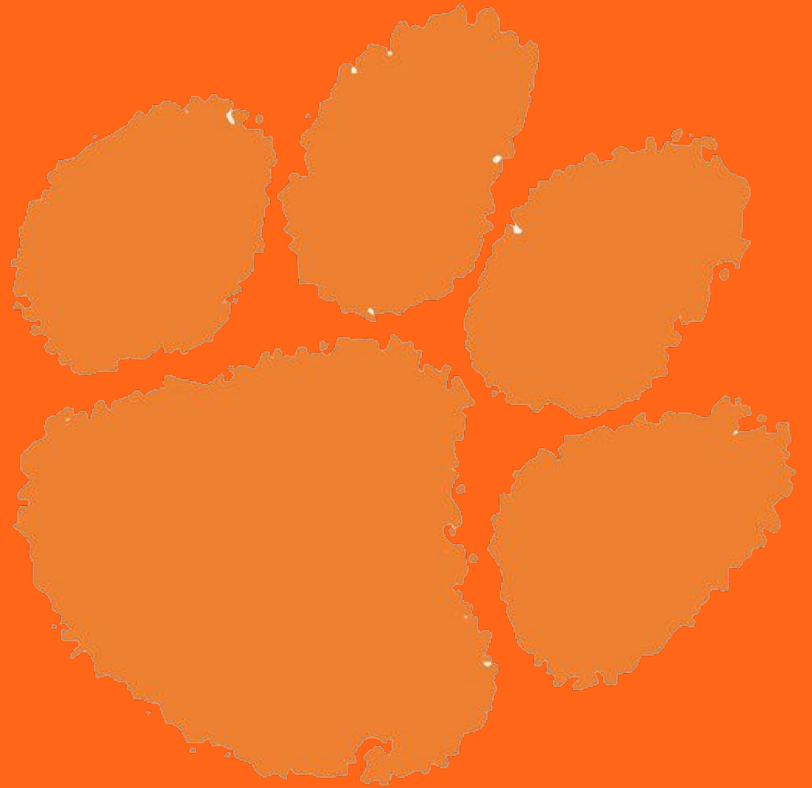


Town Budget Update

08.26.2025

South Hadley Employee Meeting



Prepared by Town Administration

Overview

- 1 Purpose of employee meetings
- 2 Health Insurance
- 3 State/Federal impacts
- 4 Balancing FY26 - FY31 budgets
- 5 Budget Task Force work
Address concerns

Balancing Budget

Historic - Keep revenue and expense growth under \$2 million, often \$1 million. School budget increase by \$200-250k, health insurance by \$0-\$300k, retirement by \$100-300k. Taxation and new growth of \$1m or more could cover these.

Current - OPEB obligations from 100-500k per year, school budget losing 6-7 figures in non-budget grant funds, health insurance increase by \$1-2m,

Balance

Expense increase =
revenue increase

- Able to provide modest raises
- Able to make some capital expenditures
- Able to make modest changes to improve efficiency, improve services

Deficit

Expense increase
more than revenue

- Service and staff reductions on table
- Deferred maintenance, Less capital expenditures
- May compound each year

Department Budgets: FY16-FY26

<u>Department</u>	<u>FY16</u>	<u>FY26</u>	<u>Increase 10yr</u>	<u>Increase/year</u>
Admin/HR	\$427,580	\$454,820	6.37%	0.64%
Assessor	\$172,782	\$199,124	15.25%	1.52%
Accounting	\$182,152	\$244,362	34.15%	3.42%
Treasurer	\$203,946	\$206,269	1.14%	0.11%
Clerk	\$78,659	\$164,833	109.55%	10.96%
IT	\$230,112	\$463,792	101.55%	10.16%
Planning	\$166,022	\$264,069	59.06%	5.91%
Inspection	\$136,749	\$228,110	66.81%	6.68%
DPW	\$1,275,369	\$1,635,013	28.20%	2.82%
Police	\$2,674,788	\$3,824,118	42.97%	4.30%
Human Services	\$837,066	\$936,108	11.83%	1.18%
Health	\$185,880	\$311,878	67.78%	6.78%
Library	\$616,651	\$842,923	36.69%	3.67%
School	\$20,522,259	\$25,771,460	25.58%	2.56%

FY26 Budget Sources & Uses

Level Service Budget = \$4.9m

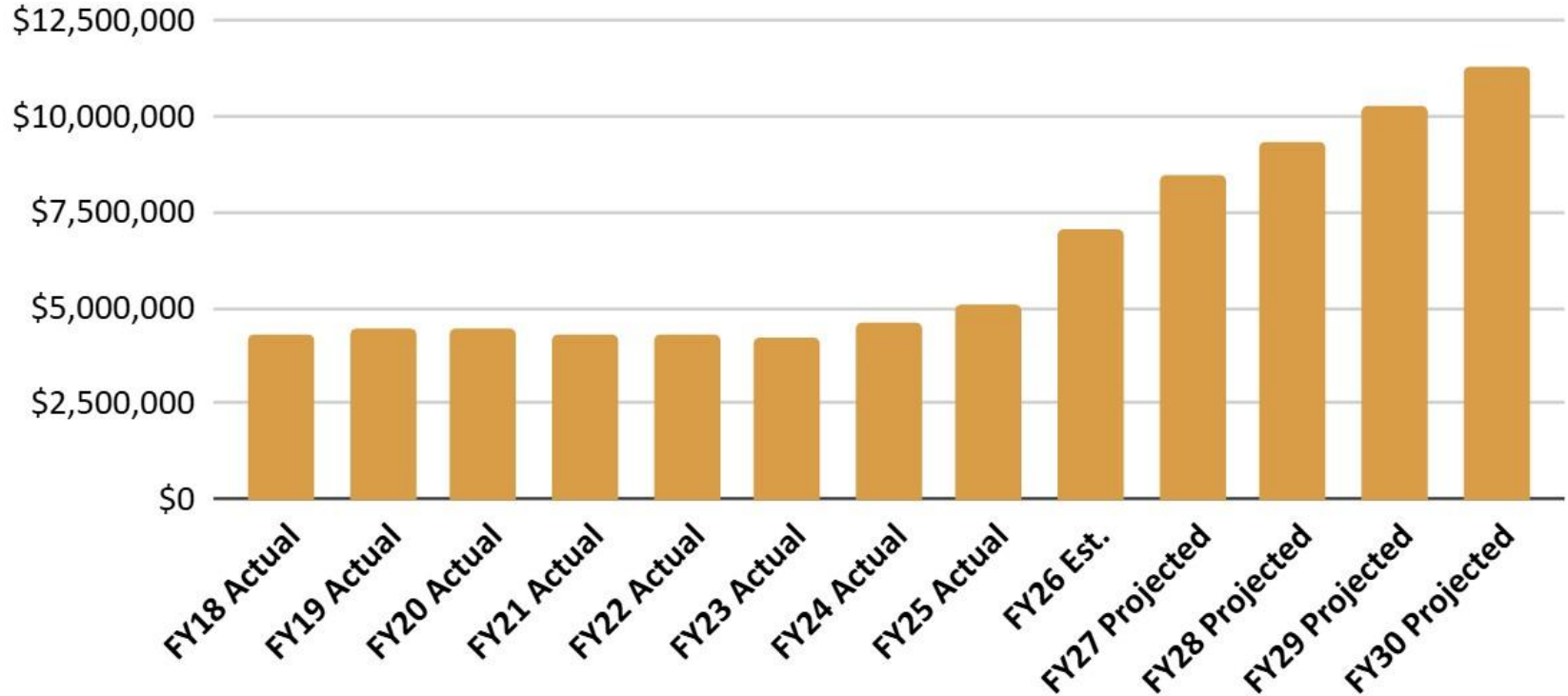
Budget Increase = \$1.6m

Local receipts	\$299,973	← Sources	Uses ↓
State Aid (net)	\$34,327		
Available Funds	\$16,797	Town	\$64,611
Tax & Growth	\$989,314	Education	\$250,000
Enterprise Funds	\$41,102	Enterprise	-\$10,969
SHELD Reimbursement	\$185,168	Debt	-\$9,277
Reduction in Overlay	\$107,388	Insurance, Retirement	\$2,371,343
Debt Exclusion	-\$8,361		

Health Insurance

Fiscal Year	Actual/Budget	% Increase	Increase yr/yr	Cumulative Increase
FY18 Actual	\$4,268,775	#DIV/0!		
FY19 Actual	\$4,486,555	5.10%	\$217,780	\$217,780
FY20 Actual	\$4,427,831	-1.31%	-\$58,724	\$159,056
FY21 Actual	\$4,327,987	-2.25%	-\$99,844	\$59,212
FY22 Actual	\$4,260,467	-1.56%	-\$67,520	-\$8,308
FY23 Actual	\$4,252,598	-0.18%	-\$7,869	-\$16,177
FY24 Actual	\$4,596,638	8.09%	\$344,040	\$327,863
FY25 Actual	\$5,049,929	9.86%	\$453,291	\$781,154
FY26 Est.	\$7,079,927	40.20%	\$2,029,998	\$2,811,152
FY27 Proj	\$8,486,916	19.87%	\$1,406,989	\$4,218,141
FY28 Proj	\$9,335,608	10.00%	\$848,692	\$5,066,832
FY29 Proj	\$10,269,168	10.00%	\$933,561	\$6,000,393
FY30 Proj	\$11,296,085	10.00%	\$1,026,917	\$7,027,310

Health Insurance



Still unclear....

1. Status of state/federal grants that are not shown on the budget- millions for schools, six figures for health and public safety, millions in project funds
2. Status of state aid South Hadley receives over \$15m per year - mid year cuts could happen if the state loses funding due to economy, loss federal funds

Response = health insurance

1. If stay with trust - plan design changes to be negotiated and voted on by Jan/Feb 2026
2. Explore self insurance or other collaboratives
3. More programs like opt-out to save \$

Response = Revenue reductions

1. Budget Task Force - report out by Feb 2026 on override
2. Review Local Receipts - setting up internal committee to review fees
3. Encourage new growth
4. Advocate for state/federal funds - AG just successfully fought freezing of \$107m in school funds for state

Response = FY2026 (thru 6/30/26)

1. Deficit due to \$900k unexpected rise in health insurance (\$1.2m annual increase but reflects effective increase of Oct 1.
2. Several departments are working on mid year cuts to Expenses ~ \$200k
3. Will use free cash (will be replenished by closing out capital projects, or use grant funds instead) ~ \$730k

Response = FY2027 (7/1/26 - 6/30-27)

1. Deficit around \$3.5m for level service budget (assuming level state aid, no major loss in non budget grant funds)
2. Dozen positions likely affected
3. Increase fees and use of free cash
4. Services reduced - partial closures at town buildings
5. Override???

Override

1. Budget Task force is meeting every other Monday - will hold listening sessions and make recommendations
2. Possible vote at the 2026 April annual town election
3. A \$3m override ask can range from \$10-100 increase for residents with the average household around \$50/month

Stability

1. Health insurance level off in terms of \$\$ and less than 10% annual increases
2. No major loss of state/federal aid
3. Operational efficiency and modest if little salary increases still needed
4. New growth strategy

Next meetings - continue to provide updates, feedback

Tuesday, Sept 2, 2025 5:30 PM - 6:30 PM

Tuesday, Sept 9, 2025 9:00 AM - 10:00 AM

Tuesday, Sept 16, 2025 5:30 PM - 6:30 PM

**Please feel free to reach out to me
directly. Thank you for your hard
work and patience**