

Report of the Cost Savings Subcommittee



**PRESENTED TO THE ACTON BOARD OF
SELECTMEN**

BY

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Overview of Presentation



- **Process overview**
- **Overview – what this is, what it is not**
- **Description of items evaluated**
- **Finance Committee actions to date**
- **Next steps – we need your help!**

Overview of Process



- **Gathering of Ideas – January- March**
 - Over 100 ideas gathered from many sources
 - Opportunity for public to actively participate in budget prioritization, process
- **Finance Committee presentation to this committee – March**
 - “We need buy-in and we need a plan”
 - “Critical elements of success:
 - ✦ Agreement that there is a valid need to move in that direction
 - ✦ That the specific items/projects to be looked at are both practical and have a payoff commensurate with the implementation effort. ”

Overview of Process



- **Town Manager and Superintendent reviewed – April**
 - Many items already being done to some extent – 41 Town and 33 Schools
 - Recommended items be pursued further, even if already being done – 44 Town and 53 Schools
 - Town recommended that 21 not be pursued, and Schools 9
- **Remaining suggestions fell into 7 groups**
 - Staffing – 13 suggestions
 - Employee salary, benefits – 9 suggestions
 - Energy savings, water savings – 4 suggestions
 - Capital purchases, improvements – 4 suggestions
 - Fees – 3 suggestions
 - Government structure – 8 suggestions
 - Other categories – 27 suggestions

Overview of Process



- **Formation of Subcommittee – May**
 - List culled based on feedback – June
 - Format of analysis developed – June
 - Members assigned ideas to analyze – June
 - Data gathering and analysis July – September

Overview of Process



- **Process has been productive but no easy choices**
 - There's not much for "low-hanging fruit"
 - Savings can be achieved, but will require choices
 - Service levels
 - Cooperation with bargaining units
 - Local control versus shared services
 - Most items will take some time to implement
- **Relied upon data provided as part of FY10 budget process**
- **Thank you to staff for support and answers to questions!**
- **Analysis and conclusions are ours**

Overview – What this is not



- **Not** Reengineering 1998 redux
- **Not** ideas generated from the Finance Committee
- **Not** detailed business cases
 - Not vetted by staff for practicality
 - Not vetted by staff for detailed financial analysis
 - Not assessed for the risk of implementation
- **Not** the result of a collaborative process of decisionmakers

Overview – What this is



- Ideas generated from taxpayers –significant outreach to engage taxpayers in budget setting
- Estimates of potential cost savings created using data provided to Fincom as part of budget process
 - Estimates designed to provide a glimpse of the scale of potential savings
- Recognition that town and school staff are continually evaluating ways to do things cost effectively
- A good starting point for further collaborative action by Fincom, BOS, SC

Government Structure



- **Several suggestions dealt with combining functions**
 - Between Town and Schools – back office, community ed/recreation
 - Within Town – Water District and Town of Acton
 - Between Acton and neighboring towns
- **Other suggestions involved new models of doing business**
 - Changing library hours, Town Hall hours
- **Analyzed 8 suggestions**
 - If pursued, will require additional in-depth analysis
- **Some suggestions to combine would require legal action, negotiation**
- **Some suggestions imply a service reduction**

Government Structure



CS#	Description	First Yr Savings
26	Combine Water District with Town of Acton	Unknown
27	Combine Community Education and Recreation	\$75,000
28	Combine school and town financial "back office" functions	\$200,000
29	Consider regionalization of various functions (including emergency, education, more)	
	<i>29 a. K-12 Regionalization with Boxborough</i>	\$152,422
	<i>29 b. Dispatch</i>	\$20,773
	<i>29 c. Police Supervision</i>	Unknown
30	Consider expansion of joint purchasing consortia for schools, town	\$0
31	Close library one weekday and open on Sunday 1-5	\$133,321
32	Close Town Hall one day per week and have extended hours two days until 8 or 9	\$258,824
33	Make Recreation Dept self-funding	\$75,000

Fees, Other



- **Fees**
 - Updating municipal and school fees
 - Instituting new fees
 - Preliminary analysis – more can be done to analyze how to match fees with expenses
- **Other**
 - The “potpourri” category – includes various ideas to outsource, reduce, eliminate
- Analyzed 11 suggestions for both categories

Fees, Other



CS#	Description	First Yr Savings
22	Evaluate overlay account for possible surplus	\$1,275,000
23	Charge fee for bus service for schools	\$195,500
24	Increase commuter lot parking fee	\$0
25	Increase all fees on regular, uniform, predictable basis	Unknown
34	Shift additional functions out of operating budgets to revolving, enterprise funds	Unknown
35	Defer spending on COA, Fire	\$0
36	Move Employee Day to NARA	\$25,000
37	Outsource landscaping	\$0-\$56,000
38	Reduce town/schools print and mailing 80% - e-mail items	\$190,860
39	Hold elections in one location - ask schools to schedule days off	\$1,430
40	Create wish lists for things schools need for classrooms and ask for donations.	\$0

Compensation and Staffing



- Town and Schools pay \$44 million in Salaries and \$11 million in Healthcare. Together these represent 71% of the budget
- 19 ideas in all, 11 on compensation, 8 on staffing
- Most involve changes to collective bargaining agreements, however most of these agreements are under negotiation
- This area *must* be addressed if we are to avoid service reductions or tax overrides

Compensation and Staffing Results



- The next two slides summarize the results of the analysis
- **These numbers are not additive**
- Each number is based on assumptions which are contained in the report

Compensation



CS#	Description	First Yr Savings
1	Investigate single-parent family HI plans for employees	\$0
2	Freeze all salaries - no new contracts with increases	\$441,080
3	Freeze all non-union salaries	\$452,525
4	Evaluate tradeoff between wage increases and HI shift	\$1,124,924
5	Implement 1.5% increase on steps only on collective bargaining; base increases = 0	\$441,080
6	Encourage more employees to sign up for lower-cost HI plans.	\$1,351,252
7	Replace High Cost Indemnity HI Plan with lower cost plan	\$564,736
8	Open up all contracts and get everyone to agree to a solution for bad economic times.	\$441,080
15	Implement HI "per Governor"	\$440,000
16	Examine HI co-pays	\$269,093
21	Increase the employee share of health insurance	\$1,345,464

Staffing



CS#	Description	First Yr Savings
10	Require all teachers, including administrators, to teach	\$68,116
11	Use volunteers as teacher aides	Range of \$0-\$68,116
12	Reduce size of Acton town government, employees, contracts, etc.	\$62,400
13	Ask employees to choose pay cut versus layoffs	Unknown
14	Implement attrition policy	\$1,100,000
17	End early retirement incentive	Unknown
18	Consider minimum class sizes for electives at middle and high schools	Range of \$0-\$68,116
19	Examine staffing levels for police and fire.	Range of \$0-\$42,000
20	Examine overtime levels for police and fire.	\$0

Time to Implement



	Short-Term	Long-Term	
Large Value	22	13	17
	38	25	26
		34	6
		21	22
		4	14
		7	3
		2	5
		8	15
		29	16
		32	28
		23	31
		27	33
		10	11
		18	12
	37	19	
Small Value	30 36 41	39	

- Five could be initiated immediately
 - 2 are large value
 - 3 are small value
- Remainder will require longer-term to implement
- Blue shading indicates those that must be bargained

Fincom Action to Date



- **Report of Subcommittee – November 10**
- **Fincom votes to separate items requiring collective bargaining – November 10**
 - Intend to vote on a “Point of View” with respect to these items
 - Send to Board of Selectmen, School Committees for their actions
- **Fincom votes to request the formation of subcommittee – November 17**
 - **Membership: 2 members each from Fincom, BOS, SC**
 - ✦ APSC met November 19 – Xuan Kong and Jonathan Chinitz members
 - **Tasked with selecting business cases and developing detail for implementation**
 - ✦ Detailed business case, risk analysis, five-year projection of savings
 - **Each idea selected must have sponsorship, staff member, Fincom member**

Next Steps



- **Subcommittee will complete work by mid-January**
 - Recommendations return to BOS, SC for action, further development
- **We need your support and assistance**