

# **FY2025 Budget**

Select Board: February 27, 2024



# FY2025 Budget – Big Picture

## Expenditures:

- Level Service Budget to maintain existing services
- Needs Based: received requests from Town Departments and Schools regarding needs to expand services, but not putting forward any needs-based requests
- Milton Retirement System: fully-funded in FY2024
  - \$1.5 million contribution to OPEB Trust for long-term liabilities for retiree benefits
  - \$1 million contribution to Milton Retirement to build reserves, above full-funding
  - Approx. \$2.5 million savings in the Operating Budget

## Revenues:

- Assumes growth typical to Milton's recent history



# FY2025 Budget – Revenue Forecast

FY2025 Revenues – Base Forecast:

Property Taxes	\$101,653,946
Local Receipts	\$ 9,971,018
Indirect Costs from Enterprise Funds	\$ 1,459,500
State Aid	\$ 17,554,429
Available Funds	\$ 255,000

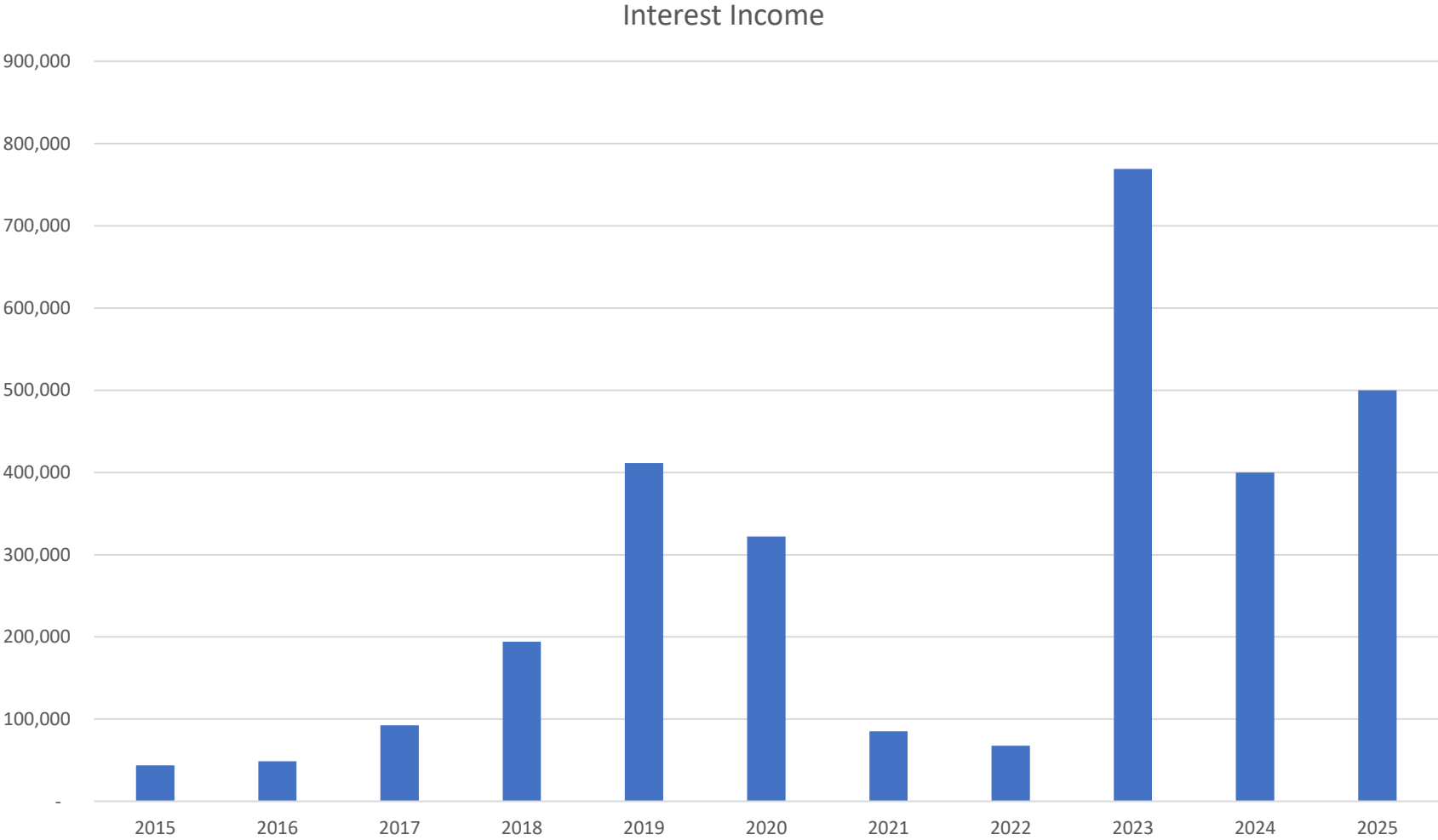


# Local Receipts

	Budget	Actual
FY2019	\$7,819,000	\$8,897,695
FY2020	\$8,760,796	\$9,258,294
FY2021	\$7,812,259	\$9,349,884
FY2022	\$8,518,411	\$9,640,233
FY2023	\$8,873,997	\$10,722,353
FY2024	\$9,480,795	TBD
FY2025	\$9,971,018	TBD



# Local Receipts



# State tax revenues slump again, fall \$263 million below dimmed projections

By **Matt Stout** Globe Staff, Updated February 5, 2024, 59 minutes ago



Another month, another round of bad news for the Massachusetts budget.

Weeks after officials downgraded the state's tax revenue forecast, collections in January lagged \$263 million behind even those dimmer projections, Governor Maura Healey's administration said Monday, with collections on income, corporation, and sales taxes all slumping below expectations.

The development immediately sets the state behind its new benchmark by about 1 percent and marks the seventh successive month that tax revenues fell below projections.

Instead of collecting \$4.12 billion, as it originally projected, the state said then that it expected nearly \$3.86 billion to flow in during the month.

That didn't happen either. The \$3.59 billion the state reported in collections fell not just below current expectations, but also south of what it took in during January 2023, officials said.



# State Aid

In recent years, Milton has received additional state aid through the Student Opportunity Act, but will return to “minimum aid” status in FY2025

Governor Healey’s FY2025 Budget: \$30/pupil increase for Milton from FY2024

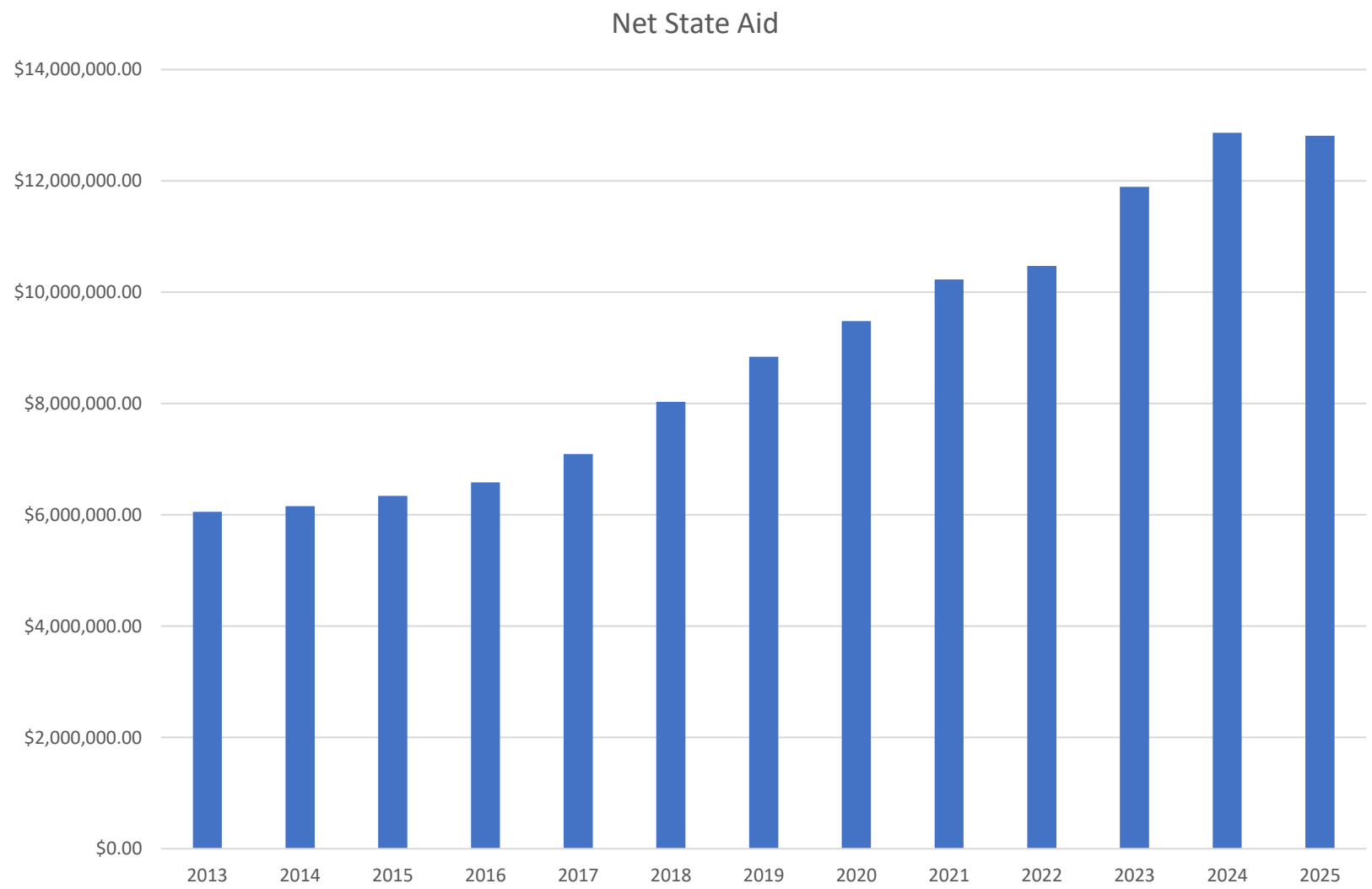
Milton would be one of 199 communities received the minimum aid increase.

Governor Healey’s FY2025 Budget would result in a reduction of net state aid to Milton \$12.86 million in FY2024 to \$12.82 million in FY2025.

Overall, the state aid increase for municipalities from FY2024 to FY2025 (3.3%) is well below the change from FY2023 to FY2024 (8.4%) and FY2022 to FY2023 (9.7%)

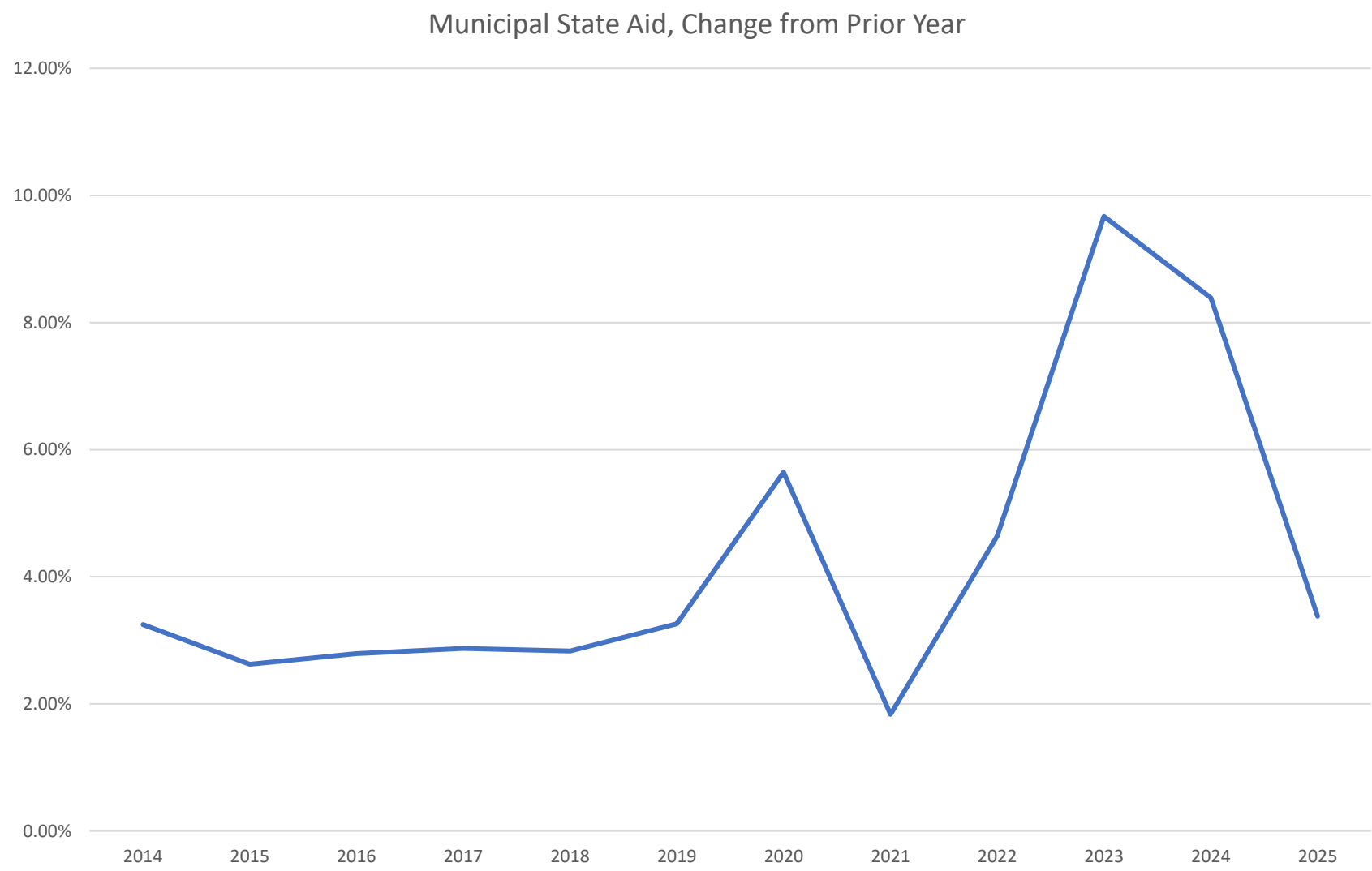


# State Aid

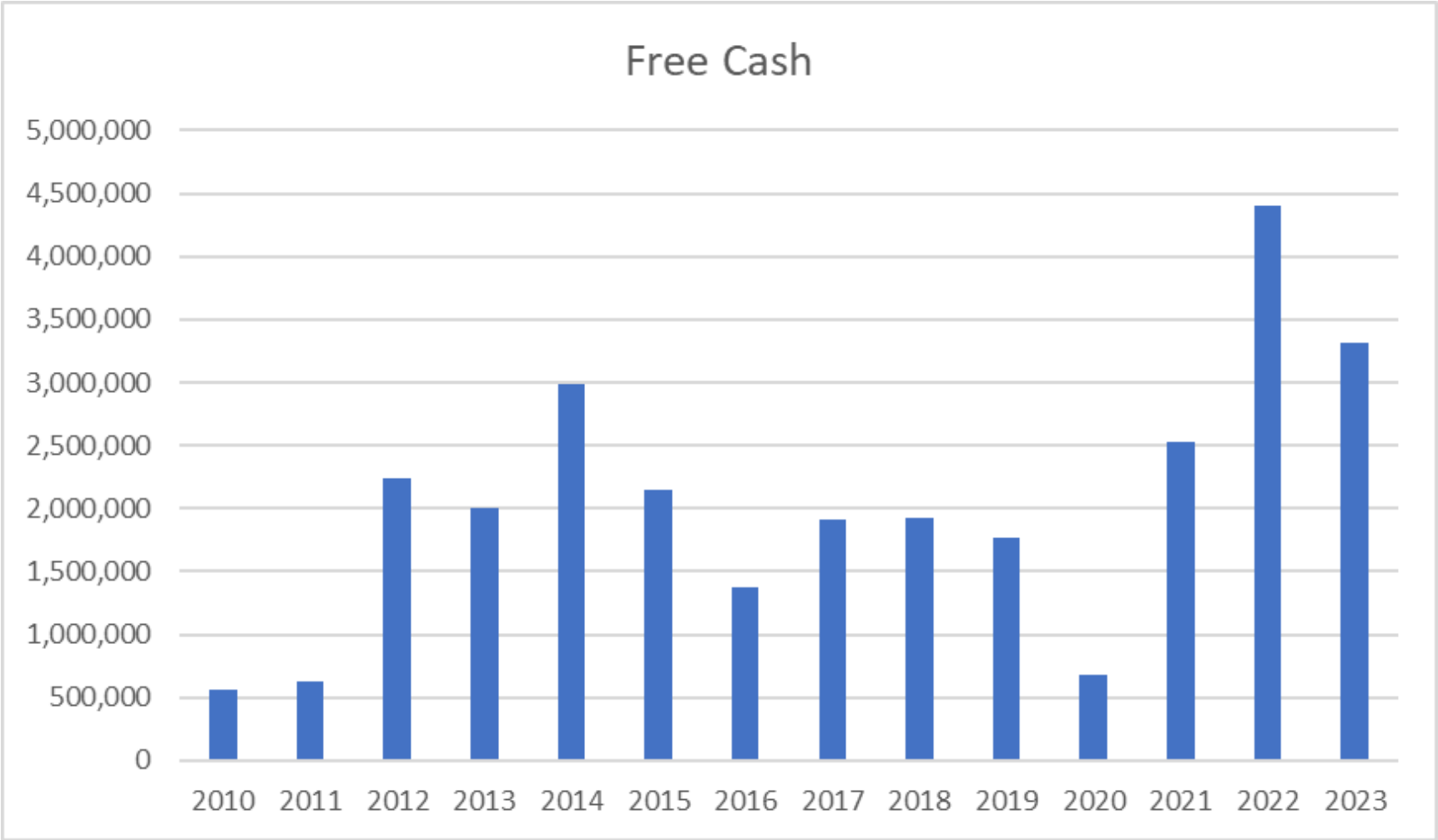




# State Aid



# Free Cash



# Other Revenue Sources

Free Cash: \$3.3 million

- School Building Committee: \$400,000
- FY2025 Capital Budget: \$955,000
- Opioid Settlements: \$156,000
- Unallocated: \$1.8 million

ARPA: \$400,000

Fees: Reviewed potential increases to mitigate cost increases, such as trash fees



# Trash Fees

Cart fee billed annually for 52 weeks, \$3/week = \$156 per year for a cart

- Senior Citizen Discount: \$94 per year for a cart

Stickers: \$3 each

- Sold in bulk to retailers

Proposal: \$1 increase in fee for both the cart and stickers



# Trash Fees

	Trash Sticker/Cart Fee Revenue	Solid Waste Total	Tax Support
FY2017 Actual	\$884,390	\$901,958	\$17,568
FY2018 Actual	\$849,535	\$971,025	\$121,490
FY2019 Actual	\$805,657	\$986,576	\$180,919
FY2020 Actual	\$1,174,999	\$1,480,592	\$305,593
FY2021 Actual	\$1,234,550	\$1,505,055	\$270,505
FY2022 Actual	\$1,266,075	\$1,552,326	\$286,251
FY2023 Actual	\$1,191,138	\$1,592,435	\$401,297
FY2024 Budget	\$1,190,000	\$1,710,553	\$520,553
FY2025 Budget	\$1,200,000	\$1,773,713	\$573,713



# Health Insurance

- Town is self-insured
- Town and employees pay into a trust; trust pays claims
- Due to significant drop in claims during COVID, the Trust is in strong financial condition.
- Using Trust balance to mitigate increases for the Town / employees:
  - FY2024: 0% premium increase
  - FY2025: 3% premium increase; premium holiday for one payroll period
- Use a range of forecasts to anticipate the Trust balance at the close of FY2025
- Overall savings from prior projection: \$693,000



# FY2025 Balanced Budget

## FY2025 Revenues:

Property Taxes	\$101,653,946
Local Receipts	\$ 9,971,018
Indirect Costs from Enterprise Funds	\$ 1,459,500
State Aid	\$ 17,554,429
Available Funds	\$ 255,000
+ Free Cash	\$ 1,809,658
+ ARPA	\$ 394,914
+ Trash Fee Increase (Local Receipts)	\$ 380,000
FY2025 Revised Revenues	\$133,478,465



# FY2025 Balanced Budget

FY2025 Revised Revenues: \$133,478,465

FY2025 Revised Level Service Expenditures: \$133,478,465

	<b>FY2024</b>	<b>FY2025</b>	<b>\$ Change</b>	<b>% Change</b>
Schools	\$61,574,062	\$66,980,230	\$5,406,168	8.8%
Town Departments	\$31,483,788	\$32,732,910	\$1,249,122	3.9%





# Future Budgets

The FY2025 Budget does not address structural the challenges facing the Town. Overall, expenditures continue to outpace revenue growth.

- Collective Bargaining Agreements, including teachers and all Town bargaining units, expire in 2025.
- The FY2025 Budget absorbed \$2.5 million in reduced payments to the Milton Retirement System.
- Net state aid declined in FY2025; Milton cannot rely on state aid growth in future years.
- School project continues moving forward and could result in significant increase in property taxes if ultimately approved by Town Meeting and voters.

Future budget years will be *more challenging* than FY2025.

