



# FY2026 Budget Update

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MARCH 3, 2025



# Level Service Budget

| <b>Revenue</b>                    | <b>FY25</b>           | <b>FY 26</b>          | <b>\$ Change</b>     | <b>% Change</b> |
|-----------------------------------|-----------------------|-----------------------|----------------------|-----------------|
| Property Tax Levy                 | \$ 101,944,061        | \$ 105,421,933        | \$ 3,477,872         | 3.41%           |
| Local Receipts and Indirect Costs | \$ 11,902,067         | \$ 11,783,205         | \$ (118,862)         | -1.00%          |
| State Aid                         | \$ 17,923,153         | \$ 18,326,806         | \$ 403,653           | 2.25%           |
| Other Funds                       | \$ 557,932            | \$ 421,049            | \$ (136,883)         | -24.53%         |
| Free Cash                         | \$ 2,764,658          | \$ 1,534,166          | \$ (1,230,492)       | -44.51%         |
| <b>Total</b>                      | <b>\$ 135,091,871</b> | <b>\$ 137,487,159</b> | <b>\$ 2,395,288</b>  | <b>1.77%</b>    |
| <b>Expenditures</b>               |                       |                       |                      |                 |
| Capital                           | \$ 955,000            | \$ 878,500            | \$ (76,500)          | -8.01%          |
| Town Departments                  | \$ 32,640,137         | \$ 34,179,754         | \$ 1,539,617         | 4.72%           |
| School Department                 | \$ 67,225,230         | \$ 73,573,914         | \$ 6,348,684         | 9.44%           |
| Blue Hills Regional               | \$ 813,159            | \$ 874,146            | \$ 60,987            | 7.50%           |
| Shared                            | \$ 33,443,840         | \$ 37,442,100         | \$ 3,998,260         | 11.96%          |
| <b>Total</b>                      | <b>\$ 135,077,366</b> | <b>\$ 146,948,414</b> | <b>\$ 11,871,048</b> | <b>8.79%</b>    |
| <b>Surplus/(Deficit)</b>          | <b>\$ 14,505</b>      | <b>\$ (9,461,255)</b> |                      |                 |



# Revenue Forecast

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FY2026 Revenues: \$137.5 million, including proposed use of Free Cash

Updates to the FY2026 revenue forecast:

- New Growth revised to \$1 million from \$850,000
- No change in Local Receipts
- State Aid: Governor’s Budget was released in January – Minimal increase year over year in state aid, much of which was offset by the increase in state assessments
- The House Budget will be released in April

|             | FY2025 Final | FY2026 Governor’s Budget | Change  |
|-------------|--------------|--------------------------|---------|
| Aid         | 17,923,153   | 18,326,806               | 403,653 |
| Assessments | 4,685,347    | 5,015,852                | 330,505 |
| Net Aid     | 13,237,806   | 13,310,954               | 73,148  |



# Level Service Budget Outlook

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- **Revenues \$137.5 million, including use of Free Cash of \$1.5 million for non-operating expenses**
  - \$878,500 for town and school capital
  - \$155,666 for opioid settlement purposes, as required by the settlements
  - \$500,000 for general stabilization due to growing budget and lack of contribution in FY2025
- **Expenditures \$147.1 million**
  - Schools - \$74.4 million (including Blue Hills)
  - Town - \$34.2 million
  - Shared - \$38.3 million (Health Insurance, Retirement, Unemployment, General Insurance, Debt, Assessments)
    - Stabilization Fund - \$500,000
    - Non-bonded capital - \$878,500
- **\$9.5 million override is necessary to balance**



# Health Insurance

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FY2025: \$13,946,097

FY2026: \$17,146,415

\$ change: \$3,200,318

## Factors:

- FY2025 budget included use of federal funds (ARPA) and a premium holiday (one pay period)
- FY2025 budget was based on lower enrollment
- Premium increase recommendation of 14% for active plans under review
- Premium increase projection for Medicare plans of 10%



# Fiscal Sustainability

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Future year budgets will need to include minimal increases year over year

Budget pressure points include:

- Collective Bargaining Agreements
- Debt service
- Health insurance

Establish and appropriate Free Cash (approx. \$3 million) into an Operating Budget Stabilization Fund to be available for use in future years

Economic development opportunities



# Balanced Budget (No Override)

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## Use of Free Cash to support the budget

- \$1 million for Milton Retirement
- \$1.56 million for OPEB
- \$250,000 for the reserve fund
- \$416,456 for operating budget support

## Use of Free Cash for other items:

- \$1 million for town and school capital
- \$155,666 for opioid settlement purposes, as required by the settlements
- \$300,000 to maintain the Town's total stabilization funds at the current percentage

## Town and school department budgets: 1.5% increase over FY2025

- Town departments: approx. \$1,040,000 reduction from Level Service affecting multiple departments and cutting numerous positions
- School department: approx. \$5,340,000 reduction from Level Service with significant reduction in FTEs (see Feb. 7, 2025 presentation)

## Other considerations:

- Reduction in health insurance costs due to fewer employees
- Increase in unemployment costs



# Ballot Question / Town Meeting Process

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## Ballot Question: April 29, 2025

- Question will identify amount and purpose of the override
- Majority required for approval
- Override provides authorization for an increase in the tax levy
  - Town Meeting = appropriating authority

## Town Meeting: Monday, May 5, 2025

- The Warrant will include two budgets:
  - “Non-contingent” budget in case the override is not approved
  - “Contingent” budget for consideration if the override is approved

## Other potential outcome:

- If the override is not approved:
  - Town Meeting could approve a budget, contingent upon an override less than \$9.5 million
  - Select Board could put the question back to voters at a future special election