

To: Medfield Budget Makers and Elected Officials

Date: December 10, 2024

From: Warrant Committee

Subject: FY 2026 Budget Guidance: Approach, Targets and Timeline

Summary and Background

A host of factors pushed up the growth rate of the Town's budget in FY 2024 and FY 2025, including the inflation surge that began in mid- 2021. Fortunately, inflation has moved down from its peak last year but nonetheless, the space between our forecasted fixed expenditures and the Tax Levy allowed under Prop 2 ½ continues to be under pressure.

While the tax rate moved down in FY 2024 to \$14.64, average tax bills rose 2.0%, amounting to an increase of \$264 on the average home in Medfield – and tax bills will move up again in FY 2025. The property tax bills in Town have overall, risen about in line with the Consumer Price Index (CPI). Given the anticipated ongoing slowing in new growth in the property tax levy and continued budgetary strains, the tax rate is likely to face upward pressure in coming years.

Taking all of this into account, the Warrant Committee intends to take a cautious approach to budgeting in FY 2026. In summary, after a review of FY 2026 forecast revenue and fixed costs, the Warrant Committee is recommending an overall **3.6%** budget guidance for the school and town departments. Amounts of COLA for non-contract employees who are not covered by the Collective Bargaining Agreements and salary increases as stipulated by relevant Collective Bargaining Agreements for contract employees are expected to fall within this overall guidance.

COLA for non-contract employees (does not directly affect employees covered by Collective Bargaining Agreements)

Inflation has eroded everyone's purchasing power since the surge that began in the middle of 2021, though inflation has moved lower recently, with the latest read on the CPI indicating that prices in the New England Division in October were 3.3 percent higher than 12 months earlier. The Social Security Administration has decided the COLA for calendar year 2025 will be 2.5%, a decrease from the 2024 COLA.

The COLA recommended by the Warrant Committee that will be brought forward to Town Meeting must balance the need to fairly compensate the hard work and dedication of Town employees against the burden of taxes. By way of background budget COLAs were 3.0 % for FY 2025, 3.0 % for FY 2024 and 2% for several years before that. As of this date, the Personnel Board has not recommended a COLA for FY 2026.

Department Operating Budgets

As noted, budget pressures remain and are unlikely to abate in coming years. Accordingly, we ask the school and Town departments to prepare budgets that do not exceed the guidelines of **3.6%** and **3.7%**, respectively. Department heads should first work with the chief executives and elected boards (Superintendent/School Committee or Town Administrator/Select Board) in balancing the limitations of

these guidelines with essential department needs and services in the face of unforeseen costs for essential goods and department needs.

For line items where increases are necessary to maintain essential services, or where costs have increased in an out of the ordinary way, we ask budget makers to provide specific explanations to their Elected Boards and the Warrant Committee and to consider whether a decrease in another line item could offset the increase.

Lastly, if after review there are any unmet needs that could not be covered with either alternative revenue sources (grants, fees, etc.) or cost efficiencies, please identify these for the Warrant Committee along with specific explanations for essentials whose higher costs make Warrant Committee guidance inconsistent with providing an appropriate level of service. The Warrant Committee asks that any significant requests that fall outside of the above guidance be identified and communicated early, since it may trigger a Prop 2 ½ override request at Town Meeting.

The Warrant Committee looks forward to discussing particulars with the Superintendent, Town Administrator, and budget makers to ensure that essential and important services are provided, and that the Town's overall costs and tax rate are controlled as well as possible.

Capital Budget requests should be handled through the Capital Budget Committee process.

Timeline

December, 2024 – FY 26 budgets are due to Town Administrator and Superintendent

January, 2025- Budgets transmitted to School Committee, Select Board and Warrant Committee

December 2024 – February 2025 – Warrant Committee Liaison Member due diligence

January 14th and 28th, 2025– Warrant Committee budget review meetings with Town Departments

February 11, 2025 – Warrant Committee budget review meeting with School Department

As always, thank you for the hard work you undertake on behalf of Medfield taxpayers and the long-term future of the Town. We look forward to working with all policy and budget makers to produce an FY26 Budget that provides efficient, quality services to Town residents while continuing to be fiscally responsible with taxpayer revenue.

Sincerely,

Town of Medfield Warrant Committee

Stephen Callahan (Co-Chair), Bob Sliney (Co-Chair), Ashley Leduc, Emily McCabe, Peter Michelson, Brent Nelson, Jillian Rafter, Peter Saladino, Edward Vozzella

Attachment – FY 26 Budget Forecast