



Preliminary FY24 Budget and Override Discussion

**Hingham Select Board
January 31, 2023**



Agenda

- 1. Current Budget Situation**
- 2. How did we get here?**
- 3. Override Basics**
- 4. Proposed Balanced Budget and Service Impacts**
- 5. Next Steps**
- 6. Property Tax Relief**
- 7. Questions?**



Current Budget Situation

- **The Town is entering the FY24 budget season with a significant deficit that results from adding critical capacity to school and municipal services during COVID-19.**
- **In addition, Hingham is experiencing the same challenges as many Massachusetts communities where the cost of providing services has outpaced revenue growth allowed under Proposition 2 ½.**
- **The Town used one-time federal and local reserve funds in FY22 and FY23 to offset these deficits.**
- **As we move away from the pandemic and seek to bridge the funding gap permanently, the Town must either reduce services to balance the FY24 budget or raise recurring revenue through an override to maintain current operations.**



How did we get here?

Pandemic Pressures: Spring 2020



- **March 2020**: Finished normal FY21 budget process right before global, national, state, and local States of Emergency were declared due to COVID-19 pandemic

Baker declares state of emergency as coronavirus cases more than double

By [Felice J. Freyer](#), [Matt Stout](#) and [Martin Finucane](#) Globe Staff, Updated March 10, 2020, 4:33 p.m.



FY21 Planning



- **March-May 2020: Select Board, Advisory Committee, and School Committee developed and unanimously adopted FY21 Financial Management Plan**
- **Plan proposed to “use Unassigned Fund Balance coupled with prudent financial management controls to close the anticipated budget gap and offset any incremental revenue shortfalls that may arise in FY21.”**
- **Adopted May 11, 2020**

TOWN OF HINGHAM OFFICE OF THE SELECTMEN

Karen A. Johnson, Chair
Mary M. Power
Joseph M. Fisher



Tom Mayo, Town Administrator
Michelle Monsegur,
Assistant Town Administrator

FY21 FINANCIAL MANAGEMENT PLAN
May 11, 2020

SECTION 1. BACKGROUND AND COVID-19 CRISIS

The Hingham Board of Selectmen, Hingham School Committee, and Hingham Advisory Committee concluded the Town's FY21 budget process on March 10, 2020. The Advisory Committee voted to recommend to Town Meeting a balanced FY21 budget of \$126,940,526. In order to approve the budget, the Advisory Committee identified sources of and made assumptions about anticipated revenue in amounts that would match approved expenditures.

Within two weeks of concluding Hingham's budget process, national, state, and local States of Emergency were declared in response to the COVID-19 pandemic. Given the resulting economic crisis, the Town must revise FY21 revenue assumptions downward to account for the contraction of the global economy. We have revised revenue assumptions based on data available as of May 9, 2020 from the Massachusetts Municipal Association (MMA) and Massachusetts Taxpayers Foundation (MTF), consultation with state officials, historical trends of municipal revenue collection (particularly those trends experienced by the Town during the Great Recession years of FY09 and FY10), and guidance from the Town's financial advisors, Capital Markets Advisors.

The revised FY21 revenue assumptions do not support the full expenditures identified in the FY21 budget approved by the Advisory Committee. If approved without alteration by Town Meeting, such a budget would likely produce an impermissible budget deficit of approximately \$3.3 million.

The FY21 Financial Management Plan presented herein proposes to use Unassigned Fund Balance coupled with prudent financial management controls to close the anticipated budget gap and offset any incremental revenue shortfalls that may arise in FY21. The goal of the Plan is to produce a balanced FY21 budget that also 1) minimizes disruption to Municipal and School operations and services, 2) takes account of COVID-related expenditures, and 3) preserves the Town's longstanding practice of sound fiscal stewardship as measured in part by the Town's AAA credit rating. Successfully implementing the FY21 Financial Management Plan and managing to a balanced budget requires the commitment and collective effort of the Board of Selectmen, School Committee, and Advisory Committee.

FY21 Planning



- **June 2020: Annual Town Meeting unanimously adopted the FY21 budget, which was based on FY21 Financial Management Plan**



FY22 Planning



- **Spring 2021:** While some FY21 revenues suffered (meals tax, investment income), Hingham's property tax revenue remained stable and the State aid shortfalls predicted by the Commonwealth did not materialize
- The Town was able to get through FY21 without using as much of Unassigned Fund Balance as initially projected
- However, the pandemic exacerbated structural deficits in both the municipal and school budgets and acute needs emerged in the schools

THE
ANCHOR



“IT’S LONELY:” REMOTE LEARNING TOO REMOTE FOR SOME KIDS

FY22 Planning



- **March 2021**: The Select Board, Advisory Committee, and School Committee recommended adding capacity across the Town through the FY22 budget
- From AdCom's Report in the ATM2021 Warrant:

The FY22 budgets differ from the FY21 budgets as listed in the table below. This includes Articles 4, 5, and 6 (excluding the Sewer, Water, and South Shore Country Club budgets, which are funded by user rates/charges).

	<u>FY 2021</u>	<u>FY 2022</u>	<u>% CHANGE</u>
Municipal Departments:	\$27,818,654	\$29,211,057	5.01%
School Department:	\$56,730,985	\$61,792,079	8.92%
Capital Outlay:	\$3,175,686	\$2,500,168	-21.27%
Employee Benefits:	\$14,395,178	\$15,320,416	6.43%
Debt Service:	\$7,932,128	\$5,707,376	-28.05%
Insurance and Incidentals:	<u>\$767,183</u>	<u>\$1,028,087</u>	34.01%
TOTAL	\$110,819,814	\$115,559,183	4.28%

FY22 Planning



FY22 ADDITIONAL POSITIONS/SERVICES	DEPT	AMOUNT
School Recovery Budget positions (32 FTEs)	School	\$2,325,606
Town-wide Field Maintenance Program	Recreation	\$241,180
Address Legal structural deficit	Legal	\$138,372
Assistant Town Administrator (1 FTE)	Select Board	\$137,000
Senior Planner (1 FTE)	Community Planning	\$63,403
Address Snow & Ice structural deficit	Public Works	\$63,173
Mental Health/Crisis Response Clinician (1 FTE)	Police	\$54,096
Transfer Station Heavy Equipment Operator (1 FTE)	Public Works	\$51,980
Communications consultant	Select Board	\$35,000
TOTAL		\$3,109,809

FY22 Planning



- Combined with other increases, needed \$4,959,009 of one-time money to balance FY22 budget
 - Federal funds (\$1.4M from ESSER, \$1.2M from ARPA)
 - Remainder from Unassigned Fund Balance (Town’s “rainy day” fund)
- AdCom and Select Board signaled need to control growth and explore an override in FY23 or near future

TOWN OF HINGHAM



WARRANT
for the
ANNUAL TOWN MEETING

Saturday, May 8, 2021 at 2:00 P.M.
(Rain Dates: Saturday, May 15, 2021 & Sunday, May 16, 2021 at 2:00 P.M.)

Hingham High School Multi-Purpose Athletic Field
17 Union Street, Hingham, MA

and

REPORTS
of the

Advisory Committee Capital Outlay Committee Planning Board	Board of Selectmen Personnel Board School Committee
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Please bring this report to the meeting for use in the proceedings

FY22 Planning



- **May 2021**: Annual Town Meeting unanimously adopted the FY22 budget with use of one-time funds to support additional capacity in schools and municipal services



Hingham Town Meeting
5/8/2021

FY23 Planning



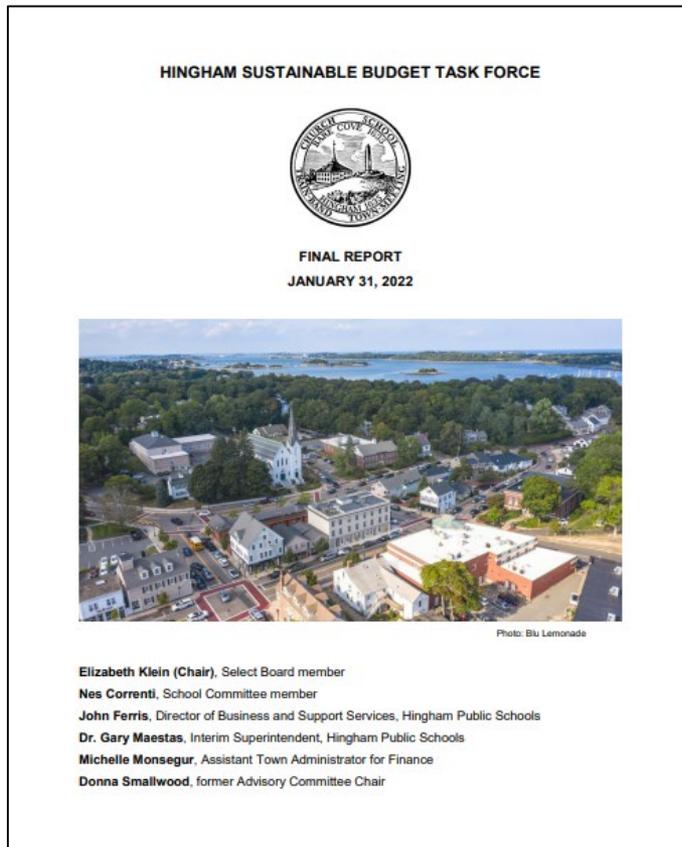
- **August 2021**: Understanding that we were creating a structural deficit in FY22, the Town formed the **Sustainable Budget Task Force** to begin developing a long-term financial management plan
- **September 2021 - January 2022**: Municipal, school, and former AdCom leaders worked together to explore revenue opportunities, analyze expenditures, and identify ways to fund the Town's budget going forward



Key SBTF Recommendations/Findings



February 2022



- The Town was experiencing increasing budget pressure from expenditure growth exceeding revenue growth prior to the pandemic
- Hingham should seek both tax and non-tax revenue to provide the high quality municipal and school services its residents expect and support
- Both municipal and school departments should target a 3.5% expenditure growth rate in future years to better align expenses with available revenue
- The Town should consider closing the FY23 budget deficit by using remaining federal and other one-time funds
- The Town should consider proposing a potential override in FY24 to maintain or grow services

FY23 Planning



- From AdCom's Report in the ATM2022 Warrant:

*“Budget development for FY23 saw concerns related both to ongoing effects of the pandemic (student learning loss) and to structural deficits in the municipal and the school budgets. **The additional positions and services added to the FY22 budget remain critical** to maintaining a level of services to continue addressing learning loss and necessary Town services.”*

The FY23 budgets differ from the FY22 budgets as listed in the table below. This includes Articles 4, 5, and 6 (excluding the Sewer, Weir River Water System, and South Shore Country Club budgets, which are funded by user rates/charges).

	<u>FY22</u>	<u>FY23</u>	<u>% CHANGE</u>
Municipal Departments:	\$29,916,363	\$32,491,592	8.61%
School Department:	\$61,792,079	\$61,826,503	0.06%
Capital Outlay:	\$2,500,168	\$2,698,498	7.93%
Employee Benefits:	\$15,320,416	\$15,619,743	1.95%
Debt Service:	\$5,707,376	\$5,835,331	2.24%
Insurance and Incidentals:	<u>\$1,028,087</u>	<u>\$1,114,464</u>	8.40%
TOTAL	\$116,264,489	\$119,586,131	2.86%

FY23 Planning



- **April 2022**: Town unanimously chose to maintain the added positions and services, employ \$3.8 million in available federal and local one-time monies to balance the FY23 budget, and begin planning for an override in FY24.



FY23 Planning



- The Advisory Committee and Select Board signaled the need for an override in FY24
- From AdCom's Report in the ATM2022 Warrant:

*“The use of one-time revenue is not sustainable, and **the Town needs to reconcile revenues with expenses through an override.** While the SBTF identified several potential revenue options, they are insufficient to meet the near-term budgetary needs and **it is expected that an override will be placed before the citizens at the 2023 Annual Town Meeting and 2023 Annual Election.** At that point, citizens will have the opportunity to approve an increase in taxes to permanently fund the level of services they desire. If insufficient revenue is raised, then the Town will have to reduce expenditures to match revenues. This action would include reducing staff and services.”*

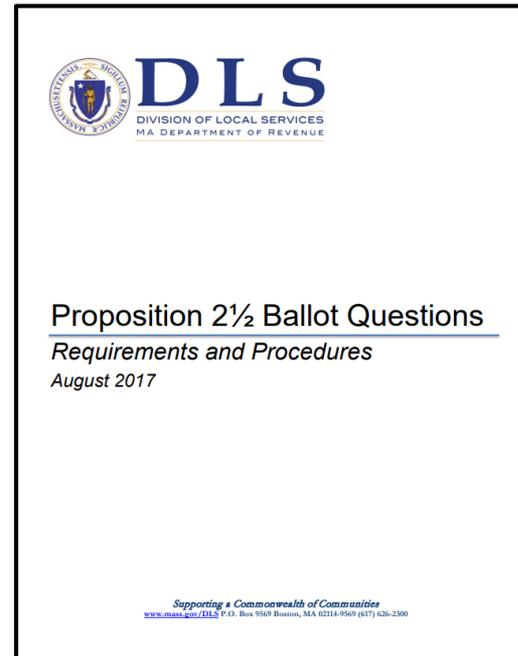
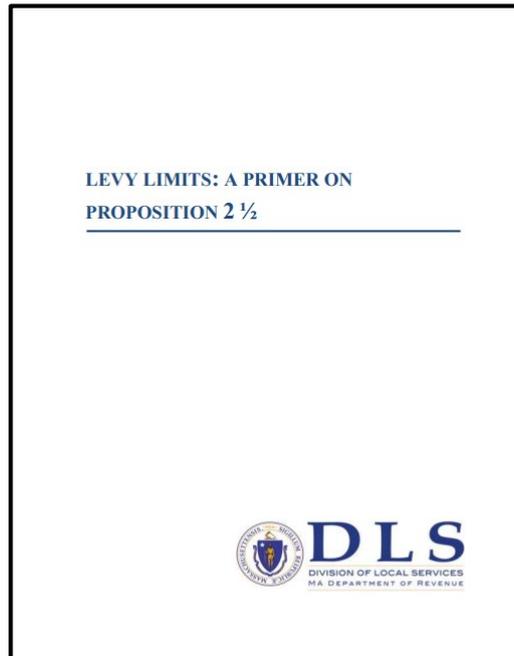


Override Basics



What is a Proposition 2½ Override?

An override is a voter-approved, permanent tax increase designed to provide a community with the ability to generate sufficient revenues to fund costs that are likely to continue into the future, such as annual operating and fixed expenses.



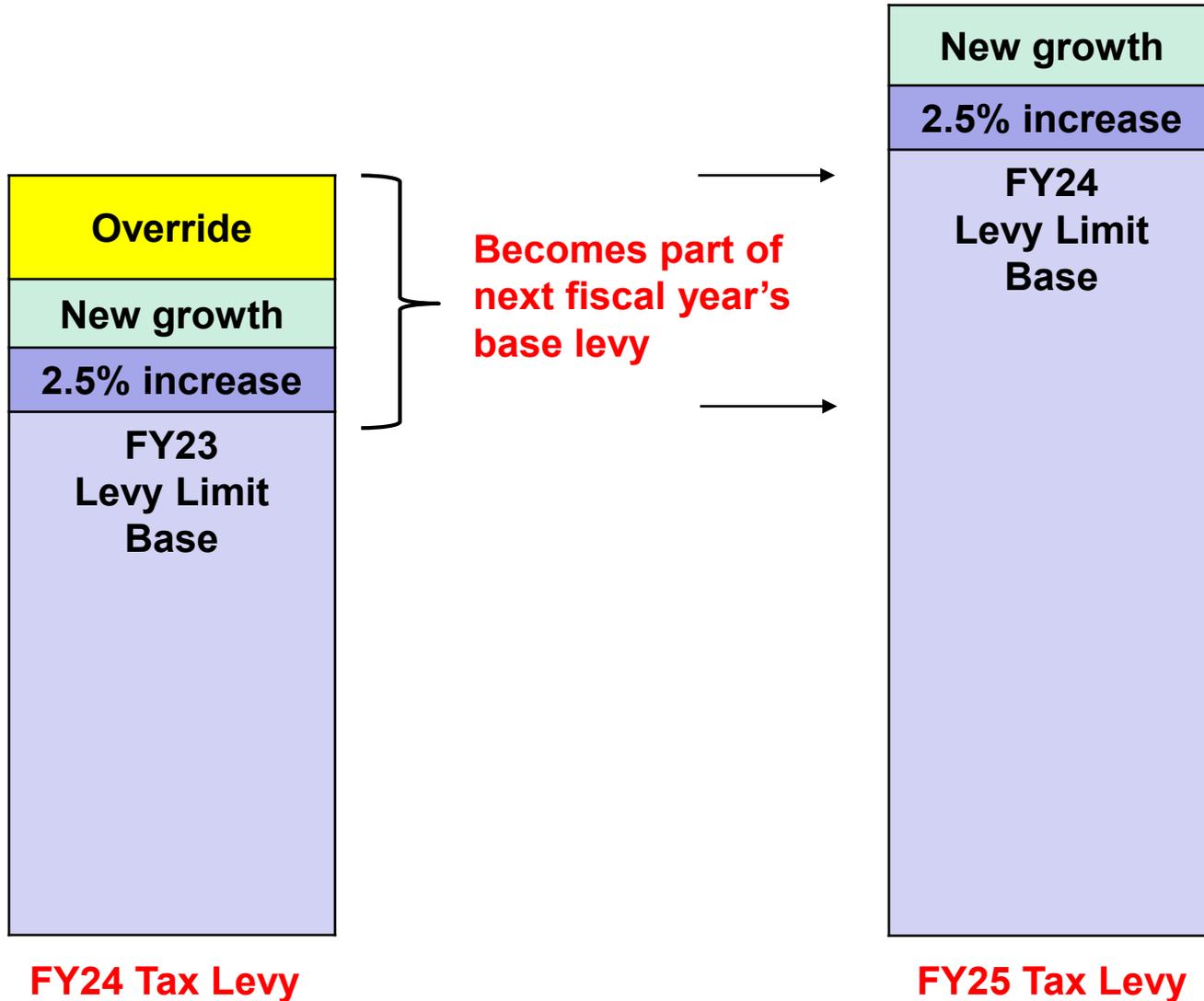


Definitions/Key Terms

- **Proposition 2½**: State legislation enacted in 1980 that placed constraints on how MA municipalities can raise revenue from property taxes.
- **Tax Levy**: Revenue raised through real and personal property taxes. Largest source of revenue for most MA cities and towns.
- **Levy Ceiling**: Prop 2½ caps the tax levy at 2.5% of the total full and fair cash value of all taxable real and personal property in town.
- **Levy Limit**: Maximum amount a community can levy in a given year. Prop 2½ generally caps the annual increase at 2.5% (plus new growth).
- **New Growth**: An increase in the levy limit by an amount based on the increased value of new development and other growth in the tax base in a given year that is not the result of revaluation.



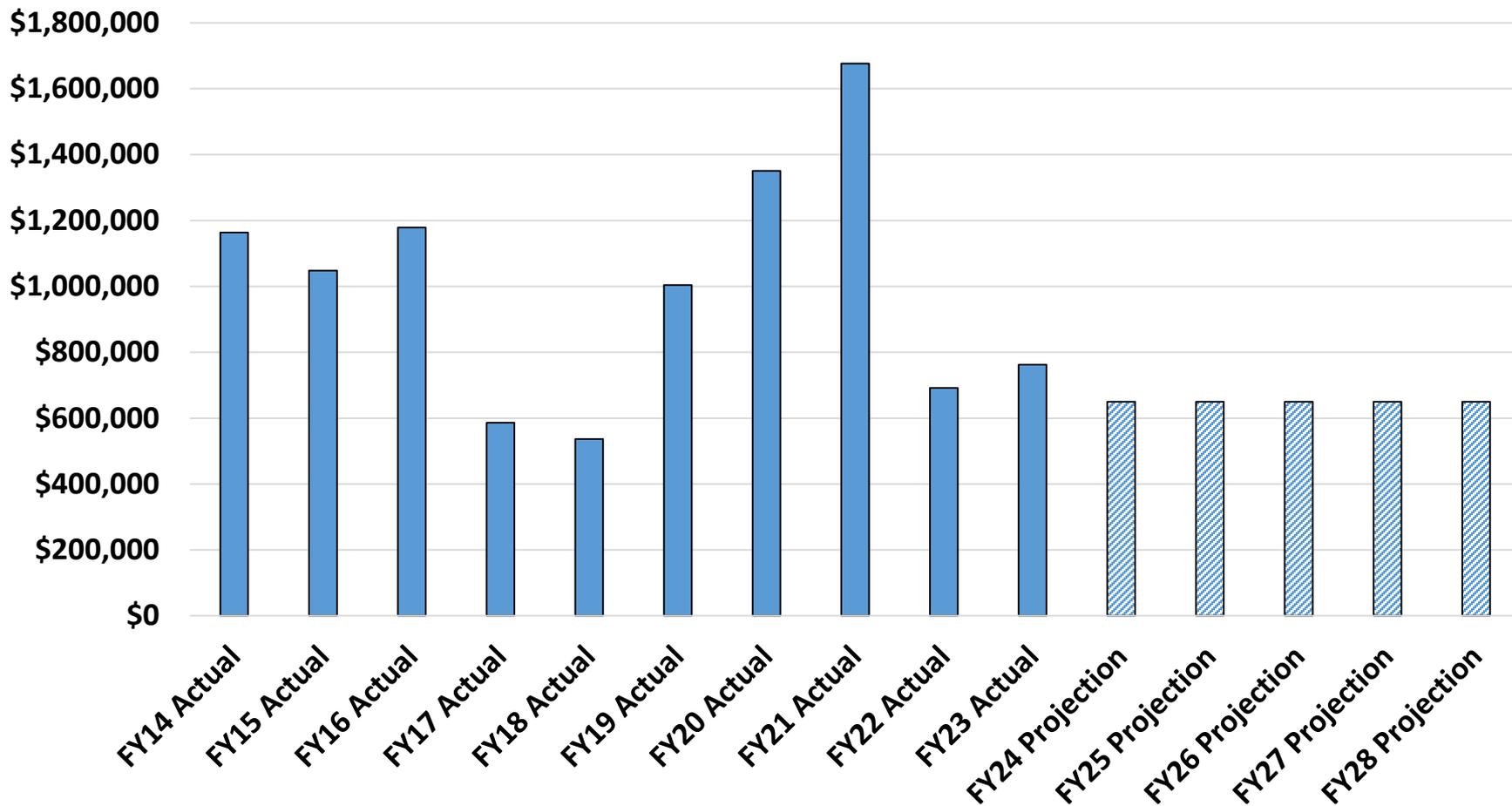
How does an Override work?



A Look Back (and Forward) at New Growth



New Growth: 10-Year History and 5-Year Projections



Source: MA Department of Revenue - [New Growth Analysis](#) (actuals); Town of Hingham Assessing Department (projections)



Override Approval Requirements

- 1. Budget appropriations (Article 6) require a majority vote at Town Meeting on April 24, 2023**
- 2. Override ballot question requires a majority vote at the Town Election on April 29, 2023**





Proposed Balanced Budget and Service Impacts



Balanced Budget Requirement

- Town is required by State law to adopt a balanced budget
- Current deficit = \$6,221,696 as of January 30, 2023
- Municipal target = \$2,177,594 (35%)
- Approach:
 - Meet contractual obligations and legal requirements
 - Maintain core municipal services
 - Remove new positions/services added in FY22
 - Spread impact among municipal departments/service sectors
 - Demonstrate community impact
- If override fails, reductions would go into effect July 1, 2023

Proposed Municipal Reductions



Service Sector	FTEs	Amount
General Government	5.6	\$514,108
Public Safety	5.0	\$660,270
Public Works	9.3	\$489,873
Human Services	2.1	\$148,393
Culture & Recreation	TBD	\$495,567
Total	22+	\$2,308,211

Proposed Municipal Reductions



General Government: \$514,108

- Reduce support for Conservation Commission, Planning Board, Zoning Board of Appeals, Affordable Housing Trust, and related applicants/projects
- Significantly slow economic development efforts – limit capacity to increase tax base
- Slow sustainability initiatives
- Reduce support for Select Board, Town Administrator, and boards/committees – decrease capacity and efficiency across Town
- Reduce support for department heads and their missions
- Close GAR Hall to the public; close 308 Cushing Street (affects rowing team)
- Decrease maintenance of municipal facilities
- Reduce GIS capacity to manage spatial data for strategic decision making
- Reduce Town's ability to effectively communicate with the public

Proposed Municipal Reductions



Public Safety: \$660,270

- Reduce Police support to schools – safety and security, presence at drop-off and pick-up, traffic safety, community and youth relations, DARE program, classroom curriculum
- Diminish ability to support community members with mental health crises
- Reduce Animal Control response capabilities
- Reduce support for Police administration – slow PD accreditation process
- Decrease Fire minimum staffing from 11 to 9 for certain shifts
 - Remove one engine or ambulance from service per affected shift
 - Increase response times, beyond normal standards
 - Exacerbate remaining staff stress
- Eliminate Fire CPR training for school and municipal employees

Proposed Municipal Reductions



Public Works: \$489,873

- Reduce trash and recycling pickup, mowing of fields, maintenance of public grounds and parks, support for special/community events, and tree planting
- Delay filling of potholes
- Limit line painting
- Transfer Station: Close Swap Shop, Yard Waste Area 1-2 days per week, and trash compactors/trailers



Proposed Municipal Reductions



Human Services: \$148,393

- Decrease ability to provide public health services
- Eliminate Town social worker position – decrease support for community wellness and mental health needs
- Significantly reduce Senior Center transportation program – affects senior community's ability to attend appointments, events, and programs

WELLNESS WEDNESDAY
No/Low Cost Health and Wellness Resources

 **988**
SUICIDE & CRISIS
LIFELINE
In Crisis?
Call: Dial 988
Online: 988lifeline.org



**How to Handle Anxiety, Depression & Your Kids**
Tuesday, Jan. 17 at 7 p.m. | Hingham High School Auditorium
Hingham parents and caregivers are invited to join Dr. Nadja Reilly, Clinical Psychologist, for a discussion about supporting their child's mental health and well-being. Topics include anxiety and depression, signs to look for, coping mechanisms and more. Heather Rodriguez, HPS School Counseling Director, will also be present to discuss mental health services offered in Hingham Public Schools and the Care Solace program.

**Spend Time Outdoors in Hingham's Open Space**
Spending time in nature has been linked to improvements in mental health. We encourage you to go outside this month to explore Hingham's many open space locations. There are over 4,000 acres of protected open space in Hingham, owned by the Town, the State, the Hingham Land Conservation Trust (HLCT), and the Trustees of Reservations (TTOR).
Find locations at HLCT's [website](#), TTOR's [website](#) or the town's conservation [webpage](#).

**Yoga Classes Presented by Hingham Recreation**
Every Mon, Wed, Thu, Fri, Sat at 8:30 a.m.
Hingham Recreation hosts weekly yoga classes at a cost of \$10/week. Attending these classes is a great way to support both mental and physical health.
To learn more or to register for a class, please visit Hingham Recreation's website [here](#).

**Aspire Health Alliance**
Aspire Health Alliance is Hingham's regional partner for behavioral health support. Hingham residents can receive access to the organization's wide array of mental health resources for free, including trauma services, outpatient counseling, emergency/crisis services and more.
Learn more [here](#).



Proposed Municipal Reductions

Culture & Recreation: \$495,567

- Eliminate Town-wide field maintenance program
- Close Hingham Public Library on Sundays
- Reduce children's and other programs offered at Library
- Potentially jeopardize Library certification (OCNL network and grant funding)
- Diminish Town ceremonies marking holidays and historical events





Next Steps in the FY24 Budget/Override Process



Next Steps

- 1. Ongoing Outreach/Information Campaign**
- 2. Finalize Balanced Budget/Reductions**
- 3. Finalize Financial Forecast (early March)**
- 4. Finalize Override Proposal**
- 5. Tax Impact Calculator**
- 6. Financial Management Plan**
- 7. Send Warrant to printer on/around March 24, 2023**
- 8. Annual Town Meeting on Monday, April 24, 2023**
- 9. Town Election on Saturday, April 29, 2023**

Next Steps



Updates will continue to be posted to hingham-ma.gov/override



Hingham
Massachusetts

Departments

Government

Services & Resources

Residents

How Do I...?

Frequently Asked Questions

We are currently developing the Town's FY24 budget and override proposal. We will continue to add to and update the FAQs below as more information becomes available.

Note - Click the arrow next to each question to view the answer. If you click the link, you'll be taken to the top of this page. This is a known bug in the software that is being addressed.

Override Basics

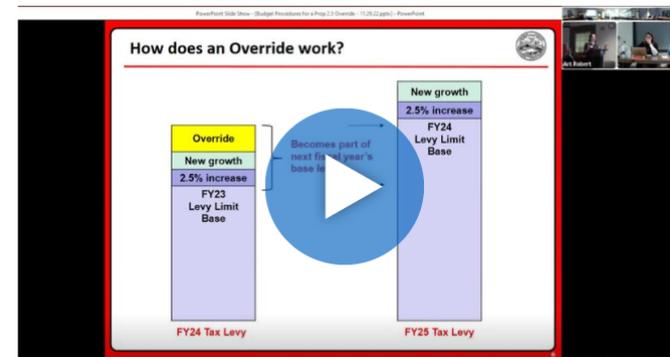
[What is Proposition 2 ½?](#) ▾

[What is an override?](#) ▾

[How does an override work?](#) ▾

[What's the difference between an override and a debt exclusion?](#) ▾

This short video explains how an Override works



Select Language ▾



Property Tax Relief

Hingham Property Tax Relief Programs/Exemptions



Tax Exemption/Relief Program	FY23 Max. Benefit
1. Financial hardship	varies
2. Senior Means-Tested Tax Exemption (new)	\$1,170
3. Residents over 65 years old	\$1,000
4. Surviving spouses or persons over 70 years old	\$334
5. Elderly and Disabled Taxation Aid Fund	varies
6. Residents who are legally blind	\$500
7. Various programs for disabled veterans	varies
8. Gold Star Family tax exemption	full exemption
9. Community Preservation Act exemption	varies
10. Tax Deferral Program	varies - can defer all
11. Senior Tax Workoff Program	\$1,781
12. Valor Act (Veterans) Tax Workoff Program	\$1,500

Hingham Property Tax Relief



- **300% increase in participation in Senior Means-Tested Tax Exemption this year over FY22**
- **Three tax relief articles on the ATM2023 Warrant:**
 - **Article O: Increase max Veterans' Tax Workoff amount by \$375**
 - **Article W: Double all current statutory exemptions**
 - **Article M: Permanently extend Senior Means-Tested Tax Exemption**
- **Ongoing outreach campaign**

You May Qualify for Property Tax Relief

The Town of Hingham offers a number of different property tax relief programs for residents based on age, income, and veteran or disability status. Town staff can help direct you to the right programs and exemptions. See below for a list of property tax relief programs and contact information to learn more.

PROPERTY TAX RELIEF PROGRAMS	APPLICATION DEADLINE	CONTACT
<ul style="list-style-type: none"> Financial Hardship Person over 65 years old Surviving Spouse or Person over 70 Elderly and Disabled Taxation Aid Fund Legally Blind Persons Various programs for Disabled Veterans Gold Star Family tax exemption Tax Deferral Program Community Preservation Act exemption 	Submit your application by April 1 to the Assessor's Office	Assessor's Office Town Hall, 1st floor Call: 781-741-1455 Email: Assessors@hingham-ma.gov
<ul style="list-style-type: none"> Senior Means-Tested Tax Exemption 	Submit your application by September 1 to the Assessor's Office	

Did you know that you may be able to "work off" a portion of your property taxes by completing tasks/projects for Town Departments? See below for more information:

TAX WORKOFF PROGRAMS	PROGRAM TIMELINE	CONTACT
<u>Senior Tax Workoff Program</u> <ul style="list-style-type: none"> Individuals age 60+ Must meet income eligibility guidelines Work up to 125 hours max per calendar year May have a representative work on your behalf if you are physically unable 	Hours must be worked between January 1 and October 1	<u>Hingham Senior Center</u> Town Hall 781-741-1458 Frugolm@hingham-ma.gov
<u>Valor Act Tax Workoff Program</u> <ul style="list-style-type: none"> Available to eligible veterans May earn up to \$1,500 per household per year May have a representative work on your behalf if you are physically unable No criteria based on income 	Hours must be worked between July 1 and March 15	<u>Veterans' Services</u> Town Hall – 2nd floor 781-741-1440 VeteransServices@hingham-ma.gov

Not sure where to start? The Assessor's Office would be happy to help!

Call: 781-741-1455

Email: Assessors@hingham-ma.gov

Visit: First floor of Town Hall

Online: hingham-ma.gov/178/Board-of-Assessors

Hingham Property Tax Relief Programs/Exemptions



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Questions?

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Appendix

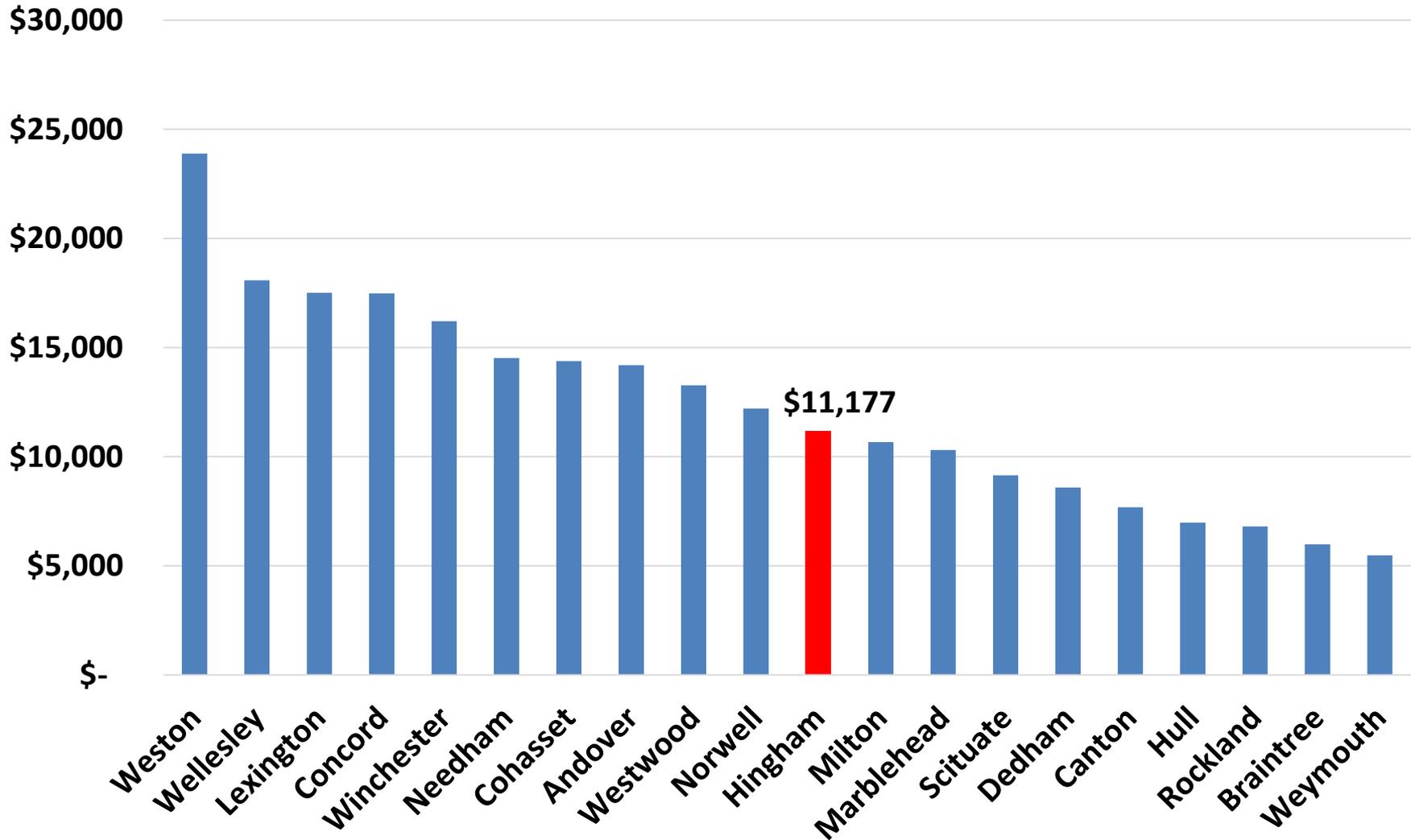
Benchmark Comparison: Override History Since 1990



Benchmark Community	Total Proposed Overrides	Win	Loss
Andover	2	0	2
Braintree	2	0	2
Canton	2	1	1
Cohasset	21	10	11
Concord	22	19	3
Dedham	0	0	0
Hull	3	0	3
Lexington	19	16	3
Marblehead	17	6	11
Milton	9	9	0
Needham	30	18	12
Norwell	9	4	5
Rockland	20	6	14
Scituate	4	4	0
Wellesley	22	11	11
Weston	9	9	0
Westwood	8	4	4
Weymouth	2	0	2
Winchester	10	3	7
Total	211	120	91
Average	11.1	6.3	4.8
Hingham	8	4	4

Source: [DLS Municipal Databank](#)

FY23 Average Single Family Property Tax Bill



Hingham Override History



Fiscal Year	Result	Description	Amount
1990	LOSS	School and Municipal Services	\$950,000
1990	LOSS	School and Municipal Services	\$1,900,000
1991	WIN	General Operating Budget	\$875,000
1992	LOSS	General Operating Expenses	\$1,000,000
1992	LOSS	Fund General Operating Budget	\$1,000,000
1994	WIN	Purpose of Funding School Oper Expenses	\$485,508
2005	WIN	Funding School Operations	\$753,682
2010	WIN	Purpose of Operation of the New Elementary School (East)	\$1,100,000

Source: [DLS Municipal Databank](#)

Recent MA Overrides: FY20-23



Top 5 Overrides by Amount

#	Municipality	2020 Pop.	FY	Amount	Result	Description
1	Winchester*	22,970	2020	\$10,000,000	WIN	Operating Budget and Building Stab Fund
2	Shrewsbury	38,325	2022	\$9,500,000	WIN	Muni and School Operating Budget
3	Norwood	31,611	2020	\$5,950,000	WIN	For Municipal Government, School Department Operations and Establishing a Stabilization Fund for Both
4	Arlington	46,308	2020	\$5,500,000	WIN	Town and School Operating Budget
5	Melrose	29,817	2020	\$5,180,000	WIN	General Operation of School

*Note: Benchmark community. Source: [DLS Municipal Databank](#)

Hingham FY10 Contingent Override



The following amounts will be added to the respective budgets as indicated below, contingent upon affirmative action by the voters of the Town on the ballot question to allow the Town to assess an additional \$1,100,000 in real estate and personal property taxes for purpose of operation of the new elementary school for the fiscal year beginning July 1, 2009.

999 OPERATIONAL OVERRIDE

School Department - Salaries			888,291
School Department - Expenses			121,171
Police Department			7,565
Contributory Group Insurance			47,500
Employer Medicare Taxes			13,973
Fire, Public Liability, Property Damage, etc.			21,500
TOTAL OPERATIONAL OVERRIDE	0	0	1,100,000
GRAND TOTAL	70,852,528	74,513,414	77,538,460

QUESTION 1

Shall the Town of Hingham be allowed to assess an additional \$1,100,000 in real estate and personal property taxes for the purpose of operation of the new elementary school for the fiscal year beginning July first, 2009?

YES

NO