

Town/School Partnership

5/15/20

Today's Agenda

1. Update on FY20 Budget

- ▶ COVID related expenses
- ▶ YTD budget performance
- ▶ Year-end close

2. FY21 Budget Projections and Issues

- Revised Projection of Local Receipts
- ▶ FY 21 Budget "Hole"
- ▶ Federal CARES Funding
- ▶ Budget Allocation Formula and Other Budget Policy Issues

3. Update on Capital Projects

- ▶ High School, Driscoll School and Pierce School

4. Update on Annual Town Meeting

Update on FY20 activities

- ▶ COVID related activity
 - ▶ Reserve Fund
 - ▶ Tracking of expenditures
- ▶ Furloughs
- ▶ Year-end close - early close (5/1)

Update on FY20 activities

▶ Local Receipts Activity

<u>LOCAL RECEIPT SUMMARY</u>	YTD	Budget	Variance
DEPARTMENTAL & OTHER	6,130,869	7,647,236	1,516,367
GENERAL GOVERNMENT	7,680,429	4,568,738	(3,111,691)
INTEREST INCOME	1,628,800	974,976	(653,824)
LICENSES & PERMITS	930,152	1,165,775	235,623
LOCAL OPTION TAXES	4,683,255	3,460,310	(1,222,945)
MOTOR VEHICLE EXCISE (MVE)	5,555,060	6,142,644	587,584
PARKING/COURT FINES	2,318,743	3,300,000	981,257
PILOTS	1,134,757	1,010,509	(124,248)
REFUSE FEE	2,802,686	2,850,000	47,314
Total	32,864,751	31,120,188	(1,744,563)

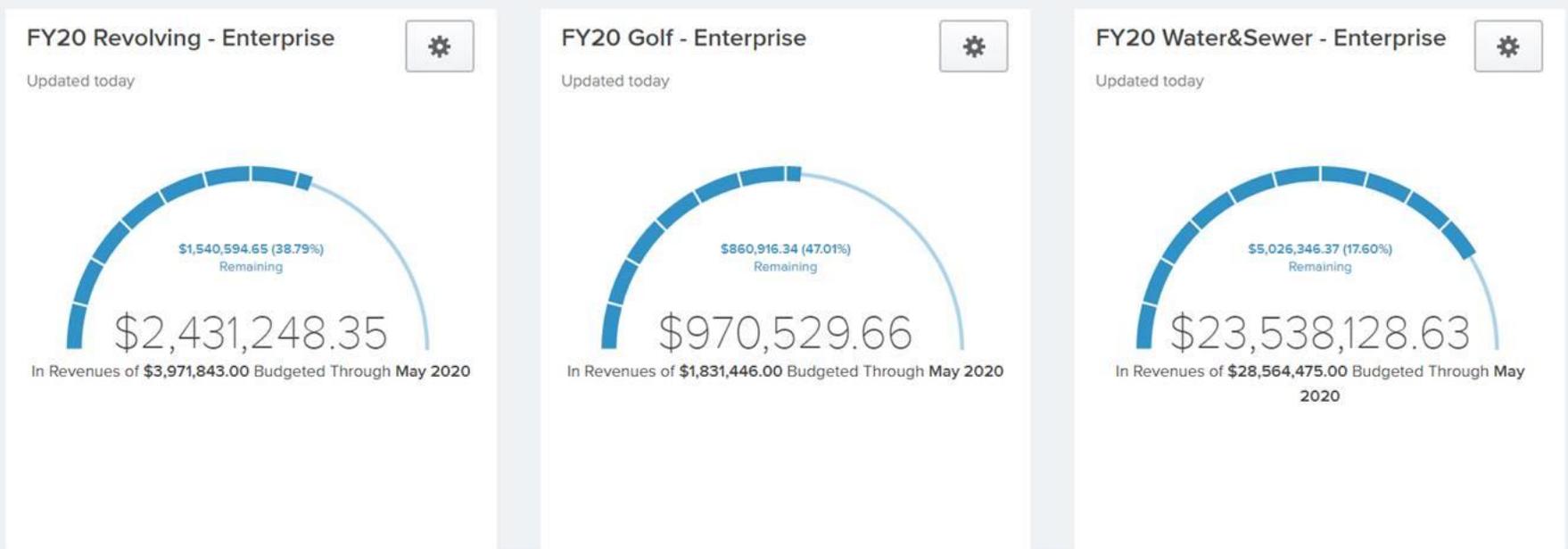
*reconciled through March (April in progress)

Update on FY20 activities

▶ Local Receipts Activity

	<u>March 20 vs</u> <u>March 19</u>	<u>April 20 vs</u> <u>April 19</u>
DEPARTMENTAL & OTHER	-41%	-60%
GENERAL GOVERNMENT	280%	-55%
INTEREST INCOME	-22%	-78%
LICENSES & PERMITS	-68%	-34%
LOCAL OPTION TAXES	89%	N/A
MOTOR VEHICLE EXCISE (MVE)	-33%	51%
PARKING/COURT FINES	-39%	-83%
PILOTS	-99%	621%
REFUSE FEE	-30%	-2%
TOTAL	2.4%	-11%

Update on FY20 activities



Pre-Covid Financial Plan

- ▶ The allocation of \$5,976,032 in additional revenue to the School Department for a 5.1% increase over the prior year.
- ▶ The appropriation of \$2,000,000 from the Town's year-end fund balance (Free Cash) to the Stabilization Fund.
- ▶ Increased funding of 3.4% for municipal departments, representing level staffing and services levels, with the exception of new staff in building and fire inspectional services.
- ▶ A 15% increase in costs to handle an extension of the Town's solid waste and recycling contracts which also continue to bear the impact of increases in recycling fees resulting from global market forces.
- ▶ Use of off-budget funding for certain policy priorities adopted by Town Meeting.

FY2019 - FY2021 OVERRIDE PLAN				
In millions of \$'s				
<u>Revenue</u>				
	\$6.575	Override Funds		
	<u>\$2.851</u>	Non-property tax revenue		
	\$9.426	Total Plan		
<u>Expenditures</u>				
	Year 1	Year 2	Year 3	Total
Override funds	2.85	3.34	0.39	\$6.575
Non-override funds	0.79	-	2.06	\$2.851
	\$3.64	\$3.340	\$2.45	\$9.426

FY21 Revenue Scenarios

				Pre-covid debt exclusion adjustment			
					Scenario 1	Scenario 2	Scenario 3
<u>REVENUE SOURCE</u>	<u>FY2020 BUDGET</u>	<u>FY2021 BUDGET</u>	<u>FY2021 BUDGET</u>	<u>FY2021 REVISIED</u>	<u>FY2021 REVISIED</u>	<u>FY2021 REVISIED</u>	<u>FY2021 REVISIED</u>
Property Taxes *	238,487,745	251,527,496	254,898,615	254,898,615	254,898,615	254,898,615	254,898,615
Local Receipts	31,120,219	35,874,799	35,874,799	32,131,877	26,501,609	21,360,911	
State Aid	22,386,947	22,792,220	22,792,220	20,568,070	19,455,995	18,343,919	
Free Cash	9,081,257	11,791,952	11,791,952	11,791,952	11,791,952	11,791,952	
Other Available Funds	3,349,771	4,471,538	4,471,538	4,471,538	4,471,538	4,471,538	
General Fund Revenues	304,425,939	326,458,005	329,829,123	323,862,052	317,119,708	310,866,935	

* FY21 base adjusted for March bond sale. Revenue adjustment directly offset by debt service expense.

FY21 Revenue Scenarios

	Variance from Feb Financial Plan		
	Scenario 1	Scenario 2	Scenario 3
<u>REVENUE SOURCE</u>			
Property Taxes *	0	0	0
Local Receipts	(3,742,922)	(9,373,190)	(14,513,888)
State Aid	(2,224,150)	(3,336,225)	(4,448,301)
Free Cash	0	0	0
Other Available Funds	0	0	0
General Fund Revenues	(5,967,072)	(12,709,415)	(18,962,189)
	-1.8%	-3.9%	-5.8%

Reductions based on % of budget

REVENUE SOURCE	FY2020	FY2021	FY2021			
	BUDGET	BUDGET	REVISIED	Vs FY21 Submitted		
Property Taxes *	238,487,745	254,898,615	254,898,615	0	0.0%	
Local Receipts	31,120,219	35,874,799	26,501,609	(9,373,190)	-26.1%	
State Aid	22,386,947	22,792,220	19,455,995	(3,336,225)	-14.6%	
Free Cash	9,081,257	11,791,952	11,791,952	0	0.0%	
Other Available Funds	3,349,771	4,471,538	4,471,538	0	0.0%	
General Fund Revenues	304,425,937	329,829,123	317,119,708	(12,709,415)	-3.9%	
EXPENDITURE CATEGORY			Target	Recommended	Reduction	
Town Departments	78,990,815	81,681,032	25%	(3,147,442)	76,634,815	(5,046,218) -6.2%
Schools	117,385,105	123,361,137	37%	(4,753,515)	117,080,529	(6,280,608) -5.1%
Benefits	66,438,626	68,898,264	21%	(2,654,880)	68,518,371	0.0%
Non-Departmental	4,108,594	7,430,475	2%	(286,321)	7,144,154	(286,321) -3.9%
Debt Service	18,828,262	25,763,034	8%	(992,736)	25,204,624	(558,410) -2.2%
Special Appropriations (CIP)	9,949,094	13,958,250	4%	(537,858)	13,420,392	(537,858) -3.9%
Non-Appropriated	8,725,441	8,736,930	3%	(336,663)	8,736,930	0 0.0%
Total expenditures	304,425,937	329,829,123		(12,709,415)	316,739,815	(12,709,415) -3.9%
REVENUE NOTES:			EXPENDITURE NOTES:			
1. No CAREs Act/Covid-related funding			1. Non-appropriated reduction redirected and split 50/50 Town and School			
2. Assumes no parking meter increase			2. Assumes cuts possible in CIP			
3. Assumes mid-year trash fee increase			3. \$558,410 represents surplus from March borrowing (2 projects used BANs, lower rates)			
			4. Difference between debt service target and \$558K redirected and split 50/50 T/S			
			5. If cuts in non-departmental not feasible reductions would need to be redirected and split 50/50 T/S			
			6. Assume can't be reduced premium split changed - target redirected and split 57/43 T/S (current benefit distribution)			

Actual surplus based on March borrowing

Other allocation considerations explored

- ▶ Split deficit 50/50
 - ▶ Would need guidance on appropriate targets for CIP and non-departmental adjustments
- ▶ Preserving existing split
 - ▶ Would need guidance on appropriate targets for CIP and non-departmental adjustments
- ▶ Redirect growth in Local Option tax revenue to Schools
 - ▶ Less than \$2 commitment
 - ▶ Would need guidance on appropriate targets for CIP and non-departmental adjustments

Federal CARES Funding

- ▶ Federal funding flows through the Commonwealth of Massachusetts
- ▶ Two-years of funding with separate application rounds for FY 20+21
- ▶ Brookline allocation= up to \$5.2 million
- ▶ Funding currently limited to unbudgeted COVID-19 expenses
- ▶ Hope is for Congress to loosen restrictions and allow funding to replace lost municipal revenue
- ▶ So- strategy is to use of other federal funding programs for COVID-19 expenses when available to preserve use of CARES funding- especially FEMA 75% disaster reimbursement funding
- ▶ CARES funding will cover the 25% FEMA local match and other ineligible costs.
- ▶ State promises flexibility in accounting and administration

FY21 Budget Policy issues

- ▶ Planned Fee Increases?
 - ▶ Parking Meter increase (\$750K)
 - ▶ Trash Fee increase (\$750K)
- ▶ Cannabis Host Community Funding
- ▶ Use of Reserves and Free Cash Policy
- ▶ Pension and OPEB Funding
- ▶ Capital Improvement Program
- ▶ Allocated Costs - Building R&M, Clark Road
- ▶ BFAC Issues- Aaa reserves and fiscal discipline
- ▶ Competing budget priorities amid COVID-19 crisis

Capital projects

- ▶ High School
- ▶ Driscoll School
- ▶ Pierce School

Town Meeting

- ▶ Delayed to June 23
- ▶ Virtual Meeting
- ▶ Reduced Warrant Article consideration
- ▶ Budget deliberations and vote on first session
- ▶ Advisory Committee targeting budget votes for the first week in June
- ▶ FY 21 Budget can/will be modified at the November Special Town Meeting