



Town of Topsfield Finance Committee

Attached are the Topsfield Finance Committee Budget Guidelines for Fiscal Year 2021. Available information indicates that the economic factors contributing to our revenues and expenses will again be similar to those that affected our budgets for the past several years. As such, our budget methodology will be consistent with that used in the recent past.

Purpose of Guidelines

The Finance Committee Guidelines *initiate* the annual Town Budget process in a consistent and reasonable manner. Based upon the preliminary information available today, the Guidelines contemplate the economic nature and involved fiscal policies of the year with the target of a balanced budget without overrides. The Guidelines are not a guarantee of Finance Committee recommendation of funding at any specific level (including Capital Items), as a balanced budget must be brought to Town Meeting.

Character of Budget

Balancing the needs of the Town with affordability, the Finance Committee is targeting the maintenance of essential Town services. Please note that the term "essential services" is different from "the same services as last year," as specific services may no longer be necessary. No new program initiatives will be considered at this time.

As the Town begins the FY2021 budget process, the Finance Committee would like to highlight a Fundamental Disconnect in our Town Budget, and Request that it be contemplated in future deliberations.

Fundamental Disconnect

The vast majority of our Annual Budget is Personnel-related (salary, wages, healthcare, pensions, etc.). Even in the theoretical situation where the Town-wide headcount and personnel are identical between two consecutive years, Topsfield's people-related costs would grow roughly 5-6%, which is 2x+ the rate of 2.5% contemplated in Proposition 2 ½. This disconnect is caused by three main drivers:

- 1.) both represented and non-represented employee bases have been receiving Steps in addition to Cost of Living Adjustments over the recent past;
- 2.) Topsfield needs to pay fair compensation in order to attract and retain quality employees; and
- 3.) the costs of both healthcare and pensions have been growing at a rate higher than 2.5% per year over the last 5+ years.

It is the Finance Committee's perspective that this is unsustainable, unless the Town:

- 1.) is open to an override every few years to account for this disconnect;
- 2.) Services delivered to the Town are reduced to account for this disconnect; or
- 3.) the Town experiences significant new growth.

As such, the Finance Committee asks the Selectmen, Town Administrator, Town Department Heads, and Town Boards and Committees to take the above into consideration as they work through future planning as well as the FY2021 budget.

Methodology

This Town Budget will be constructed using the same method as the last few years. Each Department is expected to model out the anticipated needed costs of the upcoming Fiscal Year, rather than simply adding to the Department's budget for the prior year. We are requesting that each Department Budget be formed in accordance with its respective Guidelines. Please be prepared to explain the essential nature of the budgeted services. Should essential services of that Department remain unfunded, they should then be listed and described on the attached Schedule.

ALL CAPITAL REQUESTS SHOULD BE INCLUDED IN THE TOWN-WIDE PLAN PROCESS. EVENTUAL PLACEMENT AS A SEPARATE WARRANT ARTICLE DOES NOT SUPERSEDE THIS REQUIREMENT.

Questions

Please address Budget questions to your Finance Committee Liaison(s).

As always, the Finance Committee appreciates your participation in this Annual process.

Thank you.

Jonathan D. Guido, Chair

FY 2021 Department Budget Guidelines
November 19th, 2019

ESSENTIAL SERVICES BUDGET

- I. General Government:
 - A. Total of Salary & Wages: As per collective bargaining, other contractual obligations and the recommendation of the Town Administrator, as applicable.
 - B. Other: No more than 0.0% increase. This increase is on the **total** of "Other"; distribute among line items in the department as appropriate.
 - C. Ongoing Financial Programs, such as automobile leasing, to be reviewed on a case-by-case basis.
 - D. Fuel and Electricity: Budget requests to be based on review of FY 2019 actual and FY 2020 projection of year to date actual, using anticipated rates.

- II. Capital Items (Equipment, Rolling Stock & Facilities):
 - A. Not to exceed \$300,000 Town-wide including Schools.
 - B. Larger projects may also be funded by borrowing.

- III. Elementary Schools: 3.00% operating budget increase plus extraordinary special education costs; these should not be added to the base operating budget for calculation of future fiscal year increases.

- IV. Masconomet: 3.00% increase to overall Community Contributions to the operating budget ("M&O budget").

- V. No New Programs.

ATTACH SCHEDULE OF UNFUNDED ESSENTIAL SERVICES

- I. Attach Schedule: Detail all essential services items (salary & wages and/or other) not included in submitted essential services budget within Finance Committee Guidelines. Include the "Budget line" for each item.

- II. Attach Narrative: Describe the programmatic impact of those essential services items that were not included in the submitted Guideline budget.