



Town of Concord
Finance Committee
22 Monument Square
P.O. Box 535
Concord, Massachusetts 01742

To: Kerry Lafleur, Town Manager
Alexa Anderson, Chair, Concord Public School (CPS) Committee
Tracey Marano, Chair, Concord-Carlisle Regional School District (CCRSD) Committee

From: Lois Wasoff, Chair, Concord Finance Committee Guidelines Subcommittee

Cc: Henry Dane, Chair, Concord Select Board
Dr. Laurie Hunter, Superintendent, Concord Public Schools
Anthony Ansaldi, Chief Financial Officer, Concord
Robert Conry, Assistant Superintendent of Finance & Operations, Concord Public Schools
Finance Committee

Date: October 31, 2023

Re: Fiscal Year 2025 Preliminary Guidelines

The Guidelines Subcommittee of the Finance Committee thanks you, Dr. Hunter, and Mr. Conry for attending the October 26, 2023 meeting of the Finance Committee to present your responses to the Finance Committee's August 1, 2023 Guidelines Information Request for the fiscal year 2025 budget process.

The Finance Committee usually sets Guidelines for increases in spending by the budgeting entities (the Town, CPS and CCRSD) in a two-step process. Preliminary Guidelines are usually voted on after the Committee hears initial presentations from the budgeting entities about their financial performance in the current fiscal year and their anticipated needs for the upcoming fiscal year. That information is evaluated in the context of the metrics that the Committee has already developed by looking at publicly available data measuring external factors such as projected inflation and individual income growth. Final Guidelines are set after further input from the budgeting entities and are required to be issued no later than five weeks before the scheduled close of the Annual Town Meeting warrant.

In setting both the Preliminary and Final Guidelines, the Finance Committee carefully considers the impact that increases in spending will have on the taxpayers. This requires having a clear understanding of the then-current levy limit (to avoid possibly increasing taxes beyond the limits set by Proposition 2 ½ and therefore requiring an override vote) and of the relationship between the increased spending and the tax rate.

At its September 7 meeting, the Finance Committee completed its work defining the metrics against which spending increases must be considered, determining that for fiscal year 2025 projected inflation (for the goods and services relevant to the budgeting entities) is 3.66%; projected nominal personal income growth per capita is 3.35%; and projected real personal income growth per capita (net of inflation) is 1%. After some delays due to rescheduling, the Schools and the Town presented information to the Finance Committee about their current fiscal performance and anticipated needs for fiscal year 2025 at the Committee's October 26, 2023 meeting. The Committee expected to set the Preliminary Guidelines after those presentations.

Unfortunately, key information necessary to evaluate the potential impact of spending increases on the taxpayers was not available as of the time that the Preliminary Guidelines were scheduled to be set. Revenue growth figures (which are a critical part of determining the levy limit) were not available sufficiently in advance of the meeting and are at a preliminary stage. In addition, the Committee received cost estimates for fiscal year 2025 and the projections for fiscal years 2025-2029 from the Town and Schools only the night before the October 26 meeting. Therefore, we did not have sufficient time or data to make an informed recommendation for Preliminary Guidelines at that meeting.

Given the short period of time remaining until Final Guidelines must be issued, the Finance Committee is not issuing Preliminary Guidelines this year. We've been advised that the additional data needed to project both the levy limit and the impact of increased spending on tax rates will be available before our November 16, 2023 meeting, in time for the Finance Committee to set the Final Guidelines at its November 27, 2023 meeting.

Sincerely,

Lois Wasoff
Guidelines Subcommittee Chair