



Budget Coordinating Group

Town of Amherst

April 23rd, 2020

Paul Bockelman, Town Manager

Sonia Aldrich, Interim Finance Director

Agenda



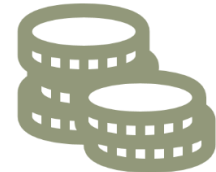
BCG organization



FY21 budget
challenge



FY21 budget
calendar



Next steps

Seeking Consensus...

One-month
Budget

FY21
Budget

Schedule

Budget Coordinating Group (BCG)

Organization

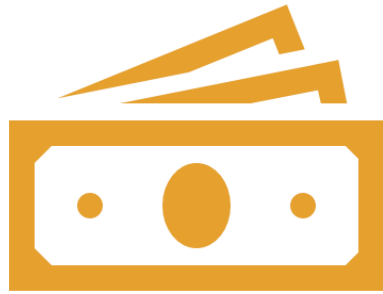
- a. Designation of co-chairs
- b. Review Charter Section 5.2
- c. BCG goals

BCG in the Town Charter

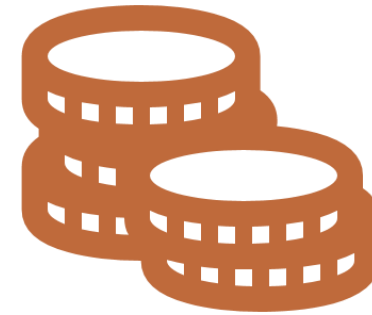
SECTION 5.2: BUDGET COORDINATING GROUP

- The Town Manager shall call a meeting of the Budget Coordinating Group as defined below before the commencement of the budget process, and may call further meetings during the budget process as necessary. The role of this group shall be to review the financial condition of the Town, revenue and expenditure forecasts, and other relevant information prepared by the Town Manager in order to develop coordinated budget guidelines and calendar and to coordinate the process of budget development.
- The Budget Coordinating Group shall consist of the Town Manager, representative(s) of the Town Council, representative(s) of the elementary and regional schools as designated by the School Committee and Regional School Committee, representative(s) of the library as designated by the Library Board of Trustees, and any other persons the Town Council and Town Manager deem necessary.

Proposed BCG Goals



One-month budget

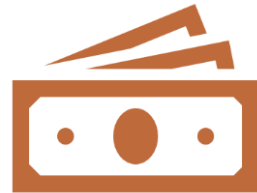


FY21 budget

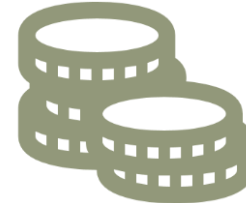
Budget Challenges - Revenues



3rd & 4th Quarter
Revenues



General Fund




Enterprise Funds

State Revenue & Budget Outlook

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FY20

A graphic consisting of a dark orange rounded rectangle with a white rounded rectangle inside it, containing the text 'FY21'.

FY21

State Revenue and Budget Outlook

- No Clear Answers Yet for FY20 or FY21
- Serious Recession is Hitting Massachusetts, Nation, and World; Depth and Length will Depend on How Long the COVID-19 Crisis Lasts and How It Impacts Massachusetts (eds and meds)
- State & Local Revenues will Fall Due to Economic Standstill
 - Capital Gains will Fall Due to Near-Collapse of the Financial Markets
 - Income Tax will Fall Due to Widespread Unemployment
 - Sales Taxes will Fall Due to Depressed Economic Activity
 - Gaming and Lottery Revenues Falling Steeply
 - State's Delay of 2019 Income Tax Due Date will Create Cash flow Problems
 - Local Option Lodging and Meals Tax Revenues will Fall (hotel & dining standstill from March through June, and suppressed commerce beyond (20% loss in FY20 would be \$80M; 50% loss in FY21 would be another \$200M)
 - Federal Government Prevents Use of Aid to Fill Revenue Losses

Source: Massachusetts Municipal Association

State Revenue and Budget Outlook

- FY21 Budget Legislative Process is Delayed
- April 15th Revenue Hearing by Administration & Legislative Budget Writers to Revise Revenue Forecast = Grim Outlook - forecasts 14.1% decline (\$4-5 billion out of a \$31 billion budget) = deep cuts in spending
- Legislature Unable to Meet in Full Session – Budget Process Unclear (perhaps it will be passed “in parts”)
- GOOD NEWS ... \$3.5 Billion in the State Rainy Day Fund should Help Mitigate FY20 Revenue Shortfalls (and Increased Expenditures)
- GOOD NEWS ... Massachusetts Received \$2.67 billion from the Federal CARES Act to Pay for COVID-19 Expenses; \$215M for K-12 Education; FEMA 75% Reimb.; \$40M CDBG

State Revenue and Budget Outlook

- Recent History May Provide Some Guidance:
 - In the Great Recession of 2008-2010, State Tax Revenues Dropped by 10+%, and Unrestricted Aid was Cut by More than 20% (when Lottery & Additional Assistance were combined and cut)
 - But Education Aid (Chapter 70) was Not Cut as Deeply Due to Federal Stimulus Aid (ARRA)
 - New Local Option Meals & Higher Lodging Excise Helped, but those Revenues Threatened
 - Will Federal Government Provide New Stabilization Aid to Support State and Local Government?
 - State and Local Leaders Calling for AT LEAST \$150 Billion in Aid for State & Municipal Services
 - Would Provide Massachusetts with Nearly \$3 Billion for the State and Localities
 - HR 6467 Coronavirus Community Relief Act (5 Mass. co-sponsors)
 - Without Federal Aid, the Budget Crisis will be Unnecessarily Painful

Source: Massachusetts Municipal Association

FY21 Calendar

One-month
Budget

FY21 Budget

Regional
School Budget

Capital
Improvement
Plan

FY21 Budget Process – What Might Have Been!

Town Budget		Regional School Budget	
Establish FY21 revenue projection Recommend: 1. Suggested allocations to major functions 2. Allocation for capital (as% of tax revenue)	11/ 7/19		
Finance Committee meeting to consider possible Revised Budget Guidelines	11/19-12/19		
Council adopts Budget Guidelines	12/16/19		
		Four Towns Meetings	12/7/19 2/1/20
		Regional School Committee develops budgets	3/20
Submission of School and Library budgets to Town Manager	4/1/20		
Recommendation of capital plan to Town Manager	4/20		
		Town Meetings in Leverett, Shutesbury, Pelham	4/25-5/9
		Council vote on Regional budget	5/4/20
Town Manager submits budget to Council	5/1		
Budget referred to Finance Committee	5/4		
Finance Committee report to Council	6/4		
Council action on budget	Before 6/30/19		

Proposed Revised FY21 Budget Process

Committee	Agenda	
BCG	Discusses budget challenges and revised budget schedule.	April 23
Finance	Reviews proposed revised budget process and deadlines.	April 23
Council	Approves revised budget process and extends deadlines for School and Library budget submissions to Manager. Revises Manager submissions of Operating and Capital budgets to Council.	April 27
Council (<i>School Com. & Library Trustees invited</i>)	Manager provides general update on FY20 Revenue and Expenditures. Manager provides general update on FY21 Revenue and Expenditures.	May 11
Finance	Discusses proposed revised budget guidelines.	May 12
Four Towns	Four towns discuss Regional School budget, assessment method, budget schedule.	
Region	Regional School Committee adopts budget.	
Council	Considers revised budget guideline recommendations from Finance.	May 18
Library/Schools	School and Library submit one-month budgets to Town Manager.	May 20

Library/Schools	Submits FY21 School and Library budgets to Manager.	June 1
JCPC	Recommends capital plan to Manager.	June 1
Manager	Submits one-month budget to Council; automatic referral to Finance.	June 1
Finance	Recommends one-month budget to Council.	June 22
Manager	Submits FY21 budget to Council; automatic referral to Finance. Submits FY21 capital plan to Council.	June 29
Council	Reviews and approves one-month budget.	June 29
Council/Region	Council and Town Meetings act on Regional School budget.	
Finance	Recommends FY21 budget to Council.	July 13
Council	Reviews and approves FY21 budget.	July 20

Town Charter Requirements

- Public Forum (5.3)
- Public Hearings (5.5.a)
- Submission Deadlines (5.4.a; 5.4.b; 5.7.c)
- Deadline for Action (5.5.c)
- Supplementary Budgets (5.6)
- Exceptions to Time Requirements (5.9)

CPAC, CDBG, JCPC

- CPAC (Community Preservation Act Committee) → Town Council
 - *Separate Funding Source*
- CDBG (Community Development Block Grant Advisory Committee) → Town Manager
 - *Separate Funding Source*
- JCPC (Joint Capital Planning Committee) → Town Manager → Town Council

Areas of Consensus...

One-month
Budget

FY21
Budget

Schedule

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- Next Meeting: May 11th