



Town of Topsfield Finance Committee

There are many exciting prospects underway around town to improve the community while maintaining the character of our town. Topsfield continues to be a unique and wonderful community. The Town of Topsfield should be proud of the dedicated employees who continue to work so hard providing important services to Topsfield residents. The Finance Committee thanks the town and school employees for all they have done over the past year to provide the critical services we rely on. The Fin Comm also recognizes those residents who have volunteered their time and skills to support our community in various ways, and hope that we can engage other community members in our various volunteer opportunities.

While many of the challenges of the past few years are still present, other areas of focus need to be addressed. There continues to be uncertainty around the long-term financial implications of high inflation as well as the likelihood of a significant downturn in the economy. These combined have caused the Finance Committee to recommend a conservative approach to our FY2024 budget plans. Additionally, there are several operating cost increases in this and coming years, including a new trash pickup contract, new employment contracts, and expected rises in health insurance, that will have a large impact on future expenses.

Purpose of Guidelines

The Finance Committee Guidelines initiates the annual Town Budget process by providing guidance to the town, schools, and elected boards. The Guidelines recognize that the services provided by the town and schools are key drivers for our annual budget and are balanced by the requirement of proposition 2½. Prop 2½ is not a strict limit but is meant to allow the town and its voting members to decide what level of services it would like to pay for. Historically we have looked at the budgets for Masconomet, the Elementary Schools, and the Town as 3 parts of an integrated budget and have adjusted funding as needed, often towards the schools from the towns departments. To provide visibility, we will be reporting on the towns 3 primary budgets (Elementary, Masconomet, and Town Government) individually, and recommending to the elected boards that each group stay within their guidelines or decide to request an override. Ultimately any overrides would be decided by the Select Board, who we will work closely with.

Character of Budget

Balancing the needs of the Town with affordability, the Finance Committee is targeting the maintenance of essential Town services. We ask that departments look for opportunities to reduce long-term expenses. Any programs or approaches that reduce future liabilities or expenses will be evaluated and preferential treatment will be provided to those that offer a long-term return (either through savings or the avoidance of future spending).

As the Town begins the FY2024 budget process, the Finance Committee would like to continue to highlight a Fundamental Disconnect in our budgets. For those employees on a salary grid, raises are the sum of any overall grid increase plus increases based on the years of service (step). This shows that even without an increase in the grid, an employee would still receive an increase for their years of service until they reach the years of service maximum. As an example of the impact, for the schools, over the past 10 years the sum of grid increase and steps has averaged over 5% annual salary increase. We wish to emphasize that these types of increases are not sustainable without regular overrides.

Methodology

This year's Town Budget will be constructed as we have in recent years. Each Department is expected to identify their needs and model out the anticipated costs of the upcoming Fiscal 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.

ALL CAPITAL REQUESTS SHOULD BE INCLUDED IN THE TOWN-WIDE PLANNING 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,

Che R Elwell, Chair

FY 2024 Department Budget Guidelines

November 15, 2023

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, recognizing that non-union town employees have received no step increases for the past 3 years.
- B. We recognize that fuel and energy costs are raising. We will continue to monitor this but request that fuel and energy budgeted line items should be increased by a minimum of 10%. We will monitor and review fuel energy costs throughout the budgeting process.
- C. Other: No more than **0.0%** increase. This 0.0% is on the **total** of “Other” excluding fuel and energy; distribute among line items in the department as appropriate.

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: Recognizing that the town manages and funds the pensions and insurance outside of the school budget, we request a **2.50%** approved 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: **2.25%** increase to overall ATM approved Community Contributions to the operating budget (“M&O budget”). It should be noted that Masconomet enrollment figures continue to trend downward, and we ask that the overall budget be evaluated against the lower enrollment and incremental and variable savings realized.

V. Any new programs must be perpetually funded within existing budgets and should not use one time funds. We will look more positively at programs and efforts that result in long term savings.