

Woodbridge Fiscal Health Analysis: Preliminary Results of Budget Projections

November 13, 2018



Connecticut
Economic
Resource Center

Collaboration at Work

Objectives

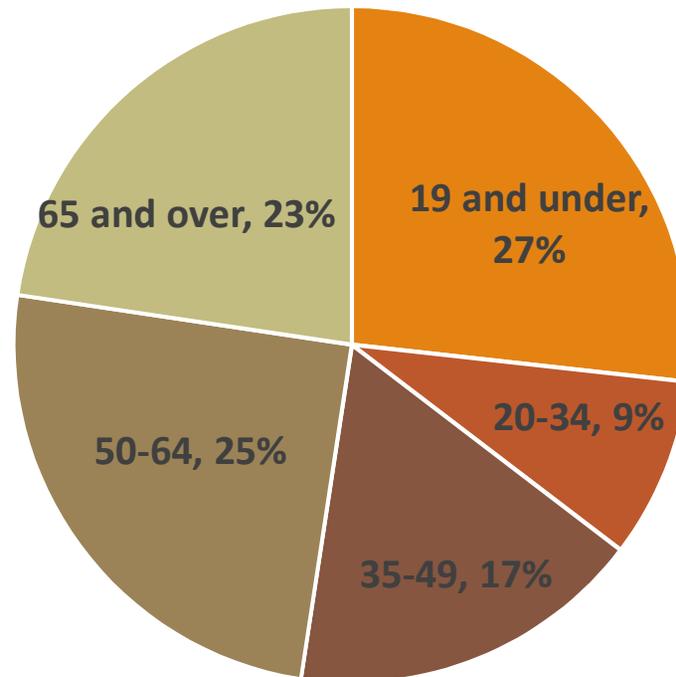
- ❑ To make the budget and planning process more data-oriented
- ❑ Provide data so that Woodbridge can evaluate its performance relative to similar municipalities (presented in part 1 on 9/12/18)
- ❑ Model hypothetical budget scenarios so Woodbridge can understand how decisions today can impact its future financial picture

Please note: The data contained herein represent hypothetical scenarios, designed to isolate the impact of certain budget scenarios, based on the assumptions described. Any forward-looking projections contain inherent uncertainty, and may not be realized. The scenarios are designed to be utilized for comparison purposes, and do not represent a comprehensive budget projection and should not be used on a stand-alone basis. Additional details and a more comprehensive analysis will be contained in the full report.

District Reference Groups

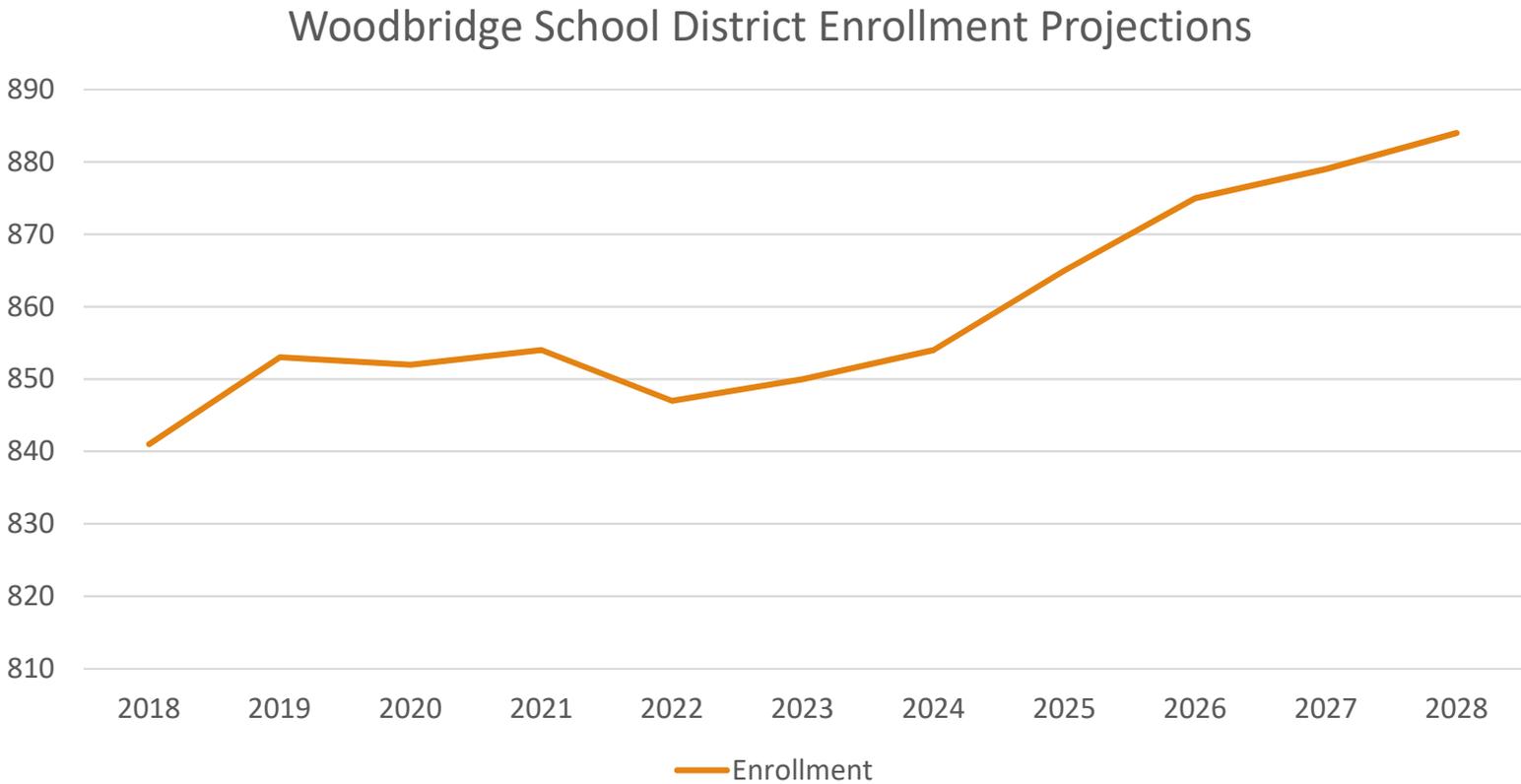
- ❑ DRGs classify public school districts based socioeconomic factors.
- ❑ Classifications include letters A through I, with A consisting of very affluent suburban districts and I consisting of urban districts with high socioeconomic need.
- ❑ DRG criteria include:
 - Median family income
 - Parents' educational level
 - Parents' occupation
 - Family structure
 - Poverty
 - Home language
 - District enrollment
- ❑ Woodbridge and Region 5 (Amity) are in DRG B. Other districts in this DRG include Madison, Newtown, Orange, West Hartford, and Region 15 (Middlebury and Southbury).

Woodbridge Population by Age



Source: US Census American Community Survey, 2012-2016 5-year estimates.

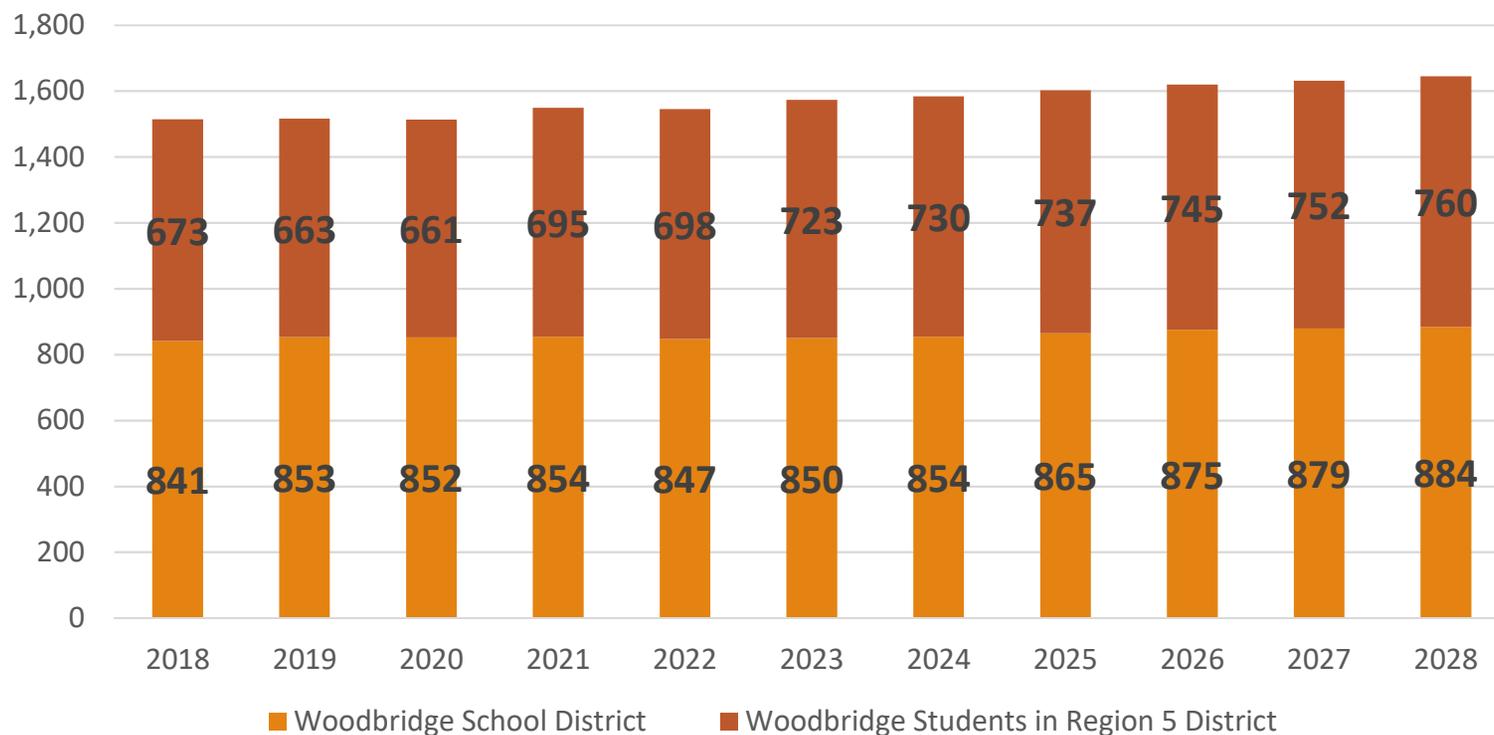
Woodbridge School District is projecting an increase in enrollment through 2027



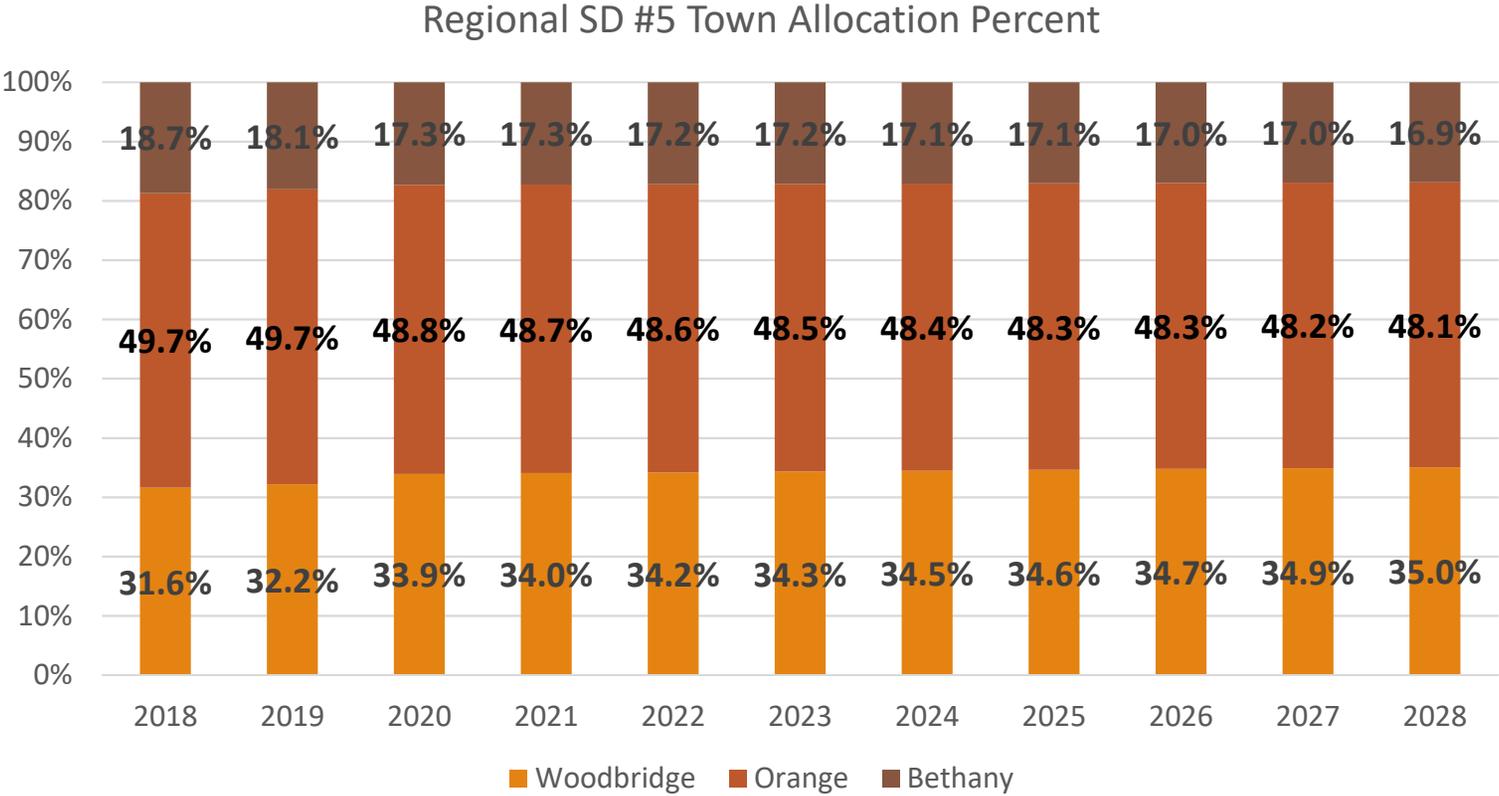
Source: Woodbridge Board of Education (through 2027)

Woodbridge's share of enrollment in Regional District #5 is also forecast to increase, although overall enrollment at District #5 will remain fairly stable

Enrollment Projections: All Students from Woodbridge

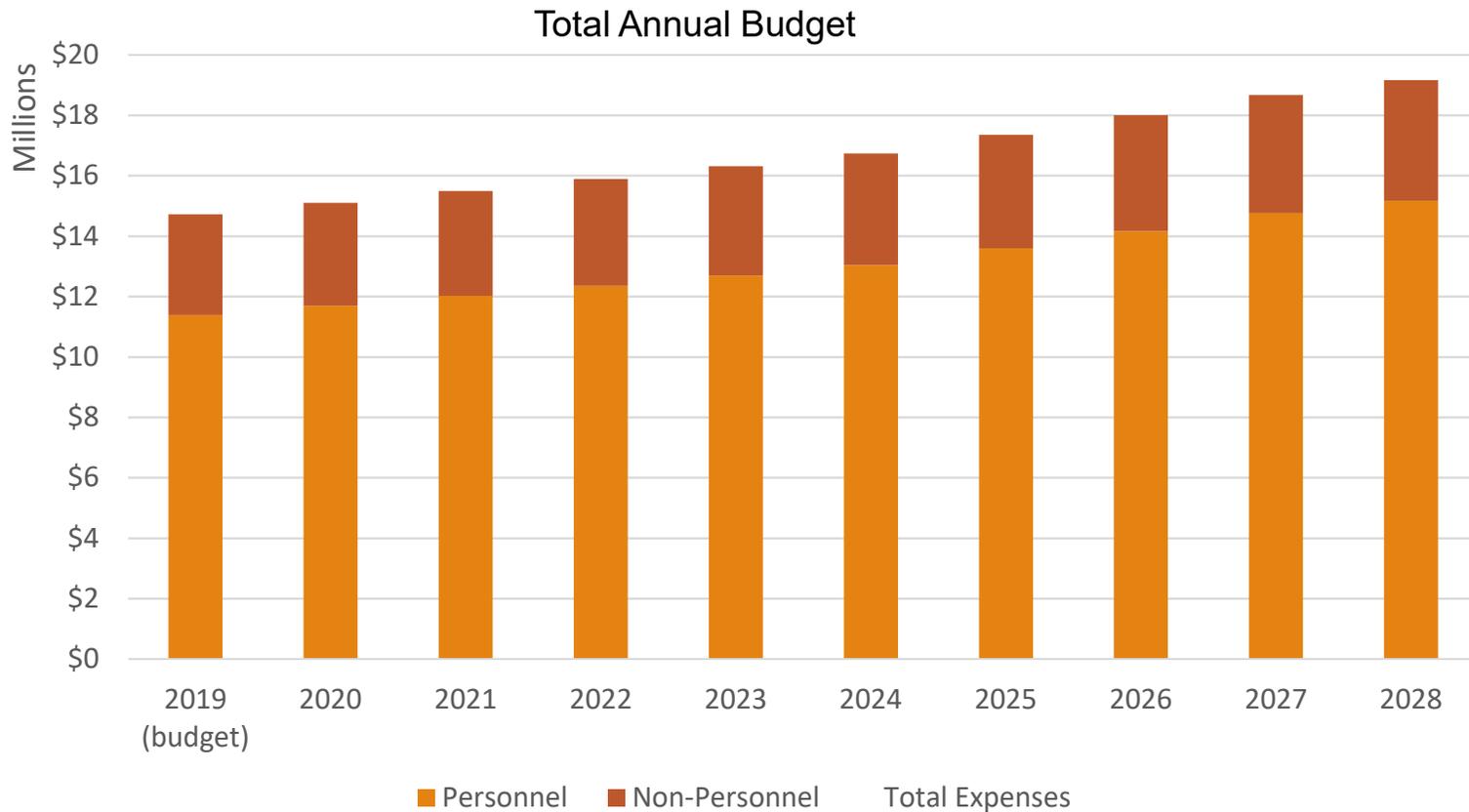


As such, Woodbridge's share of the Amity budget will also likely increase

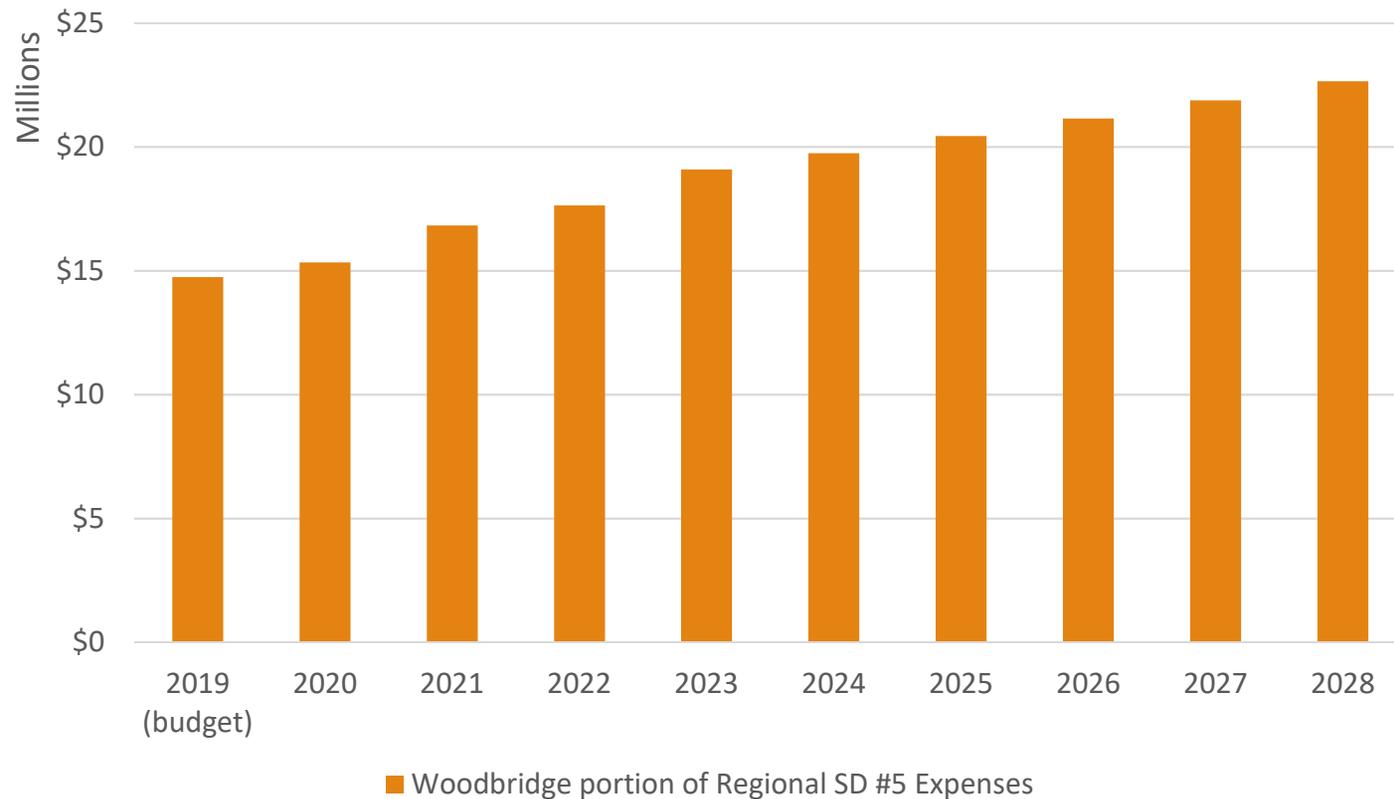


Source: Amity Regional School District #5 (through 2023)

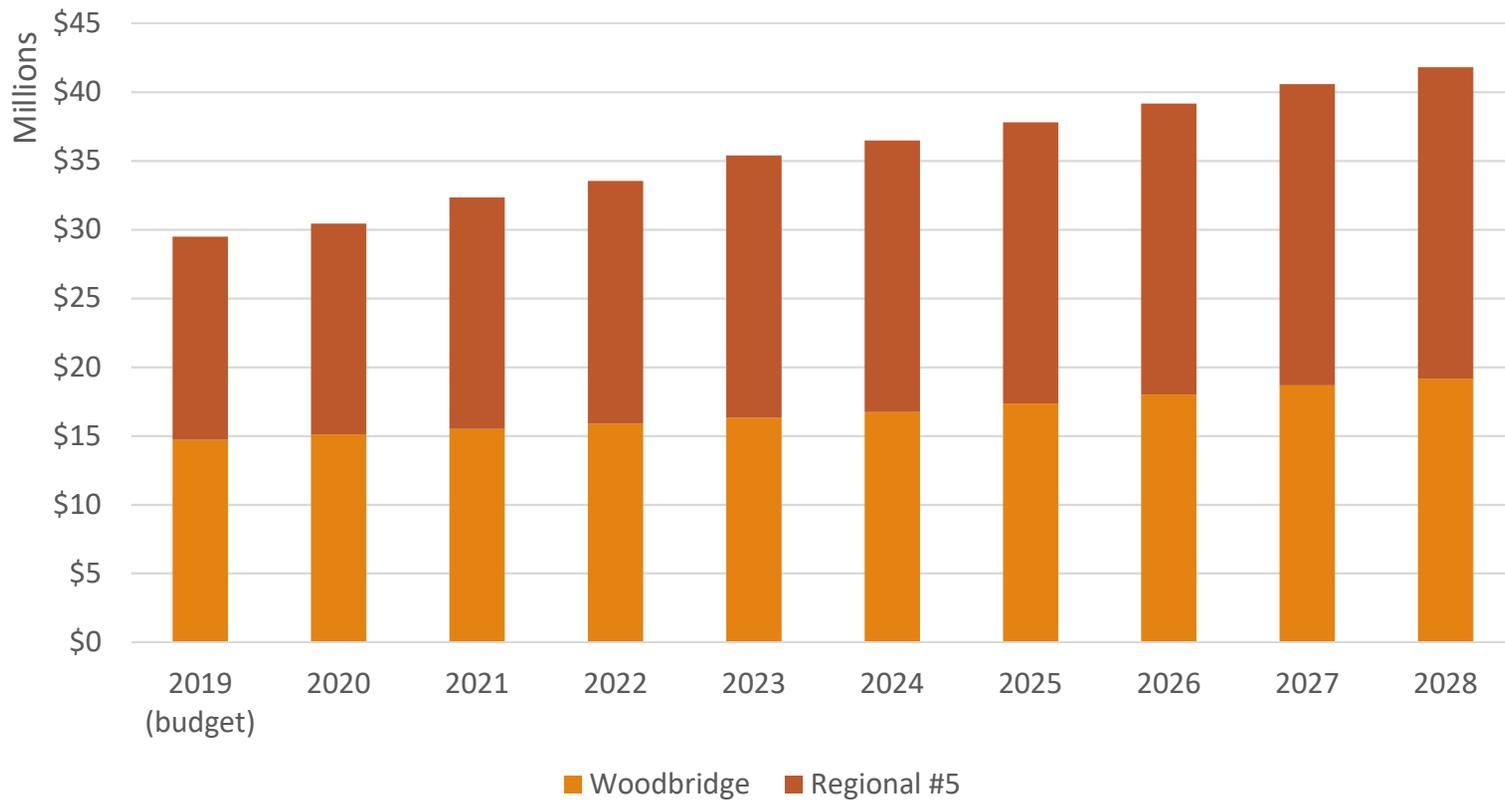
Woodbridge School District Expense Projections



Regional School District #5 Expense Projections—Woodbridge Portion



Total Projected Education Expenses

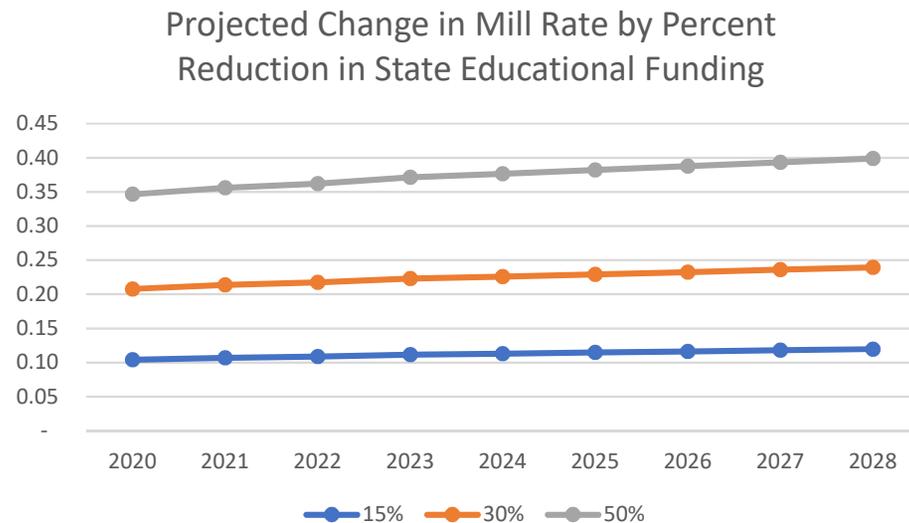


Woodbridge Town Budget Expense Projections: Baseline (Status Quo) Scenario

all figures in 000s	2018 Budget	2019 Budget	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028 Projected
Revenues											
Property taxes	\$ 44,804	\$ 46,299	\$ 47,577	\$ 49,591	\$ 50,667	\$ 52,784	\$ 54,028	\$ 55,205	\$ 56,862	\$ 58,577	\$ 60,137
Non-current tax revenue	\$ 282	\$ 283	289	294	300	306	312	319	325	332	338
Intergovernmental	1,349	947	966	985	1,005	1,025	1,046	1,066	1,088	1,110	1,132
Investment Income	50	160	148	148	148	148	148	148	148	148	148
Department Charges	986	964	983	1,003	1,023	1,043	1,064	1,086	1,107	1,129	1,152
Operating Transfers	175	145	148	151	154	157	160	163	167	170	173
Other Revenue	698	698	712	726	741	756	771	786	802	818	834
Total Revenues	\$ 48,344	\$ 49,496	\$ 50,822	\$ 52,899	\$ 54,038	\$ 56,219	\$ 57,529	\$ 58,773	\$ 60,499	\$ 62,284	\$ 63,914
Expenses											
General Government	\$ 2,289	\$ 2,430	\$ 2,479	\$ 2,528	\$ 2,579	\$ 2,630	\$ 2,683	\$ 2,737	\$ 2,791	\$ 2,847	\$ 2,904
Country Club	\$ 182	\$ 170	173	177	180	184	188	191	195	199	203
Woodbridge Board of Education	14,344	14,672	15,103	15,494	15,895	16,307	16,731	17,354	18,000	18,670	19,159
Public Safety	4,269	4,375	4,463	4,552	4,643	4,736	4,830	4,927	5,025	5,126	5,229
Facilities	2,571	2,600	2,652	2,705	2,759	2,814	2,871	2,928	2,987	3,046	3,107
Town Library	820	835	852	869	886	904	922	940	959	978	998
Recreation	672	670	683	697	711	725	740	755	770	785	801
Human Services	462	475	485	494	504	514	524	535	546	557	568
Employee Benefits	4,177	4,378	4,466	4,555	4,646	4,739	4,834	4,930	5,029	5,130	5,232
Debt Service	2,845	2,561	2,730	2,555	2,120	2,061	1,905	1,456	1,423	1,393	1,361
Amity Regional School District	14,737	14,712	15,217	16,696	17,504	18,934	19,594	20,276	20,981	21,710	22,464
Transfers Out/Capital Outlay	976	1,616	1,233	1,283	1,311	1,364	1,396	1,426	1,468	1,511	1,551
Total Expenses	\$ 48,344	\$ 49,494	\$ 50,534	\$ 52,604	\$ 53,738	\$ 55,913	\$ 57,216	\$ 58,454	\$ 60,174	\$ 61,952	\$ 63,576
Adjusted net grand list (000s)	1,153,281	1,162,370	\$ 1,171,553	\$ 1,180,808	\$ 1,190,136	\$ 1,199,538	\$ 1,209,015	\$ 1,218,566	\$ 1,228,193	\$ 1,237,895	\$ 1,247,675
Mill rate	39.44	39.83	40.61	42.00	42.57	44.00	44.69	45.30	46.30	47.32	48.20
Motor Vehicle Mill Rate	32.00	39.83	40.61	42.00	42.57	44.00	44.69	45.30	46.30	47.32	48.20

- ❑ While this is a conservative projection, cost increases with a stagnant net grand list (<1% annual growth) could result in a tax increase of 8.37 mills over 10 years.
- ❑ The annual property taxes on a \$380,000 home would be \$2,200 higher by 2028.

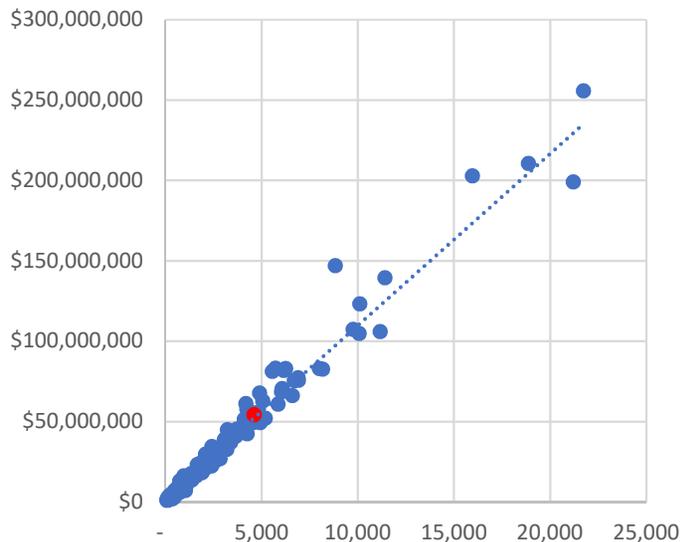
Reduction in State Educational Funding Scenario



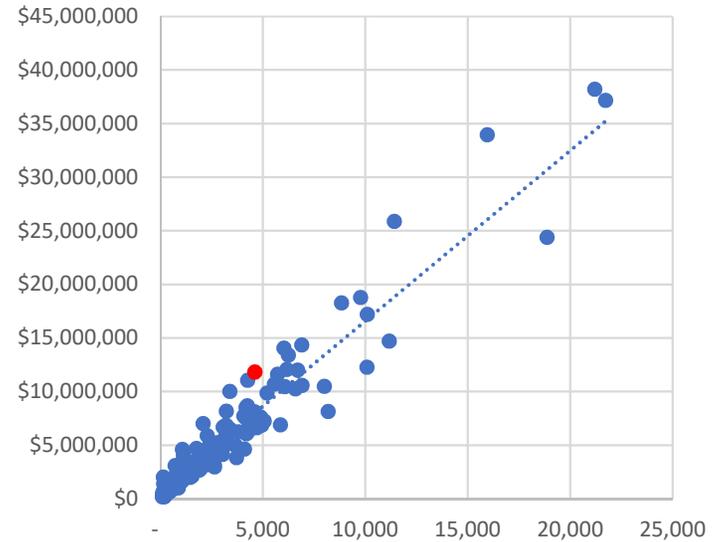
- As the state continues to face budget uncertainty, this scenario models a hypothetical decrease in state educational funding provided to the two school districts.
- A 15% reduction in state educational funding to both Regional District #5 and Woodbridge School District would result in a 0.10 mill increase in 2020 compared to the baseline scenario; a 30% reduction in funding would result in a .21 mill increase; while a 50% reduction in state educational funding would result in a .35 mill increase.
- A .35 mill rate increase would represent about \$93 per year in property taxes on a \$380,000 home.

There are potential savings from a school regionalization plan, but a closer examination is needed

Enrollment by Instructional Expenditures (all districts)



Enrollment by Administrative Expenditures (all districts)



- Combining the total expenses of Woodbridge, Orange, Bethany, and Regional SD #5 reveals similar instructional expenses per student but higher administrative expenses than other districts in the state.
- Data is from 2015-2016 (most recent year data is available statewide).

Costs and Benefits of Regionalization of School Districts

Some studies have shown that larger districts exhibit cost inefficiencies, so closer examination would be needed to determine what cost savings might be achievable.

Recent report from Hartford Foundation for Public Giving found that:

- Savings from regionalization may be found through: reductions in administrative or instructional staff, and associated wages and salaries; fewer buildings to maintain; or higher volume purchasing.
- But, costs may increase due to: increases to staff salaries due to seniority or contract renegotiation; or more mid-level administrators and staff needed.

Source: Orlando J. Rodriguez, "K-12 Regionalization in Connecticut: Pros, Cons and Surprises," Hartford Foundation for Public Giving, 2018. <http://www.hfpg.org/index.php/latest-updates/updates/hartford-foundation-sponsors-report-k-12-school-district-regionalization1>

Regionalized School District Scenario

- ❑ Average administrative spending per student for districts with 3,300-6,000 students in DRG A or B was \$1,764 (2015-2016 school year).
- ❑ Orange, Woodbridge, Bethany, and Regional District #5 together spent \$2,561 per student on administrative costs.
- ❑ Hypothetical savings for Woodbridge would be \$1.6 million annually, or about 1.33 mills.* This represents an annual property tax savings of \$354 on a \$380,000 home.
- ❑ Orange and Bethany have much lower per-student expenses than Woodbridge, and less incentive to regionalize as potential cost savings are lower.

*Assumes the combined district achieves the same level of administrative spending as other districts. Uses 2019 estimated grand list. Further study of the districts would be needed to project potential savings or expenses more precisely.

Selected School District expenses

2015-2016 Expenditures per Student for Selected School Districts

	Enrollment	Expenditures per Student	DRG
Darien School District	4,884	\$ 19,671	A
Woodbridge-Orange-Amity-Regional #5 Combined	4,607	\$ 18,252	B
Ridgefield School District	5,052	\$ 17,618	A
Newtown School District	4,588	\$ 16,848	B
Cheshire School District	4,413	\$ 15,816	B

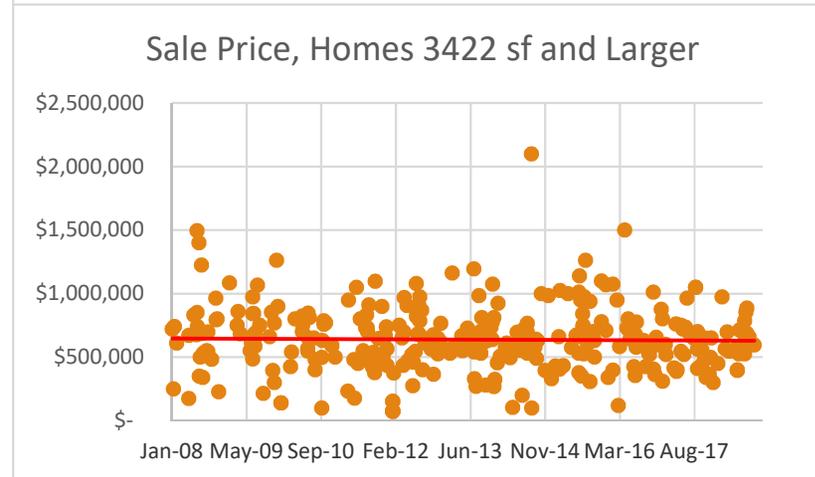
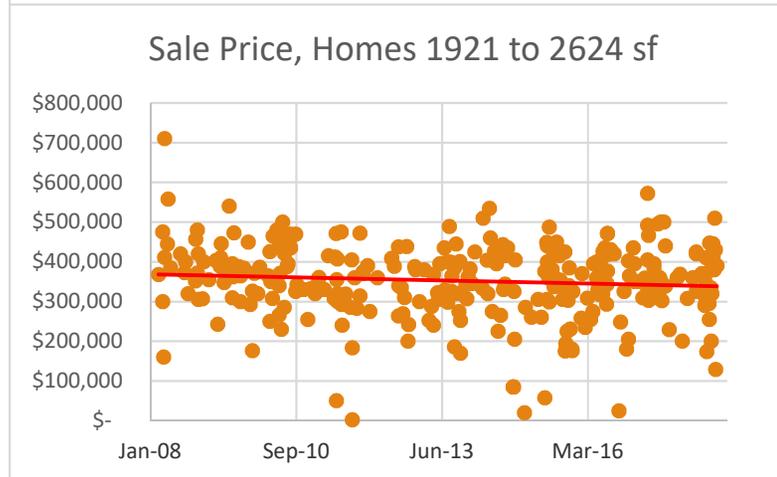
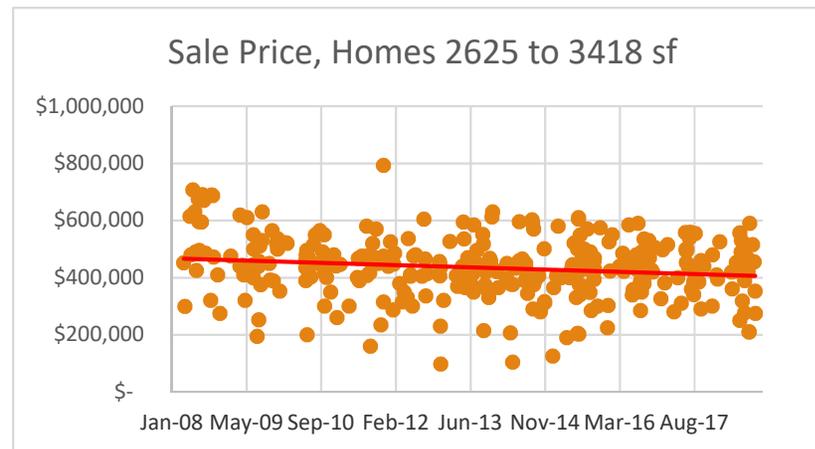
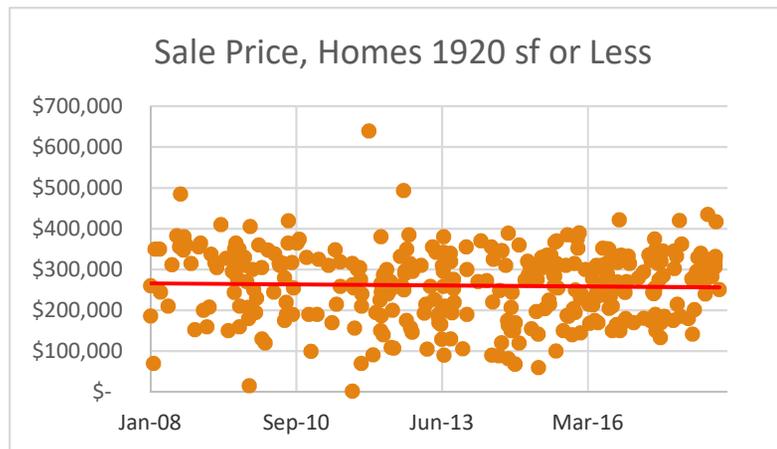
- School districts shown are in DRG A or B, with a total enrollment similar to a hypothetical regional school district comprised of Woodbridge, Orange, Bethany, and Regional District #5.

Growth of Commercial/Industrial Portion of Grand List Scenario

CIP annual growth	Difference in Mill Rate over 10 years
2%	-0.06
3%	-0.35
4%	-0.98
5%	-1.33

- ❑ The Commercial/Industrial/Public Utility portion of Woodbridge's grand list is fairly small (6.4%).
- ❑ Growing this portion (for example, by encouraging additional commercial development) could decrease the mill rate as compared to the baseline scenario. For example, 4% annual growth would reduce annual property taxes on a \$380,000 home by \$261 annually by 2028.

In the residential portion of the grand list, the smallest and largest homes have held their value better than mid-sized homes over the past 10 years.



Preliminary Findings

- ❑ The most significant projected cost increases are educational costs, due to both increasing expenses (particularly for personnel) and increasing enrollment.
- ❑ A regionalized school district for the 3 towns could potentially reduce costs, but closer examination is needed to determine specifically what savings could be realized.
- ❑ A hypothetical reduction of state educational funding of 50% would result in a .35 mill increase in the tax rate in year 1.
- ❑ Growth of the commercial/industrial portion of the grand list at 3% annually could reduce the mill rate by .35 mills over 10 years.
- ❑ Among single-family homes, the smallest and largest homes have held their value over the last 10 years better than mid-sized homes.

Next Steps

- Incorporate feedback on results presented to date
- Finalize report

Contact Us

info@cerc.com

860.571.7136 or 1.800.392.2122

www.cerc.com

@CERCIInc

