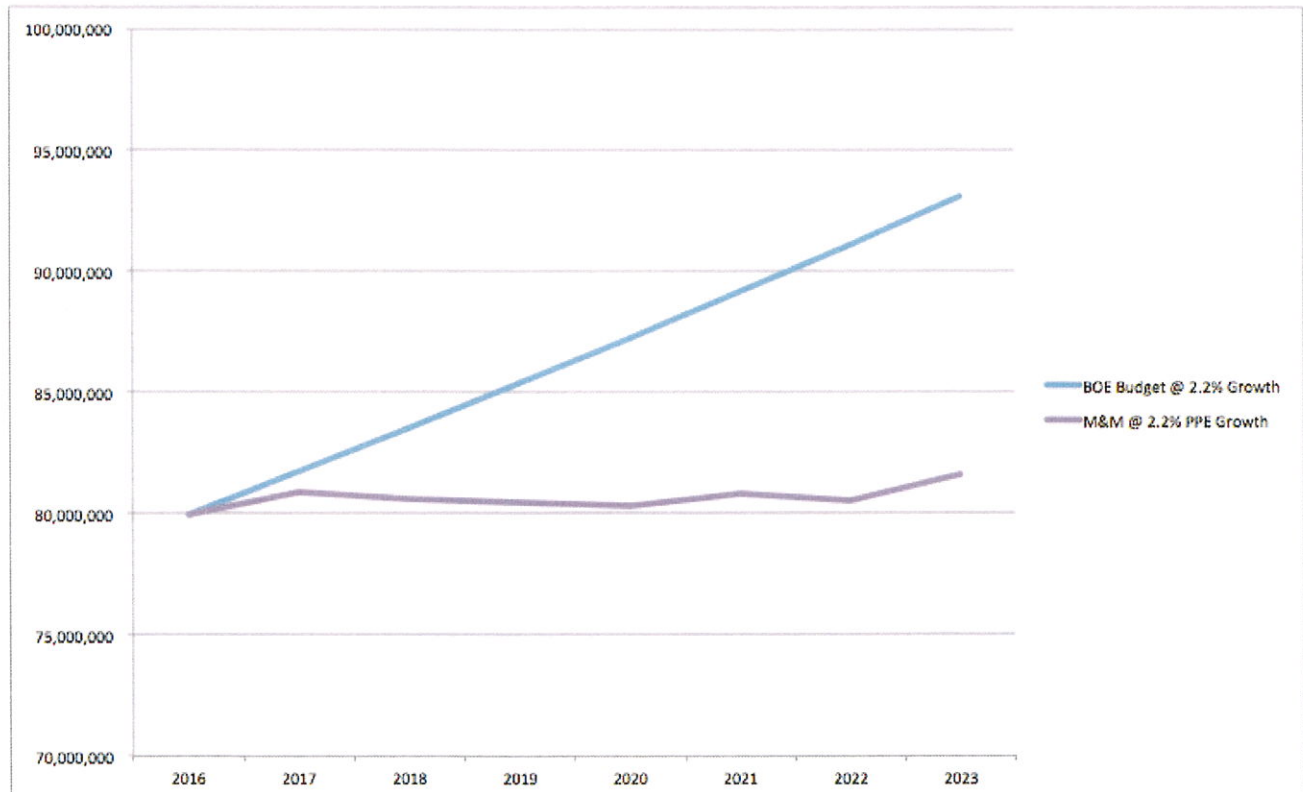


Forecast BOE Overall Budget Growth

Table 6 below lays out the overall BOE budget from FY 2016-2023 under both scenarios. The first scenario, 2.2% annual *overall* BOE budget growth, is not likely to be supportable with taxpayers since costs go up substantially at the same time the number of students is going down. The PPE-based budget scenario leads to slightly increasing overall BOE budgets. Importantly, the cumulative economic difference between the two scenarios is \$46 million over the next seven years.

Table 6: WPS Overall Budget Implications

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| BOE Budget @ 2.2% Growth | 79,956,024 | 81,715,057 | 83,512,788 | 85,350,069 | 87,227,771 | 89,146,782 | 91,108,011 | 93,112,387 |
| M&M @ 2.2% PPE Growth | 79,956,024 | 80,902,070 | 80,574,337 | 80,482,982 | 80,306,276 | 80,818,339 | 80,496,061 | 81,566,541 |
| Cumulative Difference | - | 812,986 | 3,751,437 | 8,618,524 | 15,540,019 | 23,868,461 | 34,480,411 | 46,026,257 |



Summary and Conclusions

Any BOE budget target methodology that ignores the projected 17-28% decline in students from FY2016 through 2023 predicted by three separate enrollment reports will be difficult for the BOF and Wilton's taxpayers to support, simply because it would be ignoring reality. Therefore, we should adopt some enrollment-influenced BOE budgetary projection target that is based on projected student enrollment, not just last year's overall BOE budget number automatically increased by this year's 1.75% target, the current methodology.

This implies a future organizational consolidation will be required in parallel with the declining student enrollment. This consolidation plan should be a multi-year planning effort since handling staff reductions should be accomplished with normal attrition (retirements and voluntary resignations) as much as possible. Consolidation of overhead is especially important since the goal is to preserve the student-teacher ratios in the classroom as much as possible while getting the BOE budget aligned with enrollment declines.

As a BOE planning effort, it would make sense to starting to plan for a school system of about 3300-3600 students in 2023. If the decline is less than forecasted, BOE could slow down consolidation plans accordingly. But if the BOE budget doesn't keep pace with the expected enrollment decline, it will lead to either higher than budgeted PPE growth or rushed and forced staffing reduction decisions to get the budget back in line with the enrollment decline.

Three-Year Changes in Students, Expenditures and Per Pupil Expenditures

| | Students <u>2012-13</u> | Students <u>2015-16</u> | Students Diff. | Students % Diff | Total \$ <u>2012-13</u> | Total \$ <u>2015-16</u> | \$Amount Diff. | \$Amount Diff. | PPE <u>2012-13</u> | PPE <u>2015-16</u> | PPE Diff. | PPE %Diff. |
|-----------------|----------------------------|----------------------------|-------------------|--------------------|----------------------------|----------------------------|-------------------|-------------------|-----------------------|-----------------------|--------------|---------------|
| Miller-Driscoll | 880 | 774 | (106) | -12.0% | 7,137,142 | 7,302,762 | 165,620 | 2.3% | 8110 | 9435 | 1325 | 16.3% |
| Cider Mill | 996 | 981 | (15) | -1.5% | 8,145,644 | 8,846,600 | 700,956 | 8.6% | 8178 | 9018 | 840 | 10.3% |
| Middlebrook | 1053 | 1015 | (38) | -3.6% | 9,172,246 | 9,578,452 | 406,206 | 4.4% | 8711 | 9437 | 726 | 8.3% |
| WHS | 1310 | 1351 | 41 | 3.1% | 13,649,039 | 14,522,153 | 873,114 | 6.4% | 10419 | 10749 | 330 | 3.2% |
| TOTAL | 4239 | 4121 | (118) | -2.8% | 38,104,071 | 40,249,967 | 2,145,896 | 5.6% | 8,989 | 9,767 | 778 | 8.7% |