

Budget

FY27 Preview

Town Administrator Presentation
2/17/2026

Feb 25 - Special Town Meeting

March 3 Selectboard - Budget Public
Hearing

March 11 School Comm - Budget Public
Hearing

March 17 Selectboard - Budget Vote

March 25 School Comm - Budget Vote

March 28 - Community meeting

April 14 - Annual Town Election

____ May 13 - Annual Town Meeting

Important Financial Information

Town Website

- Budget books (FY09 to current)
- Budget Task Force - final report and documentation, survey
- Proposition 2 ½ page (*new*) under Government tab
- Selectboard presentations
- Western Mass Roundtable (under Projects)

School Website (Resources)

- Past budget summaries and FY26 Budget
- Nov 6, 2025 PP - current and projected staffing needs
- Jan 21, 2026 FY27 Budget Projection
- Jan 21, 2026 Extracurricular presentation

FY2027 Operating Budget - Deficit

Income = \$950k - \$1.35m

Taxation \$850k

New Growth \$100k

Local Receipts \$400k

- Working on fee analysis
- Interest rates reductions will reduce revenue

State Aid -\$6k

- \$367k increase in net assessments
- \$361k increase in net state aid

Expense - \$4.5m needed, \$1.4m funded

Health Insurance - \$2.4m above FY26 approved at annual town meeting

Schools - \$1.7m needed to offset grant loss and fully fund services at FY26 level. Only increase by \$223k

Town - \$300-400k needed to maintain FY26 services. Decrease by \$1m

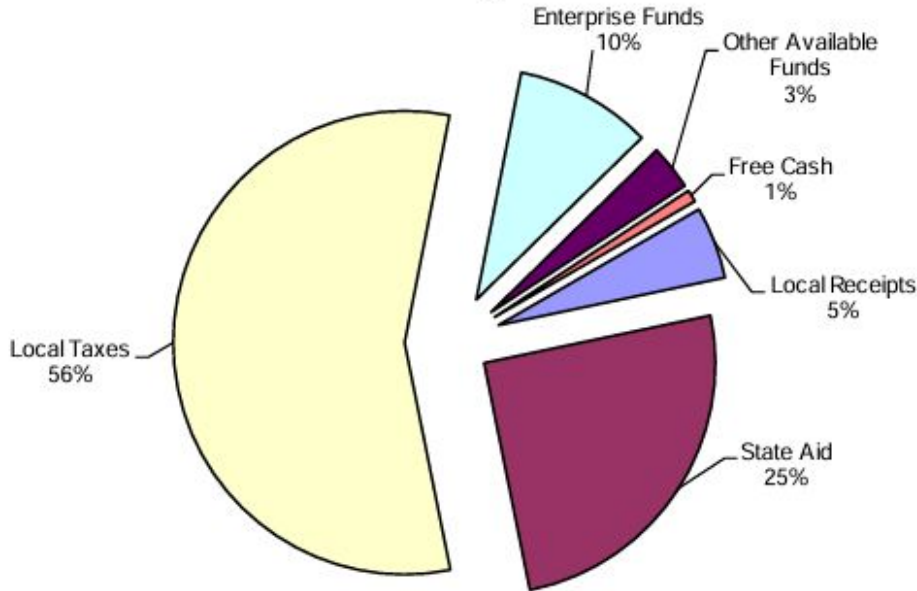
OPEB - decrease funding by \$200k

Future Deficits:

\$1m in FY28, \$2.2m in FY29, \$4m in FY30 and \$6m in FY31

Revenue Deep Dive - Local Taxes

Where the Money Comes From



FY26: \$34.1m taxes + \$1m debt exclusion

Local Taxes as % of budget vs state aid:

FY26: 56% of budget (state aid 25%)

FY24: 56% of budget (state aid 26%)

FY22: 58% of budget (state aid 24%)

FY19: 58% of budget (state aid 25%)

FY17: 55% of budget (state aid 27%)

FY14: 52% of budget (state aid 28%)

FY12: 51% of budget (state aid 30%)

FY09: 47% of budget (state aid 32%)

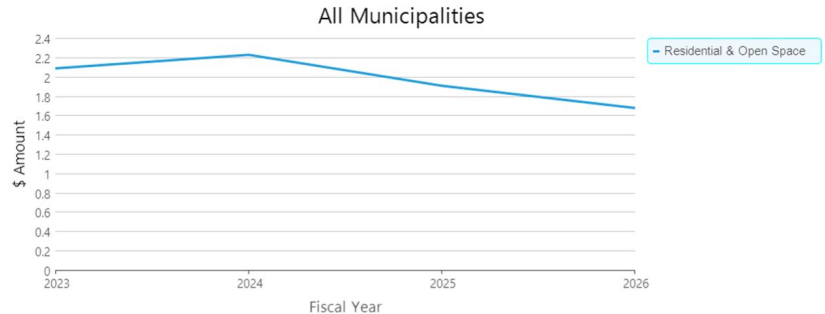
Revenue Deep Dive - New Growth

Fiscal Year	New Growth
2017 (\$ 385,621)	2018 (\$ 354,594)
2019 (\$ 235,218)	2020 (\$ 271,245)
2021 (\$ 267,458)	2022 (\$ 245,034)
2023 (\$ 256,077)	2024 (\$ 490,540)
2025 (\$ 195,993)	2026 (\$ 139,997)

10 year average (\$ 284,178)

2027 Projection \$100,000 - \$150,000
Downward trend statewide

South Hadley is fairly built out compared to surrounding communities. Some recent zoning changes will yield positive but relatively small \$ results and needs support from proactive economic development and incentives.



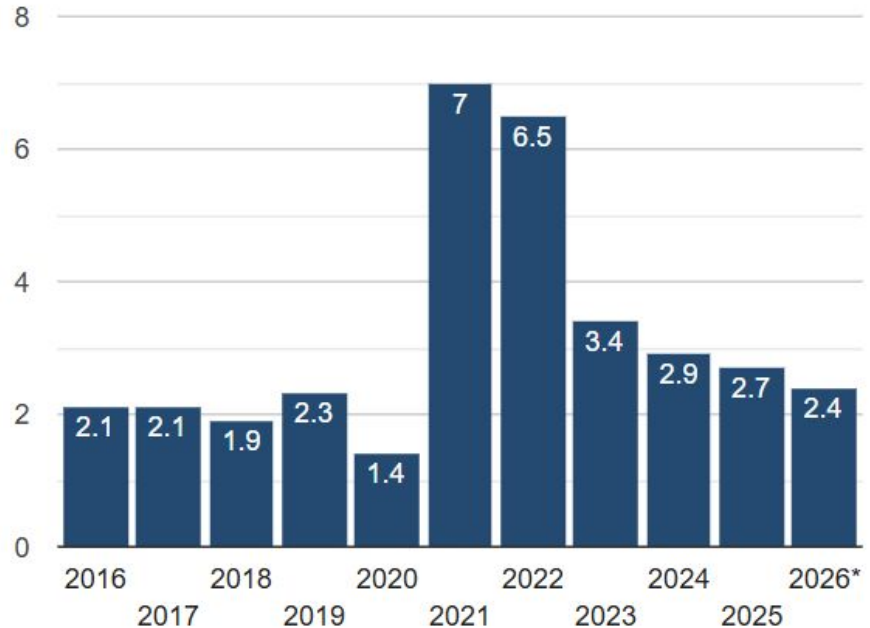
Revenue Deep Dive - State Aid

Net State Aid

FY12	-2.13%	FY20	1.60%
FY13	-0.17%	FY21	1.60%
FY14	-0.60%	FY22	0.73%
FY15	-0.84%	FY23	12.6%
FY16	-1.24%	FY24	7.56%
FY17	1.15%	FY25	1.10%
FY18	3.63%	FY26	-0.41%
FY19	0.82%	FY27	-0.20%

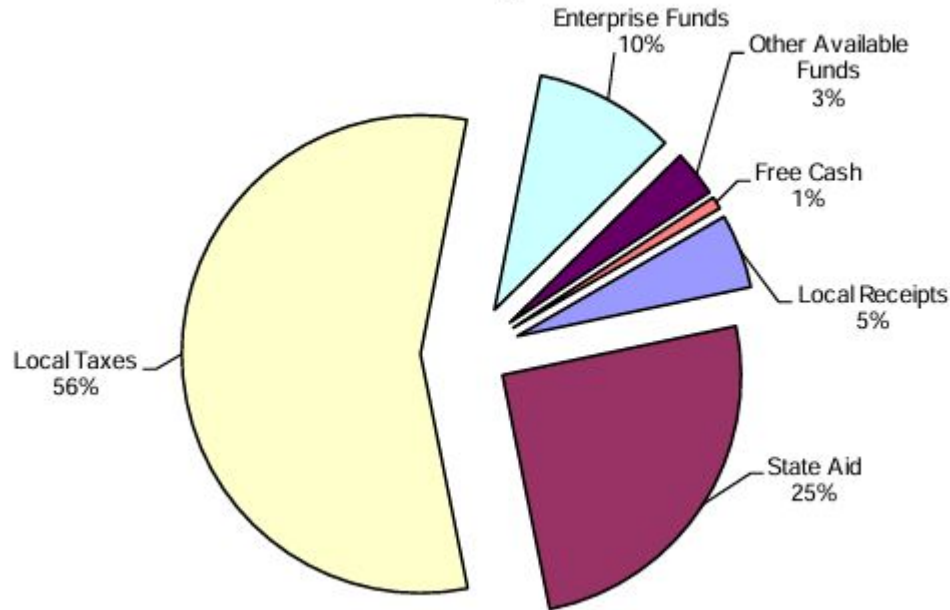
FY16-26: 3.4% ave inflation v. 2.6% ave aid (\$1m higher if inflation, \$4m higher if kept pace since FY06)

Chart: United States Annual Inflation Rates (2016 to 2026)



Revenue Deep Dive - Local Receipts

Where the Money Comes From



LOCAL RECEIPTS

Add \$400k in FY27, \$100k/year after

Fee analysis in progress

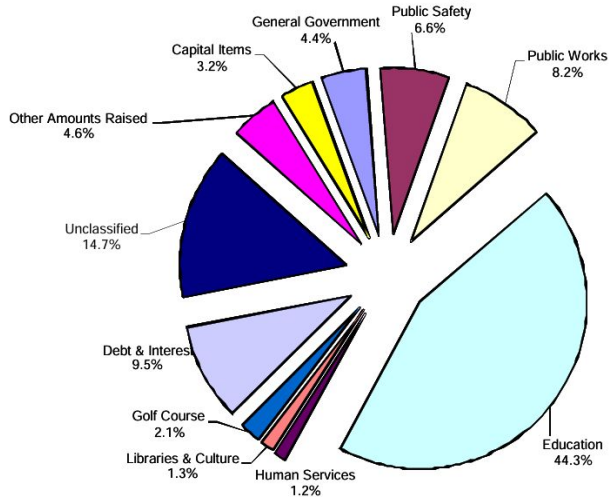
Interest rates - will have a negative impact when rates decrease

Conservative approach - often used to fund capital, snow and ice, other unexpected expenses

Expense Deep Dive ~ 2.7% increase FY09-FY26

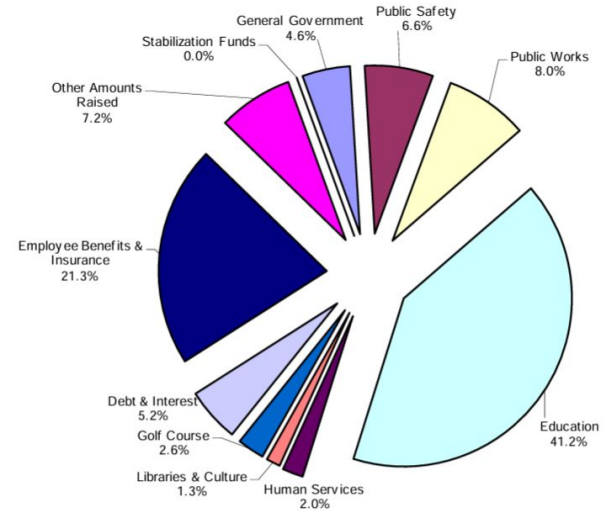
TOTAL SELECTBOARD RECOMMENDED BUDGET
\$42,352,965
 For Fiscal Year June 30, 2009

Where the Money Goes



TOTAL RECOMMENDED BUDGET
\$62,568,383
 For Fiscal Year June 30, 2026

Where the Money Goes



Expense Deep Dive - EB Health Insurance

FY	Expended	HCGIT Rate Incr.
FY16	\$3.6m	
FY17	\$4m	
FY18	\$4.2m	
FY19	\$4.4m	
FY20	\$4.4m	
FY21	\$4.3m	0%
FY22	\$4.2m	-2%
FY23	\$4.25m	0%
FY24	\$4.6m	6%
FY25	\$5.3m	8%
FY26	\$7m	40%
FY27	\$8.6m	16%
FY28	\$9.9m	15%

Controlling Expenses

- Legislation/Advocacy
- Improve employee health & wellness
- Evaluation of purchasing options (MIIA, GIC, Self Insured)
- Changes in contribution/Splits (subject to negotiation)
 - - 2% shift = \$228k (342/plan)
 - - 5% shift = \$571k (856/plan)
- Incentive programs - \$58k net savings from opt-out

Cost Projections:

FY16 - \$3.6m

FY2027 Operating Budget - Potential Impacts

Projected School Impacts (cut \$1.5m)

- All Sports
- All Afterschool Activities
- Music and Middle and High School
- 3 Admin Positions
- 15 Student Facing Positions
- K-1 Class Sizes of 25 students per class
- 2-4 Class Sizes of 27-30 students per class
- 5-12 Class Sizes of 30+ students per class

Projected Town Impacts (cut \$1m)

- Library - close Gaylord, lose ability to borrow statewide
- Senior Center & Town Hall - reduce staff and partial closures
- Reduce health & safety inspections
- Police - reduce supervisor, patrol, SRO
- Public Works - reduce staff, maintenance, close spray parks
- Reduce OPEB payments

** After cuts: Projecting \$1m deficit in FY29, \$2.5m deficit in FY30 and \$4.6m deficit in FY31*

Expense Deep Dive - Education

<p>No override/3m override</p> <p>FY27 = \$26m with 1.5% increase/year FY27 = \$26.5 with 2% increase/year</p> <ul style="list-style-type: none">• All Sports• All Afterschool Activities• Music Middle and High School• 3 Admin Positions• 15 Student Facing Positions• K-1 Class Sizes of 25 students per class• 2-4 Class Sizes of 27-30 students per class• 5-12 Class Sizes of 30+ students per class	<p>\$6m Override Cuts</p> <p>FY27 = \$27m, 2.5% increase/yr</p> <ul style="list-style-type: none">• All Sports• All Afterschool Activities• Music Middle and High School• 2 Admin Positions• 10 Student Facing Positions• K-1 Class Sizes of 20-22 students per class• 2-4 Class Sizes of 22-25 students per class• 5-12 Class Sizes of 25-30 students per class	<p>\$9m Override</p> <p>FY27 = \$27.5m with 3% increase/year</p> <ul style="list-style-type: none">• Close to Level Budget for 4-5 years• Increase some fees <hr/> <p>\$11m Override</p> <p>FY27 = \$27.5m with 4% increase/year</p> <ul style="list-style-type: none">• Level Budget for 5 years
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Expense Deep Dive - Town

FY2027 No Override - Town Department Cuts

	<u>\$ Cut</u>	<u>% Cut</u>	<u>Notes</u>
Administration	10k	3.8%	Salary reduction
Treasurer/Collector	40k	16%	Eliminate Clerk
Human Resources	25k	13.6%	Cut Training/prof development
Clerk	25k	13.6%	Cut support staff, expenses
Planning/Conservation	29k	10.7%	Cut consultant line item
Police	250k	6.8%	Cut dispatch, officer
Inspections	60k	23.8%	Eliminate Clerk, Local Building inspector
Public Works	240k	14.3%	Staff cuts, maintenance cuts
Health	25k	8%	Reduce inspections
Human Services	123k	12.9%	Staff & service reductions
Library	139k	15.26	Staff & service reductions

No major changes to Assessor, IT, Facilities and Legal. Accounting - review Finance Director position
Other cuts include 200k to OPEB (not \$500k), 10k from Land Fund (now 15k)

FY2026 v FY2027 No Override

	FY2026	No Override	\$ Change	% Change
Town	10.85m	9.9m	-1m	-9%
Schools	25.77m	26m	228k	0.9%

\$11 million override

FY27 \$11m Override/Level Fund v. No Override

	Level Fund/11m	No Override	Cut	% Cut
Town	10.9m	9.9m	1m	9%
Schools	27.5m	26m	1.5m	5.5%

FY27 \$11m Override/Level Fund v FY26

	Level Fund/11m	FY2026	\$ Increase	% Increase
Town	10.9m	10.85m	131k	1.2%
Schools	27.5m	25.77m	1.73m	6.71%

Expense - Town Personnel 10 year Expended

<u>DEPT (FY26 staffing)</u>	<u>FY16</u>	<u>FY25</u>	<u>Annual Average Δ</u>
Admin / Finance (13)	934,039	1,184,978	2.69%
Building/Planning (5.5)	279,147	439,533	4.79%
Human Services (10)	387,541	555,022	4.32%
Library (10)	419,259	564,476	3.46%
Public Health (4.5)	143,956	220,291	5.3%
Public Safety (37)	2,437,249	3,306,478	3.57%
Public Works (15)	839,552	903,827	0.77%

Expense - Town Personnel staffing changes

	<u>FY17</u>	<u>FY26</u>	<u>FY27 Proposed</u>	
Admin/HR	6	5.4	6 (clerical pool)	0%
Assessor	3	2	2	-33%
Collector/Treasurer	3	3	2	-33%
Inspections	2FT, 3PT	2FT, 2 PT	1FT, 2 PT	-42%
Library	10.75 FTE	10.36 FTE	9 FTE	-16%
Human Services	9	10 (12 in FY24)	9	0%
Public Health	3	4	3	0%
Public Safety	37	37	29	-21%
Public Works	19	15	13	-31%

Override - Town Personnel impacts

	<u>FY26</u>	<u>\$3m</u>	<u>\$6m</u>	<u>\$9m</u>
Admin/HR	5.4	5	5.4	5.4
Collector/Treasurer	3	2	2.5	3
Inspections	2FT, 2PT	1FT, 2PT	1FT,3PT	2FT, 2PT
Library	13	13 (reduce hours)	13	13
Human Services	10 (12 in FY24)	9	10	10
Public Health	4	3	3.5	4.5 (add nurse)
Public Safety	37	29	30	31
Public Works	15	13	14	15

Override - Town Operations impacts (part 1)

	<u>No Override</u>	<u>\$3m Override</u>	<u>\$6-9m Override</u>
Human Services	Cut 35K Veteran support Reduce Programming Center closure (2 days) Staff layoffs	Cut 25k Veteran support Reduce Programming Center closure (1 day) Staff hours reduced	No cuts Maintain programs Limited reduction Staff hours reduced
Library	Close Gaylord Main library hours reduced Decertification in 1 year Lose interlibrary loans Lose \$60K state aid	Close Gaylord Main library hours reduced Delay decertification by 1-2 years Staff hours/services reduced Lose aid & interlibrary loans	Gaylord open Minimal impacts Maintain 3-4 years Minimal impact Maintain aid/ILL
Town Hall	Reduce hours Support staff layoffs	Reduce hours Support staff reductions	No reduction Minimal reductions

Override - Town Operations impacts (part 2)

	<u>No Override</u>	<u>\$3m Override</u>	<u>\$6-9m Override</u>
Building/Health Inspections	Cut Health inspector Cut Local inspector Cut Building clerk Cut Health clerk	Cut Health inspector Cut Local inspector Cut Building clerk Cut Health clerk	No cuts Cut Local inspector One clerk for both depts
Public Safety	Reduce officers by 2 Move to regional dispatch Reduce 1 School Resource	Reduce officers by 2 Move to regional dispatch Reduce 1 School Resource	No cuts Move to regional dispatch Maintain 2 SROs
Public Works	Close spray parks Highway/parks reduction \$110k maintenance cut	Close spray parks Highway/parks reduction \$75k maintenance cut	Reduce spray park hours No reductions \$25-50k maintenance cut

Taxpayer Impacts

Override Impact -							
based on the most recent home values and represents the impact of the override only, not any changes to individual assessment changes or annual the 2.5% increase allowed under Proposition 2 1/2							
		\$11 million	\$11 million	\$9 million	\$9 million	\$6 million	\$6 million
Assessed Value	Current Estimated Tax Bill	Proposed Estimated Tax Bill	Estimated Tax Bill Impact	Proposed Estimated Tax Bill	Estimated Tax Bill Impact	Proposed Estimated Tax Bill	Estimated Tax Bill Impact
250,000	3,380.00	4,438	1,058	4,245	865	3,958	578
350,000	4732	6,213	1,481	5,943	1,211	5,541	809
450,000	6,084.00	7,988	1,904	7,641	1,557	7,124	1,040
550,000	7,436.00	9,763	2,327	9,339	1,903	8,707	1,271
650,000	8,788.00	11,538	2,750	11,037	2,249	10,290	1,502
750,000	10,140.00	13,313	3,173	12,735	2,595	11,873	1,733
850,000	11,492.00	15,088	3,596	14,433	2,941	13,456	1,964
950,000	12,844.00	16,863	4,019	16,131	3,287	15,039	2,195
1,050,000	14,196.00	18,638	4,442	17,829	3,633	16,622	2,426
1,150,000	15,548.00	20,413	4,865	19,527	3,979	18,205	2,657
1,250,000	16,900.00	22,188	5,288	21,225	4,325	19,788	2,888
1,350,000	18,252.00	23,963	5,711	22,923	4,671	21,371	3,119
1,450,000	19,604.00	25,738	6,134	24,621	5,017	22,954	3,350
Ave Single Family Home Impact \$417,106		TOTAL raised over 5 years	1,764	TOTAL raised over 4 years	1,443	TOTAL raised over 3 years	964
		Estimated FY27 impact	481	Estimated FY27 impact	401	Estimated FY27 impact	321
		Estimated FY28 impact	962	Estimated FY28 impact	802	Estimated FY28 impact	642
		Estimated FY29 impact	1,283	Estimated FY29 impact	1,122	Estimated FY29 impact	964
		Estimated FY30 impact	1,604	Estimated FY30 impact	1,443		
		Estimated FY31 impact	1,764				

Towards a Balanced Budget

IMPLEMENTED

- Human Services Dept - sustain services with \$86k payroll reduction from FY24 to FY26.
- Move \$90k annual payroll in Treasurer and Building to grant ending December 2026
- Green Communities designation
- Eliminate 1.5% PBE raises
- Insurance Opt-Out program

EVALUATING

- Benchmarking local fees
- Move to regional dispatching
- Volunteer PILOT program
- Health Care - plan design
- New growth and redevelopment
- Impact of loss of grants, state and federal funding sources
- Needs assessment
- Further reorganization

Trash & Recycling - no rate increase for FY27, need to raise ~\$350k for capital/equipment within 5 years = \$50 increase at once or \$10 increase in FY28