



A WARRANT COMMITTEE FORUM: UNDERSTANDING THE OVERRIDE DECISION

FEBRUARY 11, 2021

More information about the upcoming budget decisions, including videos and presentations from the prior two Warrant Committee forums, can be found at www.belmont-ma.gov/fy22-budget-information

December 9, 2020 Structural Deficits, Budgets, and Overrides

January 7, 2021 Examining Financial Options for FY22 and Beyond

January 25, 2021 A Fork in the Road: Making Decisions on Belmont's Financial Future

AGENDA

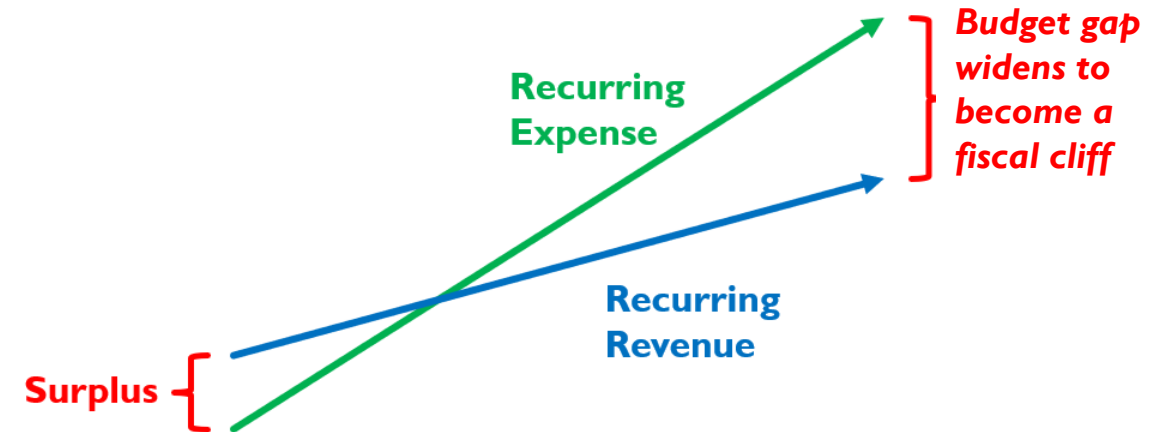
1. Why Are We Here?
 - Structural Deficit
 - Financial Model
2. What Happens With and Without an Override
3. What is the Impact on Town Services
4. What is the Impact on School Services
5. Making the Decision
6. Questions & Discussion

WHAT IS A STRUCTURAL DEFICIT?

STRUCTURAL DEFICIT

Belmont has a structural deficit, and we have reached a fiscal cliff that must be addressed

- A **structural deficit** happens when recurring expenses increase faster than recurring revenues.
- **Proposition 2½** is a Massachusetts law that provides for automatic property tax increases of 2½%. This is a significant constraint for a “town of homes” like Belmont with little commercial tax revenue.
- A **fiscal cliff** happens when a structural deficit threatens to disrupt town finances by requiring deep cuts and/or a tax increase.
- An **override** is the tool provided by Prop 2½ for voters to reset the baseline tax level more than 2½%.



Conceptual Diagram of a Structural Deficit

WHAT IS OUR HISTORY OF OVERRIDES?

BELMONT OVERRIDES

Proposition 2½ became law in 1980. Since then, Belmont has passed the following operating overrides.

- 1990 \$2,094,946 Trash Collection
- 2001 \$3,000,000 Roads \$1M, Schools \$1.2M
Town Services \$800K
- 2002 \$2,400,000 Late Cut in State Aid
- 2015 \$4,500,000 Schools, Roads & Sidewalks,
Debt Service for Capital

Belmont has also passed debt exclusions for BMHS, Chenery, Wellington, Burbank & Winn Brook Renovations, Town Hall Renovation, 2 Fire Stations, Senior Center, Underwood Pool, and the Harris Field complex.

BENCHMARKS

In the 40 years of Proposition 2½, our neighboring towns have passed operating overrides that total:

	Total \$	# Overrides
■ Arlington	\$20,510,000	4
<i>including almost \$18M in the last 15 years</i>		
■ Belmont	\$11,994,946	4
<i>only one \$4.5M override in last 17 years</i>		
■ Lexington	\$18,821,114	7
<i>none since 2007 due to commercial tax base</i>		
■ Waltham	\$0	0
<i>not needed due to commercial tax base</i>		
■ Watertown	\$0	0
<i>not needed due to commercial tax base</i>		
■ Winchester	\$15,897,000	3
<i>including a \$10M override in 2020</i>		

WHAT IS DRIVING THE STRUCTURAL DEFICIT?

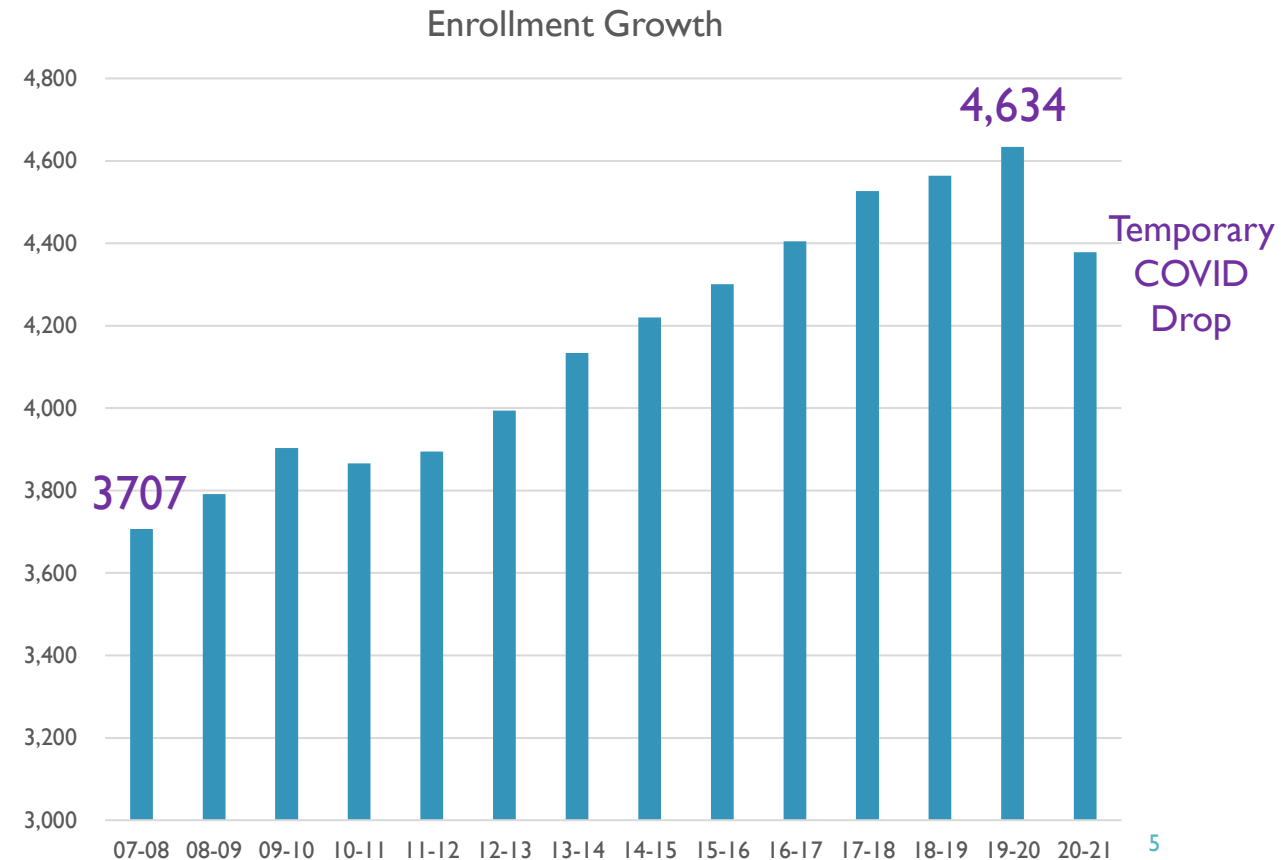
ENROLLMENT

The biggest driver of the structural deficit has been school enrollment

- In 12 years, enrollment grew by 927 students – or the size of two new elementary schools
- Growth of this magnitude requires more of everything – teachers, support staff, special education expenses, etc.

The impact of enrollment on the structural deficit should decrease when enrollment starts to flatten out around FY25-26*

* Forecasted analysis conducted by McKibben Demographic Research in 2018



Source: Belmont School Department (net of pre-K)

HOW HAVE WE REDUCED THE DEFICIT?

REVENUE

Since 2015, much work has been done to generate new revenue.

Particularly notable is the aggressive pursuit of grants that has yielded nearly \$1.2M over three years.

Examples of Increased Revenue	Amount
Cushing Square Development	\$454,373 recurring
Acorn Park Development	\$1,184,861 recurring
Marijuana Retail Dispensaries	\$1,250,000 recurring
McLean/Northland Development	\$1,066,000 one-time plus TBD recurring
Since 2018, grants for financial modeling, trees, technology, elections, Alexander Ave underpass, economic development, mold mitigation, Lexington/Sycamore intersection improvements, security vestibules, ADA plan, etc.	Nearly \$1.2 million one-time grants over three years, as part of ongoing aggressive pursuit of grants
Federal COVID reimbursement grants	Over \$3.5 million
Facility rentals, parking, trash overflow bags, etc.	Estimated \$400,000 recurring

HOW HAVE WE REDUCED THE DEFICIT?

EXPENSE

Since 2015, much work has been done to reduce expenses to address the structural deficit.

The Structural Impact Group is continuing this work today.

Examples of Cost Savings	Amount
Pension liability payment schedule	2022 savings \$187K; reduced rate of growth from 6.8% to 4.5%
Reconfigured health plan	FY21 savings \$524K; reduced rate of growth from 9% to 5%
Restructured facilities department	Increased efficiency and eliminated redundancy
Restructured recreation department	Savings of \$90-100K per year, plus increased revenue
Design school for Zero Net Energy	Estimated \$170K per year savings
Change trash pickup to contain costs	1,000 fewer tons of trash at \$77/ton (offset by increase in market rates for recycling)

WHERE ARE WE NOW?

FISCAL CLIFF

In 2015, Belmont passed an override expected to provide three years of financial stability (before needing another override)

Our work to reduce the deficit helped extend that timeline to six years

Nevertheless, the structural deficit has created **a budget gap that must be addressed now**

FTF II Model Forecast	FY22	FY23	FY24
Revenues, excluding reserves	\$152.5M	\$157.2M	\$160.3M
Annual Use of Reserves	\$2.0M	\$2.0M	\$2.0M
Expenditures	(\$163.0M)	(\$169.3M)	(\$175.0M)
Structural Deficit	(\$8.4M)	(\$10.1M)	(\$12.7M)
Additional Use of Reserves	\$2.7M	\$4.4M	\$4.4M
Deficit, net reserves	(\$5.7M)	(\$5.7M)	(\$8.3M)

Source: Financial Task Force II Model January 12, 2021
Includes enterprise funds

WHAT HAPPENS WITH AND WITHOUT AN OVERRIDE?

The 3-year plan is based on assumptions for the next three years that are the best information we have at this time. But things will change.

- How much we will get in state aid?
- How fast will enrollment rebound post-COVID?
- Will consumer-based revenue be volatile?
- Will reserves be higher or lower than expected?
- Will there be new COVID grant programs?

This 3-year plan is a way forward. We will continue to adjust the budgets and forecasts as we learn more.

WHAT IS THE PLAN TO CLOSE THE DEFICIT?

THREE-YEAR PLAN ... FY22-24

Requires a \$6.4M override

Uses \$4.7M in reserves in FY22

No cuts in services for residents

Preserves Services Residents Depend On

Addresses Three Acute Needs

- *Enrollment and K-12 Reconfiguration*
- *Help for Seniors & Students Who Need Support*
- *Growing Backlog of Capital Repairs and Replacements*

Manages Risk During Pandemic and Recession

** Usage of reserves is spread over 3 years to reduce the size of the override – \$6.3M in FY23 and FY24*

HOW DOES THE PLAN IMPACT TAX BILLS?

ESTIMATED IMPACT OF THE \$6.4M OVERRIDE

Assessed Home Value in 2021	Estimated Tax Impact
\$500,000	\$335
\$1,000,000	\$670
\$1,326,300 <i>(average assessed value in Belmont)</i>	\$888
\$1,500,000	\$1,005

Source: Belmont Assessors Office

Find the impact on your property at
www.Belmont-ma.gov/FY22

Property Address *

Street Name:

Street Number: Unit:

Current Assessed Value

2021 Fiscal Year Taxes

Estimated 2022 Fiscal Year Total Taxes (w

Estimated Override Impact



Estimated 2022 Fiscal Year Total Taxes (2.

WHAT IS THE BUDGET GAP IF THE OVERRIDE FAILS IN APRIL 2021?

If the override fails, the \$5.7M deficit will be filled with:

- \$1.9M of additional free cash reserves (for a total of \$6.6M)
- \$350K reduction in OPEB payments
- \$3.45M of departmental and capital budget cuts

Deficit to be covered by budget cuts if the override fails	FY22
Revenues	\$157.2M
% Year-over-Year	4.5%
Expenditures	\$163M
% Year-over-Year	8.2%
Annual Surplus/Deficit	(\$5.7M)
Additional Free Cash	\$1.9M
Reduction in OPEB Contribution	\$350K
Net Deficit	(\$3.45M)

WHAT HAPPENS IF THE OVERRIDE FAILS IN APRIL 2021?

PAINFUL CUTS IN FY22

Requires \$3.8M in cuts*
from FY22 budget

Uses \$6.6M in reserves**
in FY22

* Cuts are compared to the FY22 budget in the three-year plan

** Depletes “free cash” reserves to the minimum guideline

LARGER FISCAL CLIFF IN FY23

Requires \$8-11M override
in spring 2022

Or additional \$5-8M cuts
in FY23 budget

In FY23, less free cash available due to usage in FY22

WHAT HAPPENS IF THE OVERRIDE FAILS IN APRIL 2021?

HOW ARE THE \$3.45M* IN FY22 CUTS ALLOCATED?

TOWN SERVICES

40% of \$3.45M
= \$1.38M

SCHOOL SERVICES

60% of \$3.45M
= \$2.07M

WHAT DOES THIS MEAN?

- ~29* fewer positions in town and school departments
 - Includes 16 existing positions
- ~\$1.3M* expense cuts in school activities, technology, supplies, overtime, and capital

* OPEB payments cut by \$350K, which brings departmental cuts to \$3.45M

* Cuts are compared to the FY22 budget in the three-year plan

WHAT HAPPENS IF THERE IS NO OVERRIDE IN SPRING 2022?

FY23 COULD REQUIRE \$5-8M IN ADDITIONAL CUTS

If we don't pass an override in spring 2022, **all Belmont residents will be impacted**
– many services for residents will either be eliminated, reduced, or delayed.

These will be difficult choices.

Some examples include:

- | | | | |
|--------------------------|-------------------------------|---------------------------|-------------------------|
| ■ Snow plowing delays? | ■ Class size? | ■ Fire station? | ■ Building maintenance? |
| ■ Road repairs? | ■ Art & music? | ■ Fire engines? | ■ Building repairs? |
| ■ Sidewalk construction? | ■ Elective & AP classes? | ■ Ambulance service? | ■ Senior programming? |
| ■ Trash & recycling? | ■ School sports & activities? | ■ Policing patrols? | ■ Support for seniors? |
| ■ Recreation programs? | ■ Library hours? | ■ Police detectives? | ■ Support for veterans? |
| ■ Pool & rink closure? | ■ Minuteman library system? | ■ Crossing guards & SROs? | ■ Health inspections? |
| ■ Playgrounds & fields? | ■ Library programs? | ■ Building permits? | ■ Vehicle replacement? |
| | ■ Digital & print resources? | ■ Zoning & planning? | ■ Open space mgmt.? |

WHAT IS THE IMPACT ON TOWN SERVICES WITH AND WITHOUT AN OVERRIDE?

Staffing for town departments has been flat for 10 years

At the same time, new state mandates and projects have added significant demands on town departments. For example:

- Early voting during elections
- Public records requests
- CPA projects – playgrounds, tennis courts, etc.
- Belmont Middle and High School project
- Belmont Police Station and DPW building project

The FY21 budget for the current fiscal year (due to adjustments for COVID) already required cuts in services to residents and over \$1M in capital repairs and replacements were pushed out a year.

WHAT HAPPENS IF THE OVERRIDE PASSES?

TOWN DEPARTMENTS

Headcount in town departments has been flat for more than 10 years in spite of an increase in mandated/added services. There are needs in every department, but we can only fund the ones that are most acute.

- **Senior Center:** Adding a social worker to work with our growing population of at-risk seniors facing isolation, dementia, hoarding, and neglect
- **Townwide:** Adding a project manager to manage the portfolio of essential capital projects and procurement, including project schedule, specification, bidding, coordination, and oversight
- **DPW:** Adding two laborers to maintain new fields, playgrounds, walking paths and grounds, making sure that our investment in these assets is protected
- **Facilities:** Adding a building systems specialist to get the most out of today's sophisticated systems (e.g. HVAC) in both old and new buildings, leverage green infrastructure opportunities, and manage energy efficiency throughout the town
- **Capital:** Adding \$500K to increase our chronically underfunded capital budget, addressing the deferred maintenance, repairs, and replacements that are more costly to fix later

WHAT HAPPENS IF THE OVERRIDE PASSES?

TOWN SERVICES

BENEFITS OF THE 3-YEAR PLAN (with an override)

TACKLE THE BACKLOG OF CAPITAL REPAIRS & REPLACEMENTS

For 15 years, the cost of capital has escalated while our budgets remained level – which means that our backlog keeps growing, and our buying power keeps shrinking. The override will ...

- Add \$500K to the chronically underfunded capital budget will address deferred maintenance, repairs, and replacements
- Add the staff with the skills to operate and maintain our capital assets and manage the projects to help us stay current and address the backlog

We must protect our investment in buildings, parks, vehicles, and more – and stop kicking the can down the road

WHAT HAPPENS IF THE OVERRIDE PASSES?

TOWN SERVICES

BENEFITS OF THE 3-YEAR PLAN (with an override)

HELP FOR SENIORS WHO NEED SUPPORT

The baby boom generation (now 57-75 years old) are driving an expanded need for senior services.

- Every year, the Council on Aging has asked for a social worker to help with a growing population of at-risk seniors facing isolation, dementia, hoarding, and neglect, and other crises.
- And now with the pandemic, the needs of our vulnerable neighbors are particularly acute, at the same time that our (senior) volunteer corps is unable to come out to help.

Now is the time to provide the social worker that is so desperately needed.

WHAT HAPPENS IF THE OVERRIDE FAILS?

*Total cuts to town
services = \$1.38M*

Eliminate Additions in the FY22 Budget Plan

Capital	Discretionary Capital	\$500,000
Council on Aging	Social Worker	\$80,903
Facilities	Facilities System Manager	\$118,889
Town Administrator Dept	Procurement Manager	\$91,460
		\$791,252

Reduce Existing Headcount & Non-Salary Expenses

Police Department	Police Officer & Cruiser	\$153,000
Fire Department	Firefighter	\$72,000
Community Development	Building Inspector	\$91,961
DPW	2 Laborers & Overtime	\$180,000
Library	TBD	\$65,000
Recreation	Programs	\$36,000
Town Clerk	Overtime	\$8,000
Facilities	Overtime	\$12,000
		\$617,961

WHAT DOES IT MEAN FOR RESIDENTS IF THE OVERRIDE FAILS?

SOCIAL WORKER AT COUNCIL ON AGING

Without a social worker – at the same time many seniors are reeling from the impact of the pandemic – we will have a hard time meeting the complex issues of isolation, dementia, hoarding, neglect, and grief & loss.

It also takes away our ability to manage a large corps of volunteers who help us reach a broader group of seniors.

POLICE OFFICER FIREFIGHTER POLICE CRUISER

Losing a police officer and firefighter impacts our ability to respond to resident calls – and likely leads to more overtime when there are emergencies

Police cruisers are used 24 hours per day, seven days per week; are prone to significant wear and tear, and require critical upkeep. Unlike personal vehicles, cruisers are critical pieces of equipment that have consequences if they are out of service for repairs – they need to be replaced frequently.

WHAT DOES IT MEAN FOR RESIDENTS IF THE OVERRIDE FAILS?

LIBRARY SERVICES

We are extremely close (\$22K) to the minimum budget threshold that is required for membership in the Minuteman Library Network – the collaborative library program that allows Belmont residents to borrow books from other libraries. Our library is highly successful – #10th in circulation in the state – but this service for residents depends on access to the strength of the combined Minuteman collection.

(2) DEPARTMENT OF PUBLIC WORKS (DPW) LABORERS

The two DPW laborers fill our potholes, plow the streets, paint bike lanes, and much more. The work will still get done, but there will be longer delays that will result in significant aggravation for residents

Without weekend overtime, we lose trash collection at the parks, cardboard recycling events, support for Town Day, and other similar off-hours activities

WHAT DOES IT MEAN FOR RESIDENTS IF THE OVERRIDE FAILS?

BUILDING INSPECTOR

Losing one of our two building inspectors means additional two-week delays in reviewing and approving building permits for projects ranging from home renovations to big developments (like the Northland project at McLean) – creating a bottleneck and costly delays for homeowners and commercial property owners.

Because of limited time, we would not be able to enforce general by-laws – snow removal, noise ordinance, overgrown hedges, etc. – because we must prioritize statutory requirements like enforcing the building codes; inspecting restaurants, schools, churches, etc.; and responding to zoning complaints.

FACILITIES SYSTEMS MANAGER

We need a facilities systems manager to properly operate and maintain today's complex systems in the police station and middle and high school, as well as the replacement systems in our older buildings – an absolute necessity for getting the energy efficiency and cost savings we are expecting. Without this position, it becomes difficult to meet the goals of our Climate Action Plan.

WHAT DOES IT MEAN FOR RESIDENTS IF THE OVERRIDE FAILS?

CAPITAL REPAIRS & REPLACEMENTS

Years of underfunding and escalating costs have created a backlog of capital repairs and replacements that gets bigger every year. Items on the list that start as preventative maintenance – like replacing a roof – become more costly repairs when we do not fund them in a timely manner. Capital spending is the first thing to be cut when budgets are tight, but without more capital funding, there will be a financial impact for residents.

PROCUREMENT MANAGER

A related position with a financial impact is the procurement manager, who shepherds a wide range of projects – from the purchase and installation of boilers to the bidding of tennis court reconstruction to the contracts for salt and sand. With increased state regulation, purchasing has become so complex that we need specific expertise to reduce the drain on the departments and avoid costly mistakes.

WHAT DOES IT MEAN FOR RESIDENTS IF THE OVERRIDE FAILS?

RECREATION PROGRAMS

The reorganized recreation program was well on its way to becoming a self-funding enterprise before the high school project took away fields and courts and the pandemic made large groups unsafe. We've adjusted and now offer many successful new programs.

Recreation provides high quality, affordable options that have an impact on the lives of a wide range of Belmont residents – from children to seniors – but if we start cutting back now, we will lose the opportunity to (soon) provide these services at no cost to taxpayers.

TOWN CLERK SERVICES

On a few dozen days during the year, residents will find the Town Clerk's office temporarily closed because employee hours have been shifted to cover legally-mandated evening or weekend events, like elections, early voting, and Town Meeting. Services like early voting are important to residents, but the new laws do not come with funding, and without an overtime budget, the impact will be felt in reduced office hours.

WHAT IS THE IMPACT ON SCHOOL SERVICES WITH & WITHOUT AN OVERRIDE?

WHAT HAPPENS IF THE OVERRIDE PASSES?

SCHOOL SERVICES

Goals for the FY22 – FY24 Plan

- **Enrollment:** Continue progress toward staffing that matches enrollment by decreasing class size at the middle and high school level
- **District Reconfiguration:** Deliver on the solution for system-wide overcrowding with the anticipated district reconfiguration enabled by the new Belmont Middle and High School
- **Student Support:** Provide support for student success in our continuing work in social and emotional learning, equity and access
- **Vision of Teaching:** Expand on our growing vision of teaching and learning that employs student-centered activities and project-based learning, with teachers working across departments, as a foundation for the educational experience of Belmont students for the next 10-20 years

Benchmarks

Belmont is in the bottom 3% in the state of Massachusetts in teachers per 100 students (i.e. class size)

Belmont is in the bottom 6% in the state of Massachusetts in per pupil expenditure

WHAT HAPPENS IF THE OVERRIDE PASSES?

SCHOOL SERVICES

What do we accomplish?

Leverage the town's investment in a new school to:

- Address the enrollment challenges and high class size facing the district
- **Incrementally** add educators and staff to match the increased enrollment needs
- Shift our existing staff to their new buildings and provide the necessary positions to open a new school and configuration
- Involve all BPS teachers and staff to increase access and support for all students

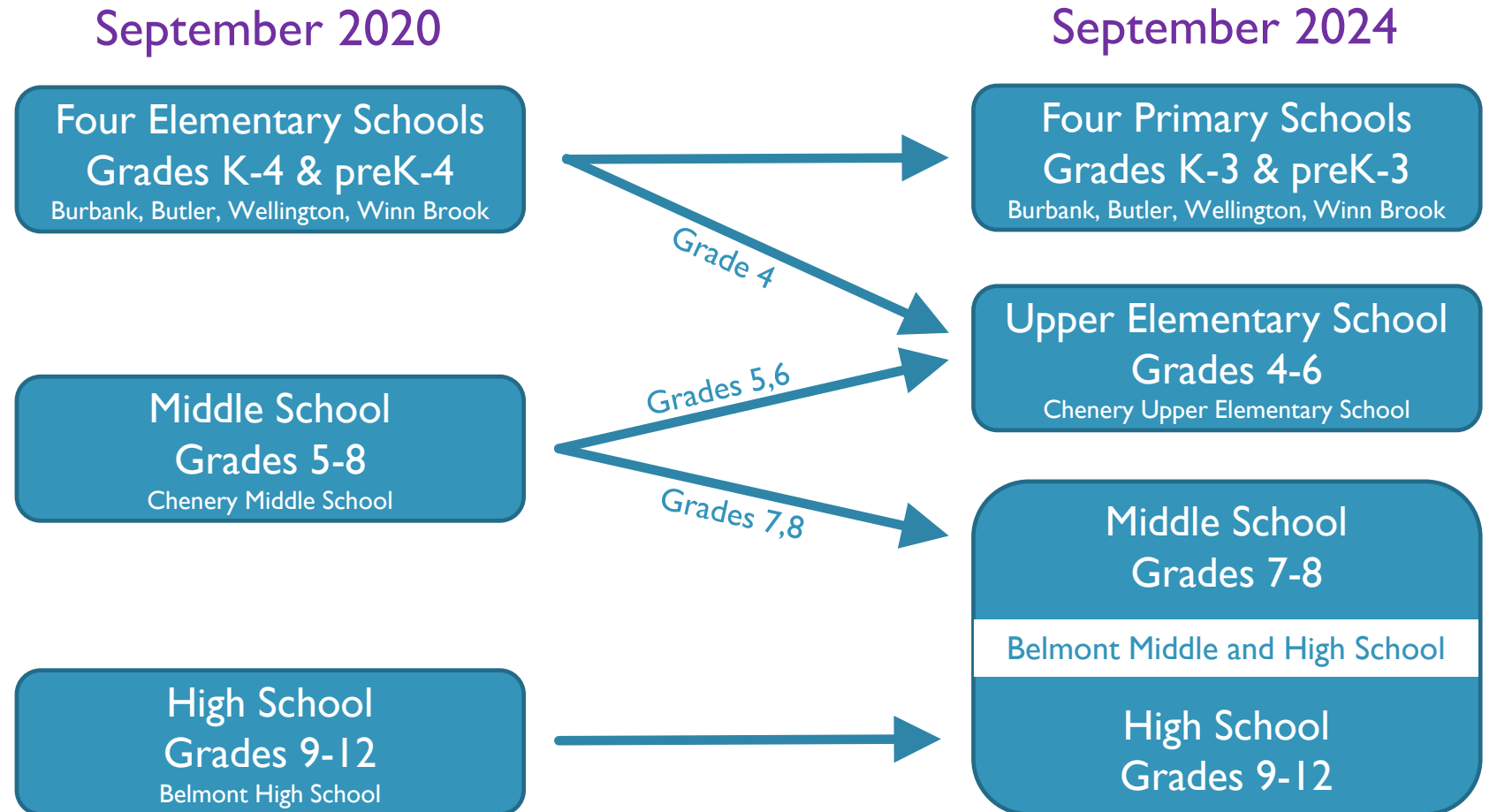
How will this change and improve our schools?

- Primary school students (K-3) will be in focused early learning settings with expanded space for needed programming
- Upper elementary school students (4-6) will be in an “age-appropriate” setting that will support instructional models that match their learning needs and stages of development
- Middle school students (7-8) will be in a teaching environment designed to serve this unique age group in a team-based model that supports their academic growth
- High school students (9-12) will be in a dynamic new facility with the faculty and learning tools needed to engage and challenge them as they develop as independent thinkers, communicators, collaborators, and citizens.

WHAT HAPPENS IF THE OVERRIDE PASSES?

SCHOOL SERVICES

The 3-year plan will see us through the exciting transformation of the Belmont Public Schools that begins next fall



WHAT HAPPENS IF THE OVERRIDE PASSES?

SCHOOL SERVICES

1

Address equity, access, and social-emotional learning (SEL)

- High School Social Worker
- Special Education Chairs
- Director of Diversity & Equity
- Professional Development and Training

2

Incrementally grow into new district configuration (K-3, 4-6, 7-12)

- Expand to four teams in grades 6-8 as part of the long-term plan to address enrollment
- HS teachers to decrease class size
- Elementary Math Specialists
- Upper Elem. Curriculum director
- BMHS administrator & assistant

3

Re-focus on district reconfiguration and visioning work

- Equity/Access CRT
- Project-based learning with Buck Institute
- Work with McLean Hospital
- Move forward with “Community Consult” for vision work
- Technology professional devt

WHAT HAPPENS IF THE OVERRIDE PASSES?

SCHOOL SERVICES

BENEFITS OF THE 3-YEAR PLAN (with an override)

ENROLLMENT

For 12 years, skyrocketing enrollment has put pressure on both class size and overcrowding.

- Adding staff to address the wave of students already in middle school – and soon in high school – will prepare the district for our new normal level of enrollment.
- We are on the verge of solving our space problems with the move into the new Belmont Middle and High School and the subsequent reconfiguration of the K-12 district – the override will help us fulfill this promise to the town.

Belmont's schools are a point of pride. The students are here, and they rely on us for a Belmont-quality education.

WHAT HAPPENS IF THE OVERRIDE PASSES?

SCHOOL SERVICES

BENEFITS OF THE 3-YEAR PLAN (with an override)

HELP FOR STUDENTS WHO NEED SUPPORT

As enrollment has grown, so has the population of students with a variety of needs who require additional help to succeed.

- **Special education** chairs will work with students and families to create and track plans for students to be successful.
- Student achievement is the goal of **math coaches** who intervene early and keep students from falling behind their peers.
- A **social worker** in the high school will help students access services and stay on track in school and beyond.
- A **director of equity** – racial, socio-economic, etc. – will work with teachers and students to ensure that every student can thrive.

WHAT HAPPENS IF THE OVERRIDE FAILS?

*Total cuts to school
services = \$2.07M*

A traditional approach to budget reductions includes:

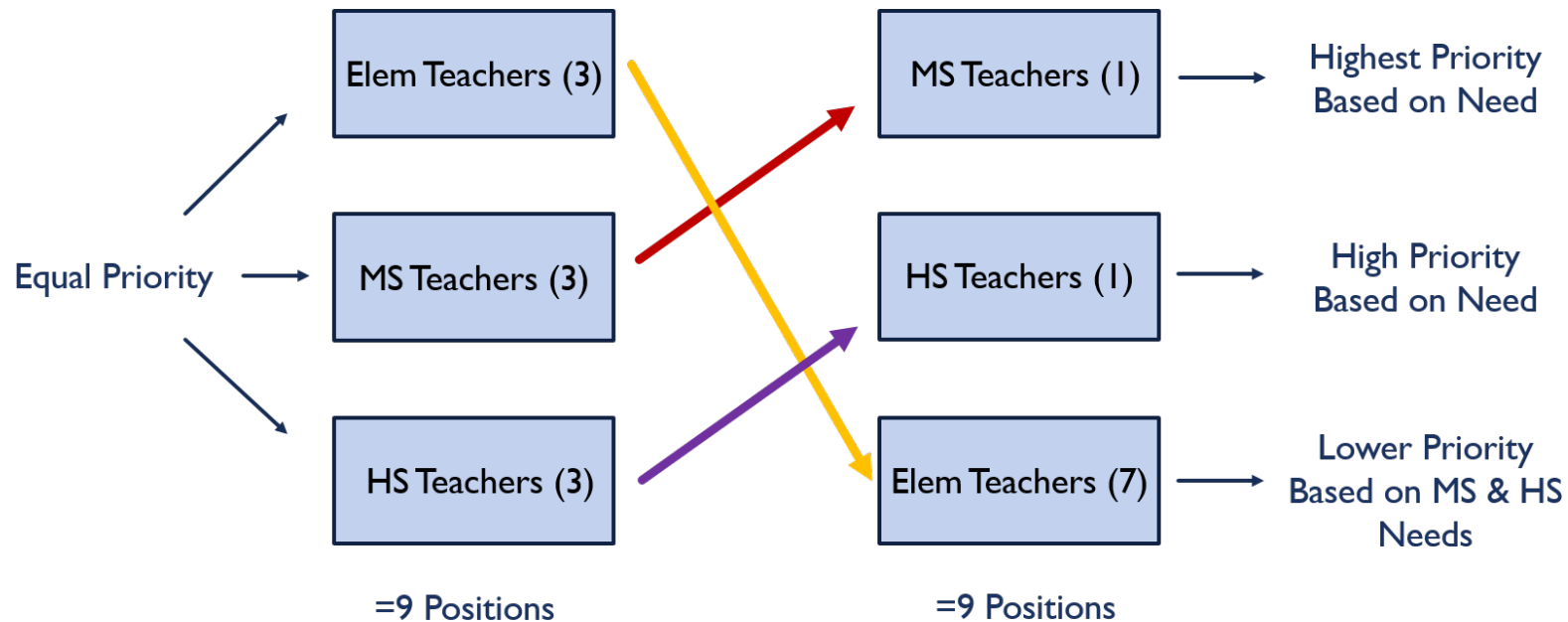
- Equal reduction of educators at each grade level
- District-wide proportionate reduction of administration and support staff
- Reduction of co-curriculars/extra-curriculars, athletics, music, and theater programs
- District-wide reduction in texts, supplies, materials, and equipment
- Elimination of planned additions in headcount

DESCRIPTION	FTE	LOCATION	SALARY*	HEALTH INS	TOTAL
FY22 FTF2 ADDS					
TECHNOLOGY INTEGRATION SPECIALIST	1.00	DW	\$ 65,000	\$ 16,500	\$ 81,500
SPED ELEM CHAIR	2.00	ELEM	\$ 130,000	\$ 33,000	\$ 163,000
DW EQUITY POSITION	1.00	DW	\$ 65,000	\$ 16,500	\$ 81,500
MS TEACHERS (GR 7, 8)	4.00	MS	\$ 260,000	\$ 66,000	\$ 326,000
HS TEACHERS	2.00	HS	\$ 130,000	\$ 33,000	\$ 163,000
COMMUNICATIONS POSITION	0.60	DW	\$ 39,000	\$ 16,500	\$ 55,500
TOTAL FY22 ADDED POSITIONS	10.60		\$ 689,000	\$ 181,500	\$ 870,500
EXISTING POSITIONS					
ELEMENTARY TEACHERS	3.00	ELEM	\$ 135,000	\$ 49,500	\$ 184,500
MIDDLE SCHOOL TEACHERS	2.00	MS	\$ 90,000	\$ 33,000	\$ 123,000
HIGH SCHOOL TEACHERS	2.00	HS	\$ 90,000	\$ 33,000	\$ 123,000
ADMINISTRATION	1.00	DW	\$ 75,000	\$ 16,500	\$ 91,500
SUPPORT STAFF 1	2.00	DW	\$ 28,240	\$ 33,000	\$ 61,240
SUPPORT STAFF 2	1.00	DW	\$ 35,000	\$ 16,500	\$ 51,500
TOTAL EXISTING STAFF	11.00		\$ 453,240	\$ 181,500	\$ 634,740
NON-SALARY					
CO-CURRICULARS/EXTRA-CURRICULARS/ ATHLETICS/MUSIC/THEATER		MS, HS			\$ 418,800
TEXTS/MATERIAL/SUPPLIES/EQUIP		DW			\$ 145,960
TOTAL NON-SALARY					\$ 564,760
TOTAL	21.60				\$ 2,070,000

*SALARY FOR EXISTING POSITIONS INCLUDES ESTIMATES FOR ASSOCIATED UNEMPLOYMENT COSTS

STRATEGIC PRIORITIZATION OF REDUCTIONS IF THE OVERRIDE FAILS

Our learning during the COVID pandemic has informed a more thoughtful and strategic approach to reductions based on prioritization of needs at each grade level:

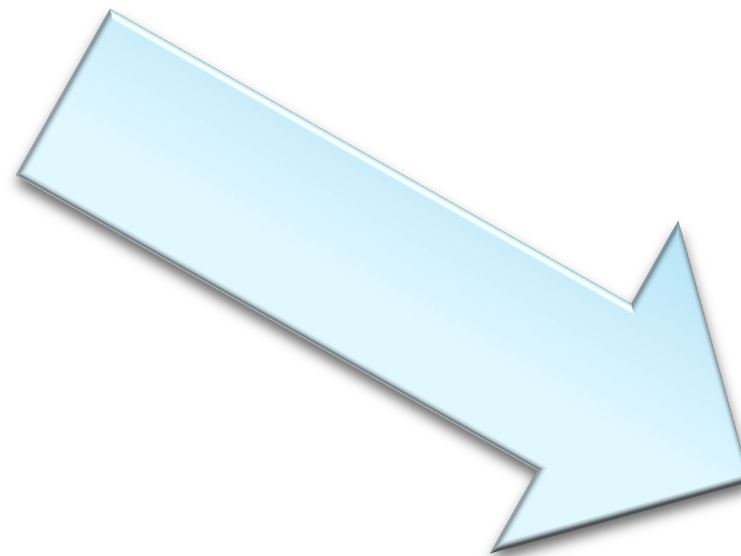


Example: High-impact positions such as the Elementary SpEd Chairs and the Equity & Diversity position may be prioritized, therefore reducing the number of positions within the corresponding grade levels and increase reductions within alternate grade levels.

WHAT ARE THE SCHOOL REDUCTIONS IF THE OVERRIDE FAILS?

In the event there is “No Override,” even with the use of free cash, families *should* expect:

- Continuous decline in positions from FY21 into FY23
- Increased class sizes K-12
- Loss of programs K-12
- Reduction in student activities 5-12
- Involuntary school reassignment at elementary level
- Tech Dept. limited to essential services only
- No longer be a 1:1 district
- Potential reductions in transportation services



WHAT DOES THIS MEAN FOR MY CHILD?

Reductions made at the district level will have a direct impact on students for multiple years

- Decrease in educators / increased class sizes
- Loss of programs (K-12)
- Reduction in student activities (5-12)
- Involuntary elementary school reassignment
- Tech Dept. limited to essential services only
- Reductions in transportation services



- Less personal attention and small group lessons for students (K-12).
- Fewer “specials” classes during the day, increased study halls (5-8) and free periods (9-12)
- Fewer opportunities to connect socially, explore new interests, and participate in traditional school activities (e.g. athletics, theater, clubs, etc.)
- More students attending schools away from their neighborhood friends
- No longer a 1:1 district so limits ability to use technology in classroom, limited support for families
- More students responsible for getting themselves to school

WHAT DOES IT MEAN FOR STUDENTS IF THE OVERRIDE FAILS?

ENROLLMENT STUDENT LEARNING CLASS SIZE

Losing educators would wipe out much of the work we've done since the 2015 override to reduce class size in younger grades, to put middle school youth in classes instead of study halls, and to engage high school students in learning experiences instead of excessive "free" periods.

K-4 students are at a wide range of developmental levels, and personalized attention and differentiated instruction makes a difference in their success – keeping them from falling behind or getting bored and tuning out. We have reduced the number of classes exceeding class size guidelines from 42% to 10% (FY17-FY20), but that would be reversed if we lose 4-7 educators in our elementary schools.

The wave of increased enrollment is making its way through middle school, and soon high school. Chenery is bursting at the seams with over 125 students per team, which could be remedied when we (soon) have the space, but only if we have the teachers. At BHS in FY20, some core academic classes already had as many as 35 students, with 102 classes exceeding guidelines. If we reduce the number of educators at these levels, the ensuing shift of teachers to core academic classes would leave big holes and over-sized classes elsewhere.

WHAT DOES IT MEAN FOR STUDENTS IF THE OVERRIDE FAILS?

DISTRICT RECONFIGURATION AND THE NEW MIDDLE AND HIGH SCHOOL BUILDING

High school students will move into the new Belmont Middle and High School in six months – September 2021 – and middle school students in September 2023. At that time, the planned K-12 district reconfiguration will allow us to eliminate overcrowded classrooms – but not if we reduce the number of educators in our schools.

The Belmont community has made a big investment in a new school that will accommodate our “new normal” level of enrollment for years to come, and we are on the verge of permanently solving our space issues. Belmont residents expect us to use the new school building as they intended – to reinforce the excellence of our schools. However, reducing headcount puts that at risk.

TECHNOLOGY

We’ve learned how valuable technology can be as a tool for student learning, and it is the 1:1 assignment of device (Chromebook or iPad) per student that makes that possible. Reducing technology funding means we can’t remain a 1:1 district because we won’t have the personnel bandwidth to support our students.

WHAT DOES IT MEAN FOR STUDENTS IF THE OVERRIDE FAILS?

STUDENT ACTIVITIES

Student activities – athletics, theater, music, clubs, and more – are a quintessential feature of the school experience. For some students, these activities are the motivation for working hard in school. For others, they “find themselves” through activities. And for everyone, activities provide many of the peak high school experiences that they remember for a lifetime. Eliminating activities – any activities – would have a long-term impact on students.

RETENTION AND RECRUITING EXCELLENT STAFF

Belmont has invested in excellent educators, and we have always been a district where educators want to work. But it is a very competitive market.

Excellent teachers are in high demand right now, and Belmont has some of the best. If we must cut \$2M from an already lean school budget – Belmont is in the bottom 7% in the state in per pupil spending – we run the risk of losing not just the employees we lay off, but also other beloved educators who leave for other districts. Taken as a whole, our educators and staff are an asset that we have cultivated for decades. These decisions could have unintended consequences that students and parents would feel greatly.

WHAT DOES IT MEAN FOR STUDENTS IF THE OVERRIDE FAILS?

ELEMENTARY SCHOOL REASSIGNMENT

Assigning students to their neighborhood elementary school is important to both children and families – making transition into school easier, creating walking groups to school, and strengthening existing friendships. However, with fewer teachers, the need to balance student population across schools would require sending students where we have space and teachers.

TRANSPORTATION OPTIONS FOR FAMILIES

Possible elimination of busing options is a big deal for families who work full-time and count on our transportation services to get their students to school. It will be a real hardship when parents scramble to figure out how to deal with an 8:50 start time or a 3:00 pick up time – when they need to be at work.

MAKING THE DECISION:

OVERRIDE

OR

NO OVERRIDE

After five years of work to reduce the structural deficit and two years of financial modeling, we have arrived at a decision point.

- We have a structural deficit that has been reduced, but will not go away
- We cannot “fix” it with one-time funds
- Periodically, we will need an override to bring revenues up to meet expenses.

This 3-year plan is a way forward.

MAKING THE DECISION

WHAT HAPPENS IF THE OVERRIDE PASSES?

FY22 ⇒ Three Year Plan

Uses \$4.7M reserves*

Requires \$6.4M override

No cuts in services

Preserves Services Residents Depend On

Addresses Three Acute Needs

- *Enrollment and K-12 Reconfiguration*
- *Help for Seniors & Students Who Need Support*
- *Growing Backlog of Capital Repairs and Replacements*

Manages Risk During Pandemic and Recession

* Usage of reserves is spread over 3 years to reduce the size of the override
– \$6.3M in FY23 and FY24

MAKING THE DECISION

WHAT HAPPENS IF THE OVERRIDE FAILS?

FY22 ⇒ Painful Cuts

Uses \$6.6M reserves
and requires \$3.8M cuts in services*

** Cuts are compared to the FY22 budget in the three-year plan, and include 29 positions = 13 new and 16 existing*

- **29* fewer positions**
- **\$1.3M* in expense cuts**
- **Deplete our surplus “free cash” reserves**

-
- 11 educators & 10 school staff
 - Increased class sizes
 - Cuts to student activities (*sports, theater, clubs, etc.*), transportation, technology, programs
 - Involuntary school assignment

-
- | | |
|-------------------------|--|
| ■ Police officer | ■ Facilities Systems Mgr |
| ■ Firefighter | ■ Procurement Mgr |
| ■ Building inspector | ■ \$500K Capital |
| ■ Highway laborers (2) | ■ Reductions in library, recreation, and other |
| ■ Social worker/seniors | |

MAKING THE DECISION

FY22 CUTS AT A GLANCE

ELIMINATE ADDITIONS IN THE FY22 BUDGET PLAN:

- 6 Educators
- 3 SPED & Equity Positions
- Technology Specialist
- Social Worker for Seniors
- Facilities Systems Manager
- Procurement Manager
- \$500K capital

REDUCE EXISTING HEADCOUNT & NON-SALARY EXPENSES

- 7 Educators
- 4 School Admin & Staff
- Increased class size
- Reduced student activities (e.g. sports, theater, music, clubs)
- Impact on move to new Middle & High School
- Loss of 1:1 technology
- Elementary school reassignment
- Reduced transportation
- Too many “frees” and study halls
- Firefighter
- Police Officer
- 2 DPW Laborers
- Building Inspector Delays in filling potholes
- Weekend trash pickup in parks
- Library services
- Recreation programs
- Town Clerk hours
- Police cruiser
- Slow response time
- Facilities response to off-hour emergencies
- Cardboard recycling days

MAKING THE DECISION

WHAT HAPPENS IF THE OVERRIDE PASSES?

FY22 ⇒ Three Year Plan

Uses \$4.7M reserves*

Requires \$6.4M override

No cuts in services

WHAT HAPPENS IF THE OVERRIDE FAILS?

FY22 ⇒ Painful Cuts

Uses \$6.6M reserves
and requires \$3.8M cuts

FY23 ⇒ Larger Fiscal Cliff

Requires \$8-11M override *in spring 2022*
or additional \$5-8M cuts *in FY23*

* Usage of reserves is spread over 3 years to reduce the size of the override – \$6.3M in FY23 and FY24

QUESTION

Why are we giving raises when budgets are tight?

The public sector does not follow the business cycle like private businesses.

Salaries for most employees (90%) are governed by union contracts that are negotiated every three years.

- Salaries cannot be changed unilaterally by management. Agreements are a balance between the two parties, based on a contract structure (steps, lanes, COLA, arbitration, etc.) used for decades throughout the country.

Non-union employees (8%) receive salaries based on pay grade ranges determined, in part, by looking at salaries in other towns.

- COLA raises are determined by management. COLA can be adjusted downward in the short-term based on economic conditions, but it is not sustainable in the long-term or we will lose our very talented staff and their institutional knowledge.

A small number of employees (2%) have negotiated contracts – town administrator, superintendent of schools, police chief, fire chief, library director, and other school administrators (ex. principals)

- These contracts are based on comparables from other communities – the market for top municipal management roles is very competitive, and in order to retain our staff, it is necessary to pay competitive salaries. It also benefits Belmont when we have stability in management, avoid churn, reduce recruiting cost, and retain institutional knowledge.

QUESTION

How do property assessments impact my property tax?

Belmont's **total** property taxes – the tax “levy” – can only grow by 2½% annually.

- Exceptions include new construction/renovations and a voter-approved tax increase – either for the budget (permanent) or capital (temporary, like a 30-year mortgage).

However, property taxes for **individual** homes can increase more or less than 2½%.

- How? Property assessments are an estimate of market value based on recent sales, amount of land, condition of building, etc., so some values go up more than others – even neighboring houses.

Neither assessments nor the tax rate change the total tax levy.

- The total tax levy is divided by the assessments to create the tax rate. But the total tax levy is fixed.
- Assessments determine how the total levy is divided between taxpayers – if one increases **MORE**, another increases **LESS**.

QUESTION

How much “free cash” reserves are ok to use?

The town has two reserve guidelines and policies:

- Free cash is essentially our “savings account.” This is the money we can use when we need to repair a roof or pay for snow removal in a bad winter. Our guidelines specify keeping a free cash level of 3-5% to use for large, one-time needs.
- The total reserves policy requires that we keep the combined total of all reserve accounts at a level that is 10% or more of the operating budget

The guideline strongly discourages using “one-time” funds for recurring expenses.

- If you hire an employee with one-time funds, you do not have the money to pay that salary the next year, which results in a layoff.
- We do use approximately \$2M of free cash for the annual budget because it is replenished every year from turn backs from the town budget – it is still using budget money for the budget
- However, in the FY22-24 plan, we are using extra one-time funds – spread out over three years – to reduce the size of the override. Because of conservative budget measures to respond to the pandemic, we find ourselves with a significant surplus of free cash that originally came from budget funds.

Depleting these surplus reserves in a single year is not a prudent use of reserves