

School Population Forecast

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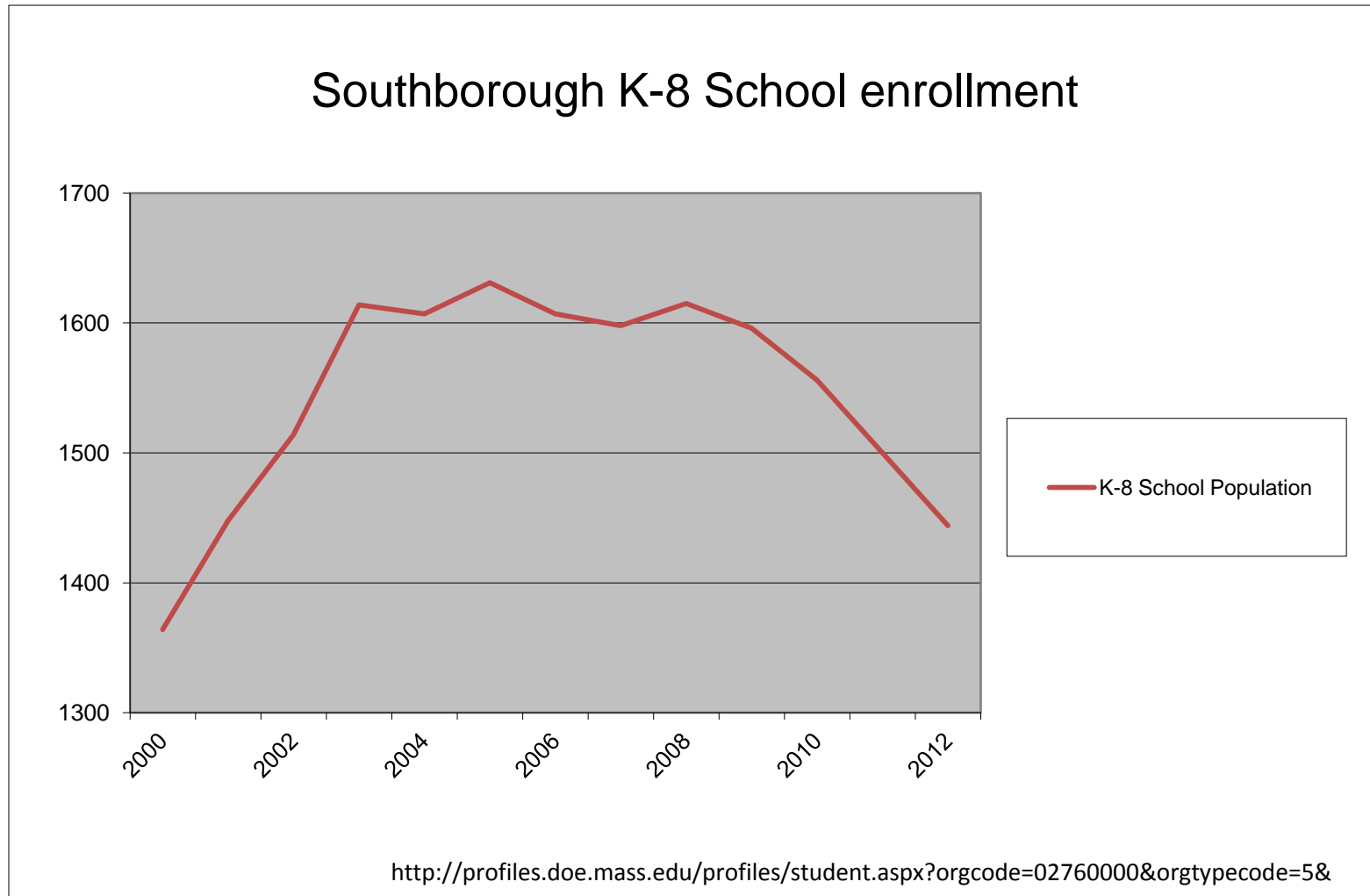
Town of Southborough

Central Financial Challenge

- School labor costs account for about 50% of our budget
- Unit Labor costs will increase by about 7% per year
 - From 2006 to 2010 Teacher salaries rose at a 7.1% CAGR
<http://profiles.doe.mass.edu/profiles/teacher.aspx?orgcode=02760000&orgtypecode=5&leftNavId=815&>
 - Current Contract is fundamentally unchanged
 - Productivity is not changing
- For a variety of reasons we have no control of over our unit labor costs in the near term,
- Funding teacher pay packets will make it very difficult to fund other public initiatives
- **The Central Question: How many teachers do we need on the payroll to provide a quality education?**

Where are we now?

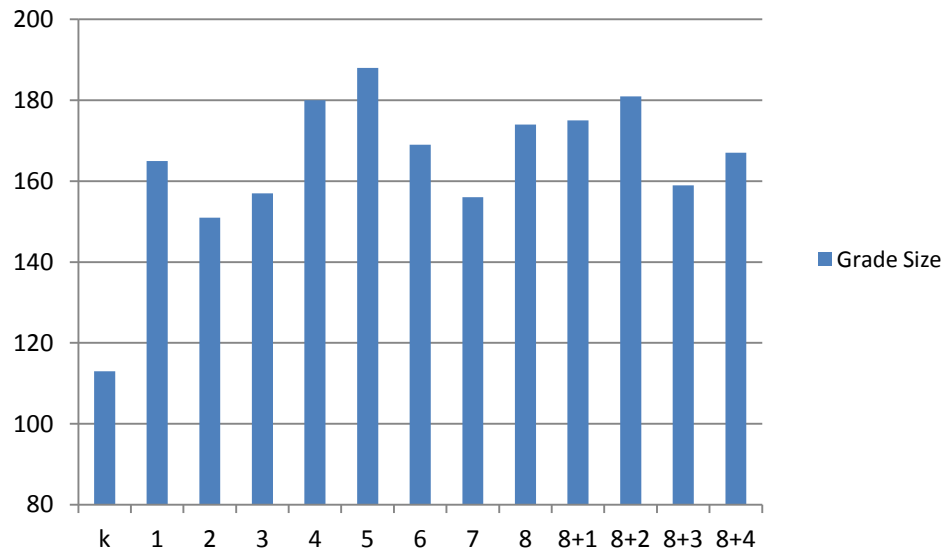
What is our K-8 Population



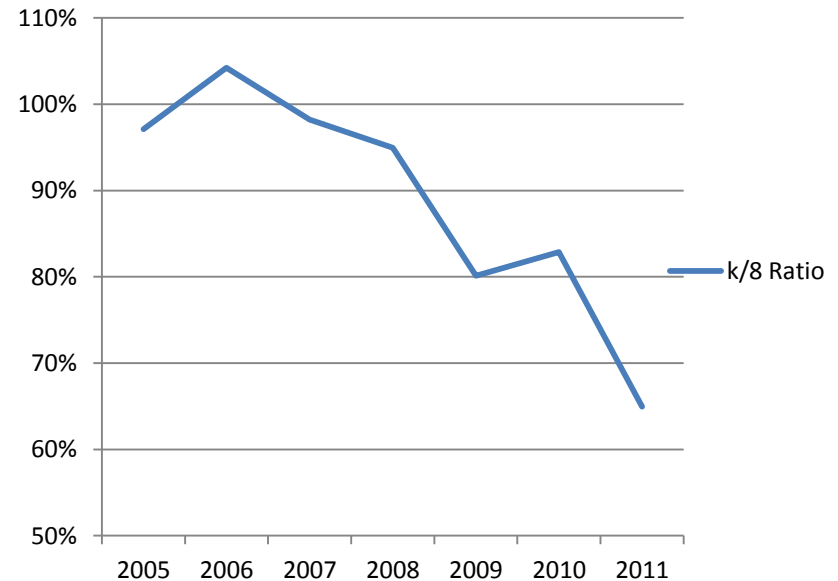
Why is the K-8 Population Declining?

- The simple answer is we are graduating 8th grade classes that are larger than the K/1 classes we are enrolling

Grade Size 2010-11



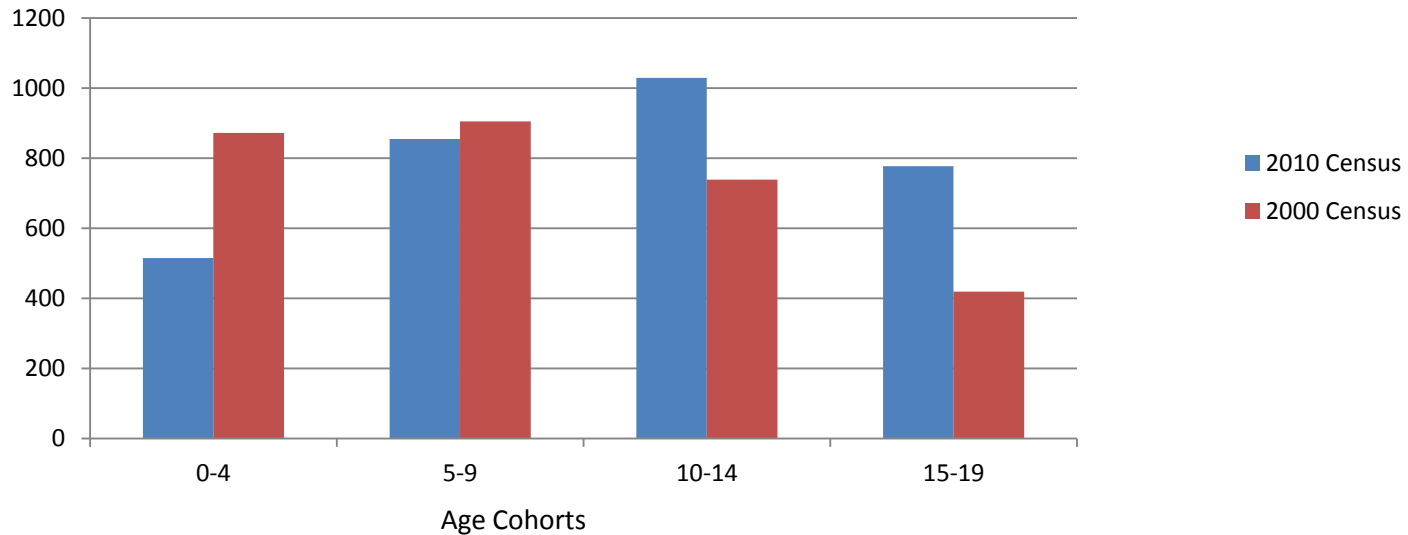
Kindergarden to 8th Grade Ratio



Is this an isolated phenomena or a trend?

- The short run answer lies in the US Census Data from 2010

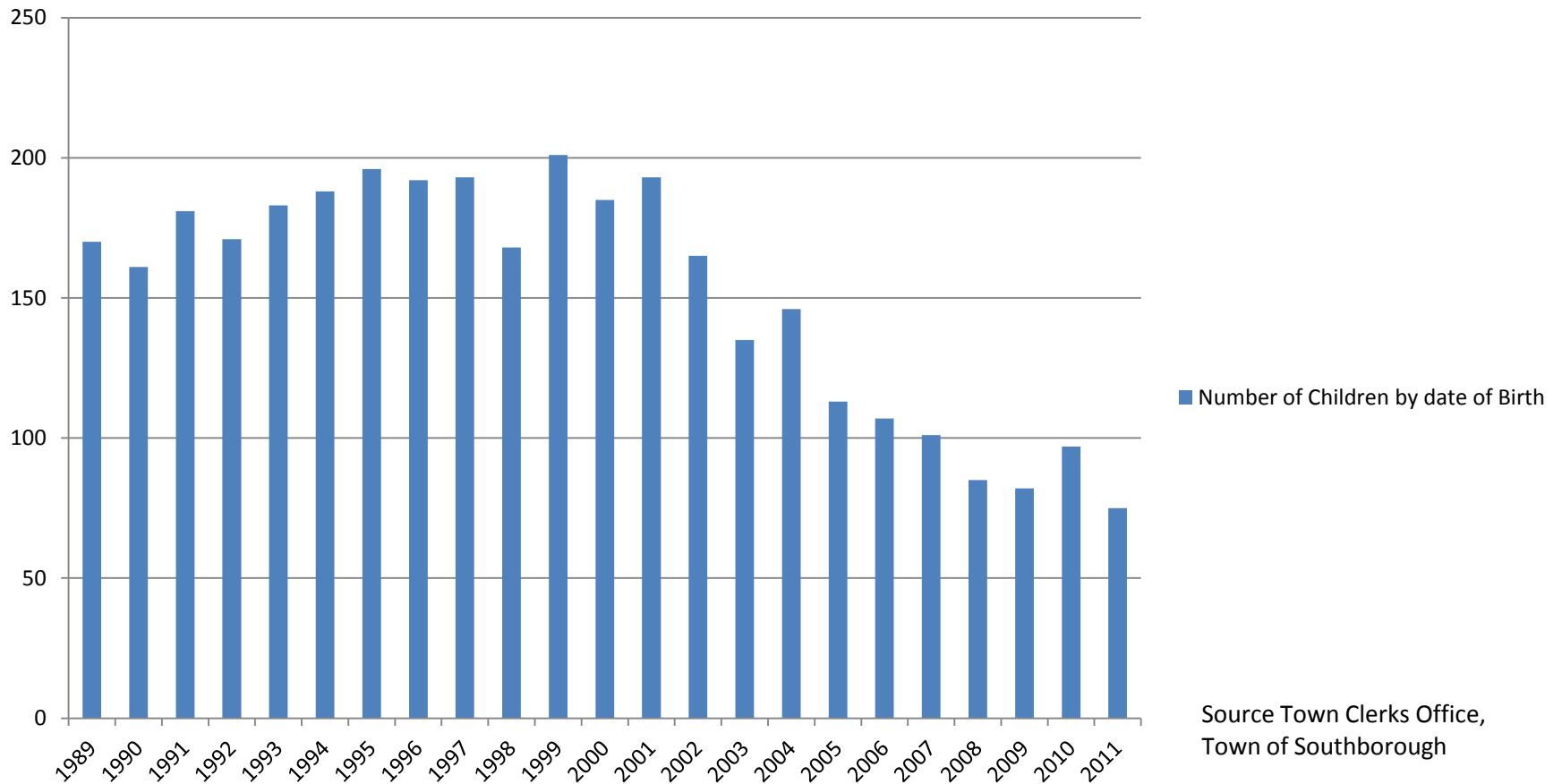
Southborough Age Cohorts 2000 and 2010 US Census



Source: US Census 2000 & 2010

Town Census Data Confirms The Trend

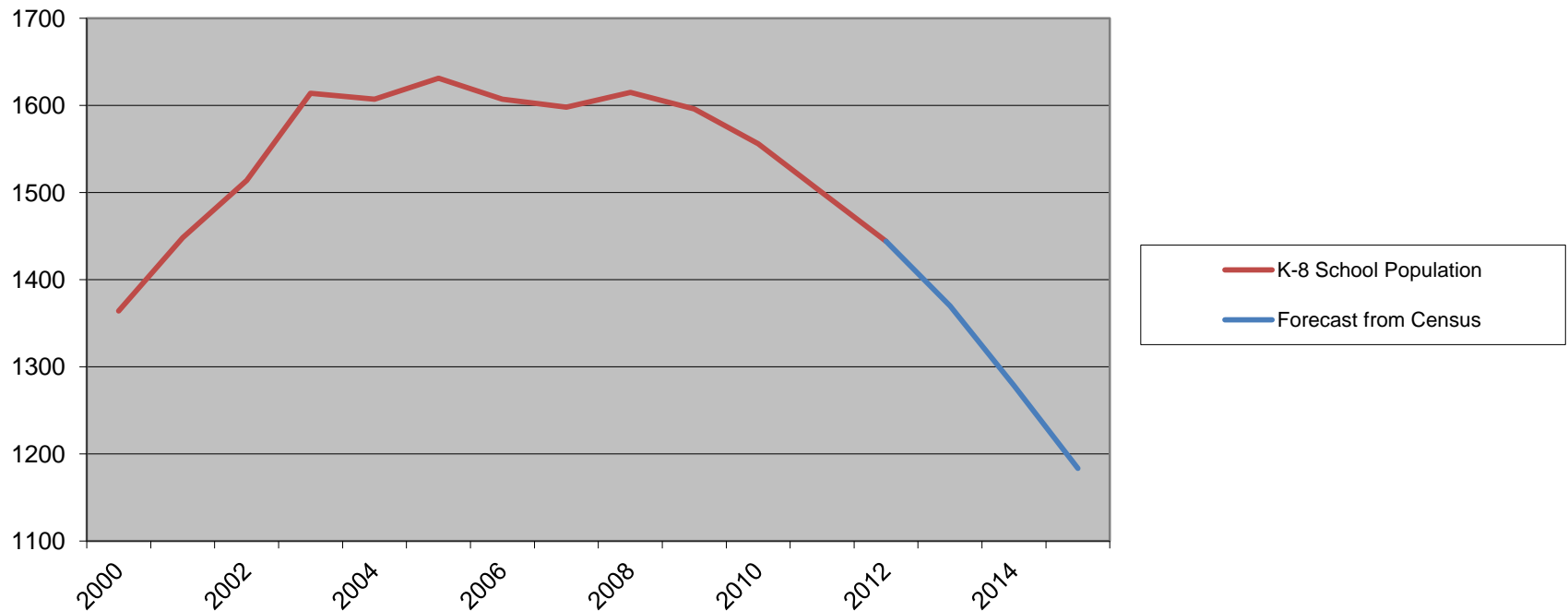
Number of Children by Date of Birth Town of Southborough as of 1/3/12



Conclusion

- Between now and 2015 we are likely to see incoming classes declining to as few as 85 students
- K-8 School Populations will fall to about 1185

Southborough K-8 School Enrollment Forecast 2013-15



Beyond 2015

- Mass Population Growth is Low
- Mass Birth Rates are Low and Falling
- Number of students is driven by 2 factors
 - Number of babies born to Southborough Residents
 - Net Migration – New families moving to town

Number of Babies Born In Southborough

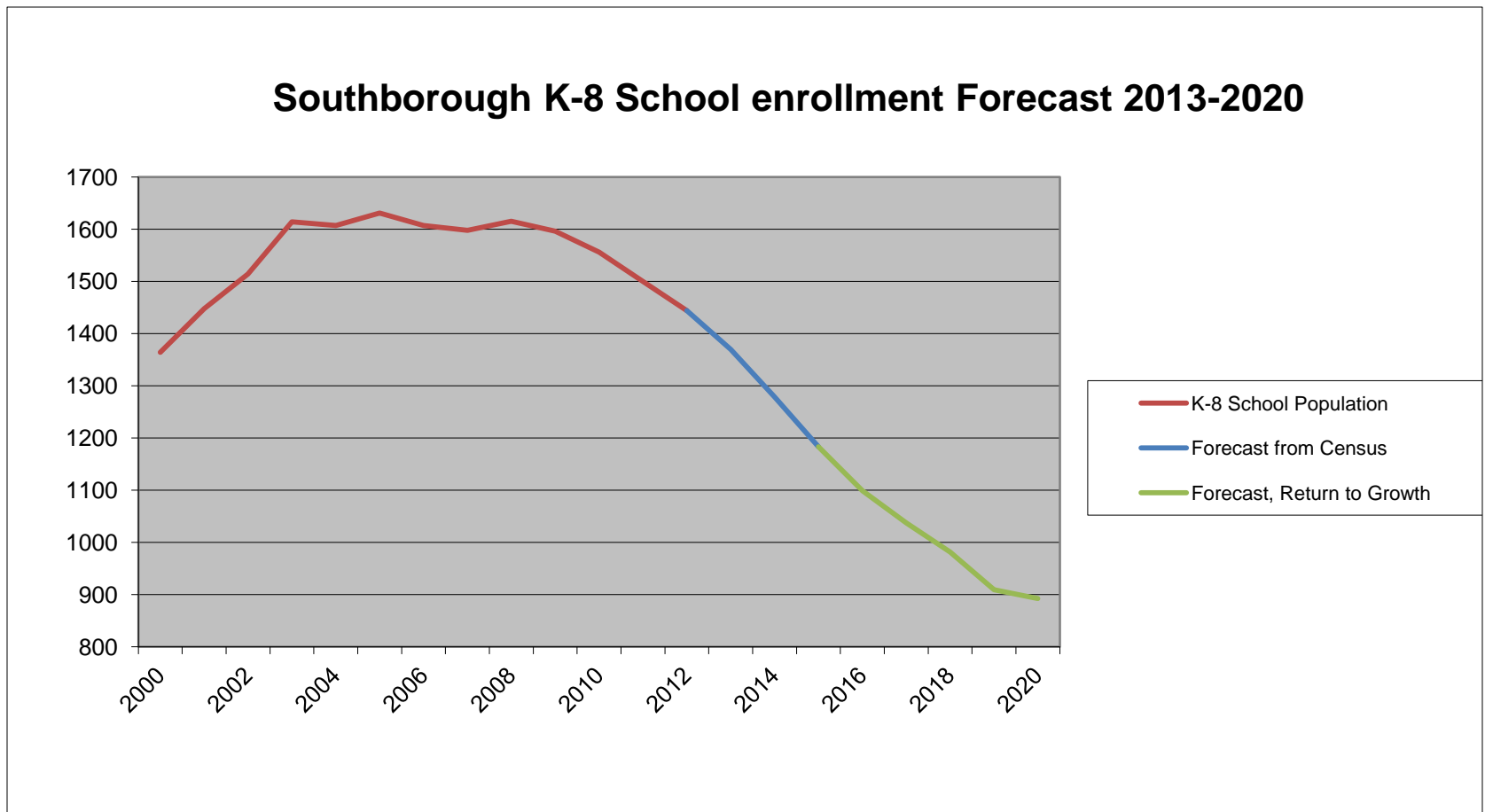
- Mass average fertility rate was 55.3 per 1000 females age 15-44 in 2009. http://www.cdc.gov/nchs/fastats/popup_ma.htm
- In 2010 there were 1548 females age 15-44 in Southborough (Source US Census)
- 85 Babies per year
- This number is probably high
 - Birth rates are falling http://www.cdc.gov/media/releases/2011/p1117_teen_birthrate.html
 - Southborough's ethnic and economic mix would suggest lower fertility rates.

Migration

- We should plan on improvement in the housing market bringing new families into town.
 - 40B's will have little impact (1-2 bedroom units) may add 30 students to the system
 - New Single Family homes and increased turn over will add students to the system
 - Add 1% to each grade per year from 2016 to 2020

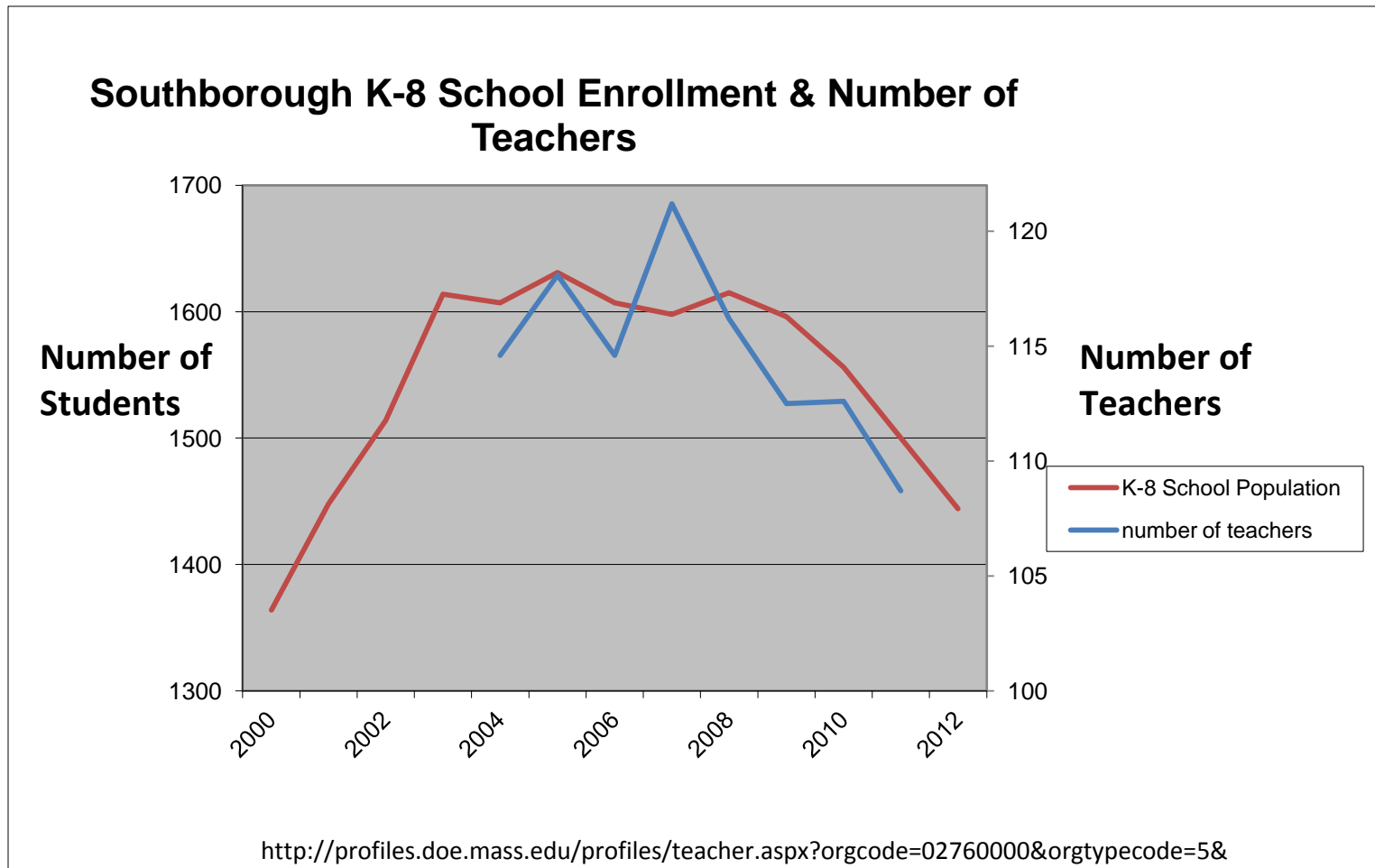
Long Term forecast

- Enrollment Should Stabilize and Begin to Grow at the end of the Decade
- Enrollment will bottom at about 890



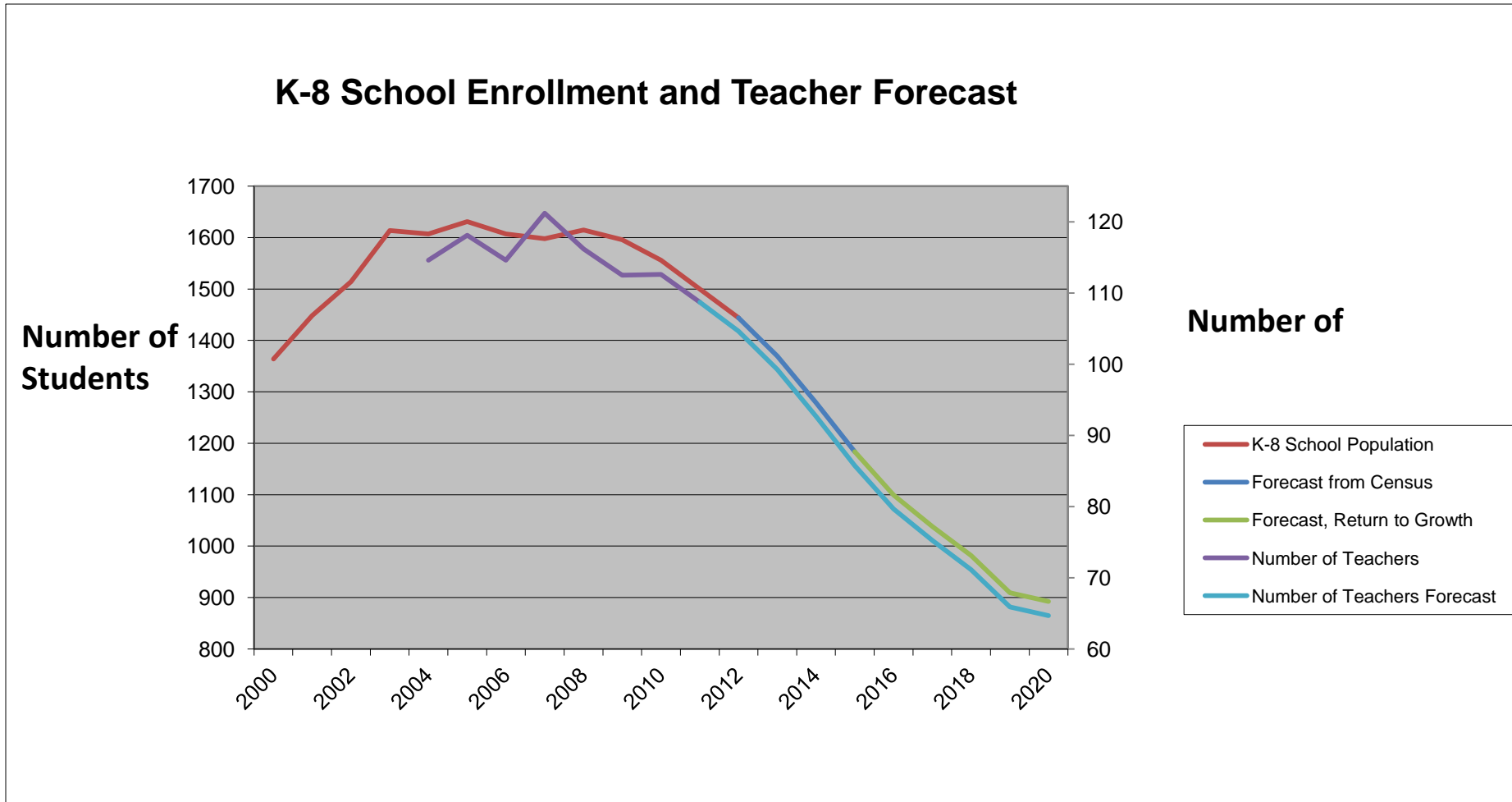
How Many Teacher Do We Have?

- Number of Teachers has Tracked number of Students



Maintaining Student Teacher Ratio

- Reduce number of Teachers by 4-5 per year
- End of Decade Staffing of about 65 Teachers



Conclusions

- Continuing enrollment declines are certain
 - Plan on enrollment of 890+/- 100 by the end of the decade.
 - 35-40% down from current 2012 levels
- We will need a corresponding staff reduction
- We should already be in a 3 school system
 - We operated quality school system in a 3 school footprint with more students than we have now in the early 2000's
 - Our 3 school (excluding Woodard) classroom capacity is greater than it was in early 2000's due to the Trottier addition
- The big question is not 3 vs 4 but 2 vs 3 schools.

Conclusions

- Algonquin enrollments will also decline albeit later
- We have substantial excess Physical Plant capacity.
 - K-8 housed 1600+ easily.
 - Designed capacity is higher
 - We operated a quality system in 3 schools at higher populations.
- School Budgets Will Continue to Rise
 - 4% to 5% student/staffing reductions offset by 7+ % labor cost increases mean school budgets will increase by 2% to 4%
 - Declining enrollment and fixed overhead will inevitably lead to higher per student expenses. In effect less efficient education.
- Regular Prop 2.5 overrides will be required to support in the absence of concerted action.
 - School labor costs will drive the overrides and should bear the override risk.
 - Declining enrollments will lead to declining constituencies for school driven overrides
- **There is an alternative to repeated 2.5 overrides**

Plan to avoid multiple 2.5 overrides

- Close 1 school now and return it to Municipal Use
 - Do nothing that would prevent the structure from easily being returned to educational service. We may need the facility in 10 to 15 years.
 - Woodward is probably the best choice
 - Challenge the SBAB restriction
 - We are not going to build a school for another 20+ years
- Consolidate the Senior Center, Arts Center, Cable, Health Dept, Facilities and other Municipal operations in the Closed School.
- Sell the Arts Center, Senior Center, and Fayville
 - All are in poor to fair condition
- Use the proceeds to fund School Operations until we can get control of our school labor costs.
- There are substantial secondary savings for both the K-8 schools and Municipal Govt in this plan.
- Seriously consider closing a second school in 3-5 years.

The Choice is Ours

- We can continue to put education at risk by maintaining excess capacity and risking multiple 2.5 overrides
- We can continue to underfund the capital maintenance of our decaying municipal infrastructure.

OR

- We can recognize that teachers instruct our children not buildings.
- We can begin making rational decisions about rightsizing our infrastructure and making more effective and efficient of our capital resources