

A photograph of a wooden bridge over a stream. The bridge has a stone abutment on the right side with a statue on top. The bridge is made of light-colored wood and has a curved railing. The background shows trees with green and yellow leaves, suggesting autumn. The text is overlaid on a dark green rounded rectangle on the left side of the image.

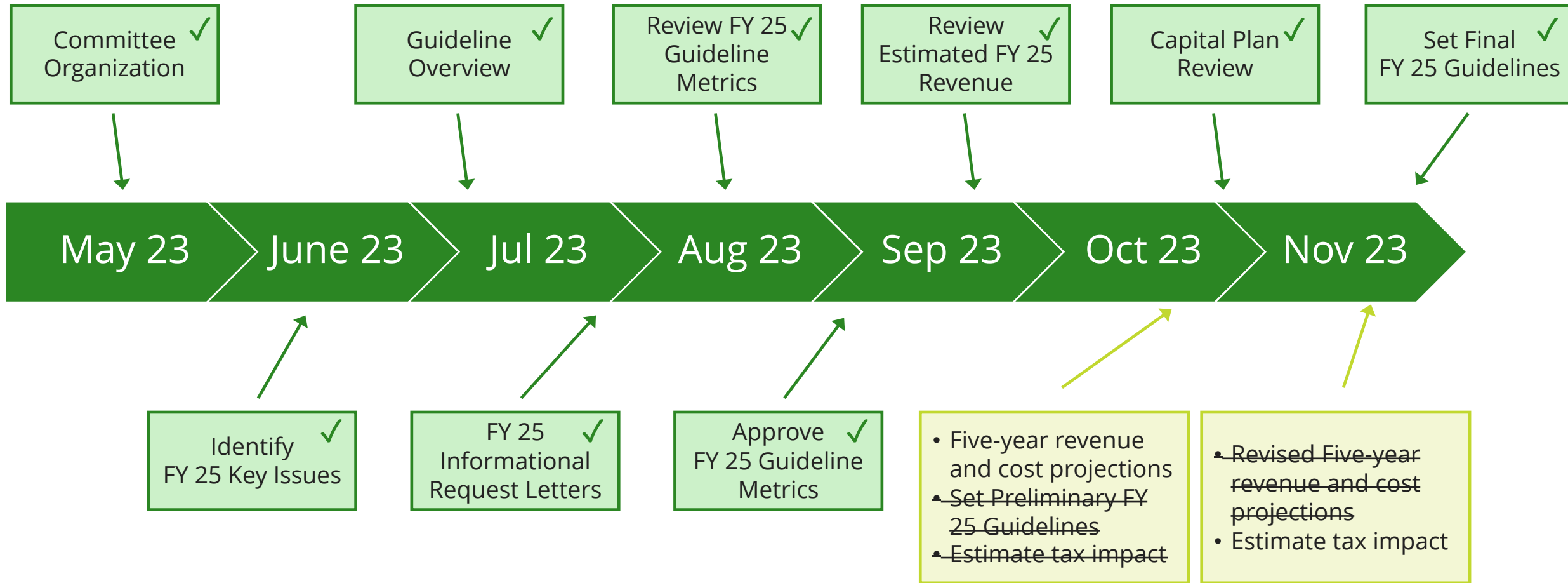
Finance Committee Overview for ATM Prep Meeting

Concord, Massachusetts

December 2, 2023

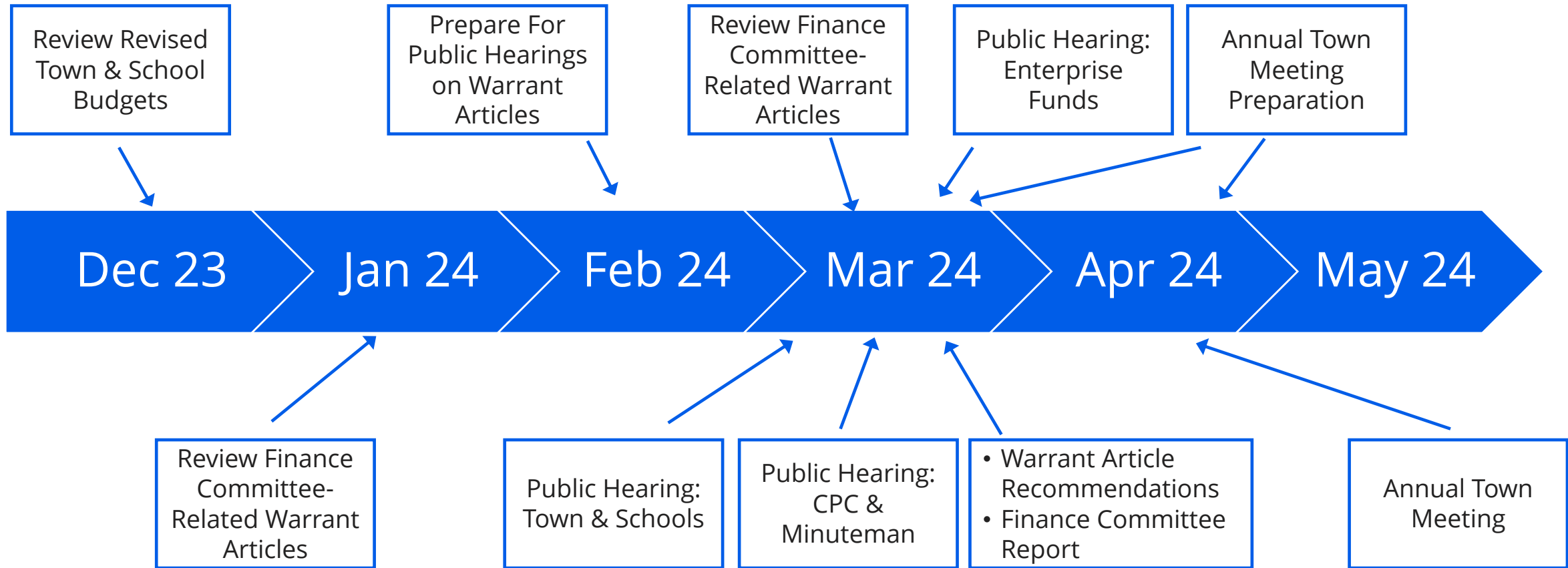
- **Budget and Guideline Process**
 - ✓ In the middle of the process with initial budget reviews upcoming in December
- **Guideline Metrics**
 - ✓ Established range of metrics as input to Guidelines
 - ✓ From 1.00% to 3.66%
- **Current Revenue Status**
 - ✓ Revenue expected to grow \$3.0 million (2.22%) from FY 2024 to FY 2025
- **FY 2025 Final Guidelines**
 - ✓ Recommend \$3.7 million (3.66%) increase in Guideline spending (75% of total Town and School spending)
 - ✓ 3.65% tax increase for median value house...
 - ✓ ...in addition to an increase of up to 4% depending upon how the remaining bond authorization for the Middle School is financed

Finance Committee Roadmap, May 23 – Nov 23



✓ Completed
 Delayed/Not Completed

Finance Committee Roadmap, Dec 23 – Apr 24



✓ Completed

- **The Finance Committee reviewed and discussed potential metrics that should be used when considering Fiscal Year (FY) 2025 budget requests and determining FY 2025 guidelines for the Town, Concord Public Schools, and Concord-Carlisle Regional School District.**
- **After considering a variety of approaches and options, the Finance Committee unanimously voted to adopt three metrics for the FY 2025 budget requests and guidelines.**
- **The following two slides provide additional information about the metrics and how they will be used by the Finance Committee.**

Overview of metrics the Finance Committee will employ to inform guidelines

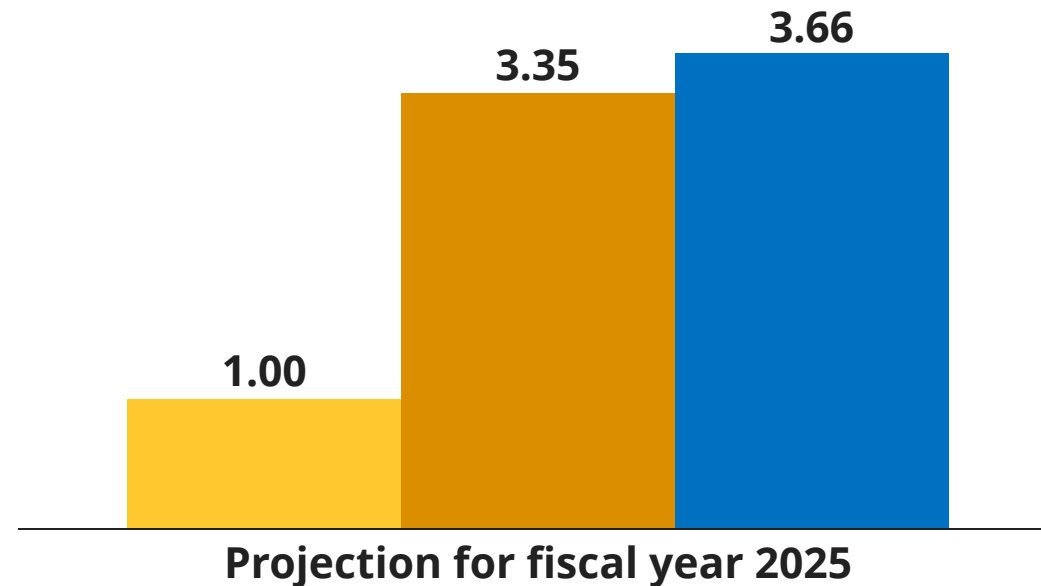
- **Metrics aim to reflect residents' ability to pay as well as inflation for Concord's expenses, as follows:**
 - **Ability to pay recognizes projected growth in residents' personal income:**
 - (1) Nominal personal income growth per capita; *and*
 - (2) Real personal income growth per capita.
 - **Inflation for Concord's expenses recognizes projected cost growth of School and Town budgets:**
 - Employment cost index (ECI), private wages and salaries.
 - Chained weighted consumer price index urban (CPI-U) for goods and services.
 - (3) Blended rate (80% ECI / 20% CPI-U) to reflect projected cost breakdown for Concord.
- **Metrics are not guidelines. Metrics and guidelines are separate but the metrics are objective measures that should inform the final overall guidelines. Metrics are a tool to inform the establishment of a guidelines number(s).**



Metrics to inform guidelines that the Finance Committee will use for FY2025 include **projected real and nominal personal income growth per capita**, and **projected inflation relevant to Concord's expenses**

Metrics to inform guidelines for fiscal year 2025, %

- Projected real personal income growth per capita
- Projected nominal personal income growth per capita
- Projected inflation relevant to Concord's school and town expenses



Sources and notes: All data sourced from Congressional Budget Office Budget and Economic Outlook projections as of July 2023 (most recent available). Quarterly data converted to state/town fiscal year.

- Projected real personal income growth per capita: Projected growth in personal income growth per capita net of projected inflation.
- Projected nominal personal income growth per capita: Projected growth in personal income growth per capita unadjusted for projected inflation.
- Projected inflation relevant to Concord's town and school expenses: Blended rate (to reflect Concord's projected cost breakdown) of Employment cost index (ECI), private wages and salaries (80%) and chained weighted consumer price index urban (CPI-U) for goods and services (20%).

Revenue Status as of November 11, 2023

\$3.0 million revenue growth or 2.22% from FY 2024

<u>Revenue</u>	FY24 At Recap 10.26.2023	FY25 Early Estimates 10.26.2023	FY 25 vs. FY 24	FY 25 vs. FY 24 % Change
Property Tax	\$ 111,683,243	\$ 114,687,212	\$ 3,003,969	2.69%
State Aid	\$ 6,626,811	\$ 6,759,347	\$ 132,536	2.00%
Local Receipts	\$ 9,864,272	\$ 10,235,557	\$ 371,285	3.76%
Available Funds	\$ 6,074,758	\$ 5,541,815	\$ (532,943)	-8.77%
total: Revenue	\$ 134,249,084	\$ 137,223,932	\$ 2,974,848	2.22%

The FY 2025 Final Guidelines for increases in spending subject to guidelines are a 3.66% YOY increase: 4.45% for the Town (including Tier 1 capital), 3.26% for CPS, and 3.26% for CCRSD

Spending subject to guidelines, FY19-24 approved and FY25 guideline

Subject to guidelines	Approved spending subject to guidelines						FY25 Guideline
	FY19	FY20	FY21	FY22	FY23	FY24	
Town Operating	\$24,050,513	\$26,761,648	\$26,949,809	\$28,492,894	\$29,735,045	\$31,711,833	\$32,745,639
Town Tier 1 Capital	\$1,945,000	\$1,945,000	\$1,081,855	\$800,000	\$1,509,700	\$1,725,000	\$2,180,000
TOWN total	\$25,995,513	\$28,706,648	\$28,031,664	\$29,292,894	\$31,244,745	\$33,436,833	\$34,925,639
CPS	\$38,461,880	\$39,390,163	\$40,777,193	\$41,708,424	\$43,010,486	\$45,047,176	\$46,515,714
CCRSD	\$19,544,198	\$19,996,874	\$20,436,322	\$21,135,593	\$21,782,979	\$22,302,834	\$23,029,906
SCHOOLS total	\$58,006,078	\$59,387,037	\$61,213,515	\$62,844,017	\$64,793,465	\$67,350,010	\$69,545,620
GRAND TOTAL	\$84,001,591	\$88,093,685	\$89,245,179	\$92,136,911	\$96,038,210	\$100,786,843	\$104,471,259

	Year-over-year % change						FY25 Guideline
	FY19	FY20	FY21	FY22	FY23	FY24	
Town Operating		11.27%	0.70%	5.73%	4.36%	6.65%	3.26%
Town Tier 1 Capital		0.00%	-44.38%	-26.05%	88.71%	14.26%	26.38%
TOWN total		10.43%	-2.35%	4.50%	6.66%	7.02%	4.45%
CPS		2.41%	3.52%	2.28%	3.12%	4.74%	3.26%
CCRSD		2.32%	2.20%	3.42%	3.06%	2.39%	3.26%
SCHOOLS total		2.38%	3.08%	2.66%	3.10%	3.95%	3.26%
GRAND TOTAL		4.87%	1.31%	3.24%	4.23%	4.94%	3.66%

Implications

- 3.65% tax increase for median value house...
- ...in addition to increase of up to 4% for Phase 3 Middle School borrowing depending on financing of remaining bond authorization

Detail and rationale

- **3.66% is within the highest rate of metrics agreed upon by the Finance Committee:**
 - 1.00% projected increase in real personal income growth,
 - 3.35% projected increase in nominal personal income growth, and
 - 3.66% projected inflation relevant to Concord's school and town expenses
- **All operating units (Town, CPS, and CCRSD) are being provided with the same 3.26% increase as budgets are in early stages,** and it is not definitively clear that any unit has greater or lesser needs than others.
- **3.66% is a blended rate of a 3.26% for each of the operating units and a 26.38% increase for Town Tier 1 Capital.** This means that the blended rate for the Town is 4.45%. Town Tier 1 capital spending is still recovering from large cuts made during the COVID 19 pandemic.
- The Committee considered that **Tier 1 Capital is treated differently for the Town than it is for the Schools.** For the Town, Tier 1 Capital is included in the spending subject to guidelines and for the Schools it is not.
- 3.26% increase for the Schools operating **budget allows for an approximate 2.3% COLA increase for school personnel** based on the Fiscal Year 2025 estimate provided by the Schools, all else equal.

Thank You