

# OVERRIDE INFORMATION

Prepared by Groton Town Manager, Mark Haddad

## BUDGET AND OVERRIDE HISTORY

The last time the Town of Groton passed an Operational Override of Proposition 2½ was in 2003 in the amount of \$1,004,427. The Town has been able to avoid an override since 2003 through diligent effort and multiple strategic measures including:

- Regionalization of services
- Sharing workload across various departments
- Consolidating positions (Number of employees at Town Hall have been reduced by 25% since 2008)
- Developing new sources of revenue, including:
  - -Local Room Occupancy Tax
  - -Local Meals Tax
  - -New PILOT (Payment in Lieu of Taxes) payments, such as Groton Hill Music’s Community Fund
  - -Seeking increased PILOTs from the Town’s non-profit partners
  - -Strategic Use of the Excess and Deficiency Fund to cover Operating Costs by the Groton Dunstable Regional School District
  - -Increasing Building Department Fees (including Building Permits, Electrical Permits and Plumbing Permits ).
  - -Increasing Fees at the Transfer Station (Permit and PAYT Bag Fees).

## NON-PROPERTY TAX SOURCES OF REVENUE

The following is a summary of new local revenues gained by the Town since FY 2022:

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>Four Year Percentage Increase</u>	<u>Four Year Total</u>
Local Meals Tax	\$ 172,096	\$ 144,283	\$ 215,759	\$ 242,074	40.66%	\$ 774,212
Local Room Occupancy Tax	\$ 45,994	\$ 36,958	\$ 136,445	\$ 174,676	279.78%	\$ 394,073
Excise Taxes	\$ 1,781,243	\$ 1,835,724	\$ 1,843,246	\$ 1,927,790	8.23%	\$ 7,388,003
PILOTS	\$ 242,168	\$ 399,707	\$ 298,231	\$ 361,853	49.42%	\$ 1,301,959
Fees	\$ 340,328	\$ 429,273	\$ 428,207	\$ 420,806	23.65%	\$ 1,618,614
Licenses and Permits	\$ 455,235	\$ 465,011	\$ 537,500	\$ 800,579	75.86%	\$ 2,258,325
Country Club Revenue	\$ 323,711	\$ 661,208	\$ 739,701	\$ 793,769	145.21%	\$ 2,518,389

## PROPOSITION 2 1/2 BASICS

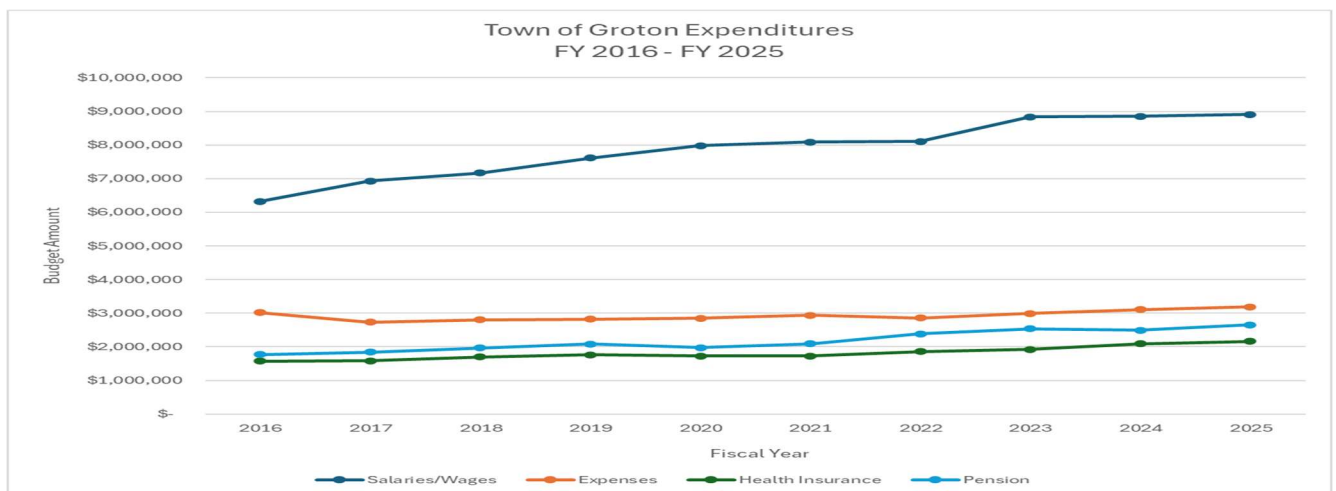
The Town is allowed to increase the levy limit each year by 2½%, plus new growth, which varies each year to a total increase of between 3.5% and 4.5%. The following Chart shows the increase in the Levy Limit since Fiscal Year 2014:

<u>Fiscal Year</u>	<u>Levy Limit</u>	<u>Percentage Increase</u>
2014	\$ 24,895,001	-
2015	\$ 26,002,556	4.45%
2016	\$ 27,029,638	3.95%
2017	\$ 28,151,493	4.15%
2018	\$ 29,360,225	4.29%
2019	\$ 30,650,535	4.39%
2020	\$ 31,932,418	4.18%
2021	\$ 32,985,370	3.30%
2022	\$ 34,157,624	3.55%
2023	\$ 35,383,886	3.59%
2024	\$ 36,832,663	4.09%

During the COVID years (FY 2021 - FY 2023), the Town’s revenues were severely impacted and growth in the levy was not enough to maintain the services provided. This loss in local revenues was made up through Federal Funding (CARES Act, ARPA and ESSER II). Those Federal Funds are no longer available.

## CONTROLLING COSTS

The Town of Groton has consistently worked to control costs over the last ten years. The following chart shows overall budget growth since FY 2016, broken down by Salaries/Wages, Expenses, Health Insurance and Pension:



## KEEPING PACE WITH INFLATION AND RISING COSTS

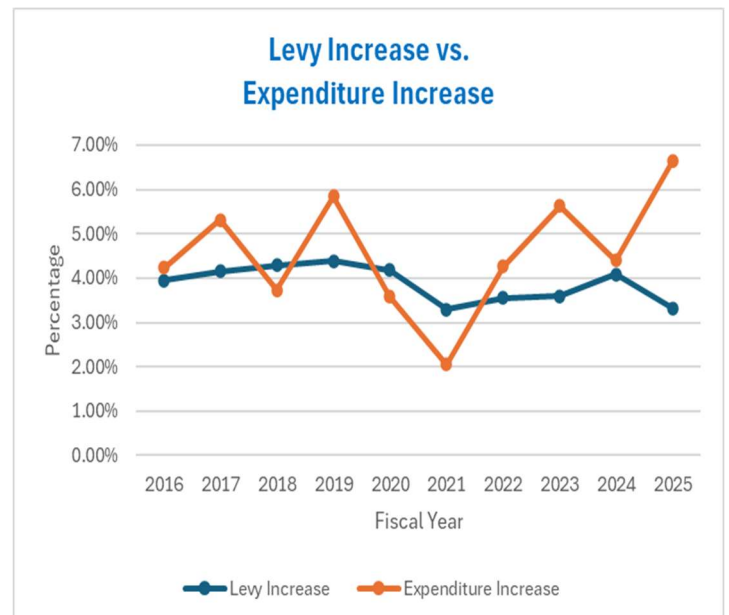
The following Chart shows the percentage increase in the Municipal Budget since FY 2017:

<u>Fiscal Year</u>	<u>Percentage Increase</u>
2017	3.19%
2018	4.20%
2019	4.70%
2020	1.75%
2021	2.13%
2022	2.44%
2023	7.12%
2024	1.56%
2025	2.23%

The amount of revenues the Town receives does not keep up with inflation or the level of expenditures. Please see the following comparison Charts that includes the Assessment of the Groton Dunstable Regional School District:

<u>Fiscal Year</u>	<u>Percentage Levy Increase</u>	<u>Percentage Expenditure Increase</u>	<u>Difference</u>
2016	3.95%	4.24%	-0.29%
2017	4.15%	5.32%	-1.17%
2018	4.29%	3.74%	0.55%
2019	4.39%	5.85%	-1.46%
2020	4.18%	3.58%	0.60%
2021	3.30%	2.05%	1.25%
2022	3.55%	4.26%	-0.71%
2023	3.59%	5.63%	-2.04%
2024	4.09%	4.40%	-0.31%
2025	3.32%	6.64%	-3.32%

Federal Funding Supported Operating Budget of GDRSD



## CREATING THE TOWN'S BUDGET FOR FISCAL YEAR 2025

Each year, the Town Manager is required by our Charter to present a Five-Year Budget Projection. Starting in FY 2022, the Town projected the following deficits over the ensuing five years:

FY 2022	\$3,750,000
FY 2023	\$4,200,000
FY 2024	\$3,300,000
FY 2025	\$8,000,000

Projections of the future are extremely difficult to develop with precision and are based on the best information available at the time. Federal Pandemic Era funding kept the Town's Budget balanced without an override in Fiscal Year 2022 and Fiscal Year 2023.

After the Federal Pandemic funding ended, creating a balanced budget for Fiscal Year 2024 Budget was very difficult, and only became possible when

- The Municipal Budget was reduced by \$240,000 (including cutting a Communications Officer, eliminating funding at the Library for various programs and cutting all minor capital expenses).
- The School District Operating Budget was reduced by \$1.0 million (including cutting an Assistant Principal at the High School, a guidance counselor and not filling teacher positions caused by retirement)
- Further reductions to the School District Budget were avoided when the School Committee voted to increase the use of their Excess and Deficiency Fund (\$950k) to balance the budget and retain services.

In the spring of 2023, the Finance Committee and Select Board foresaw that creating the Fiscal Year 2025 Budget would be even more difficult, and that an Override might be needed. The Town Manager gathered the Tri-Com Committee of Select Board, Finance Committee, and School Committee members to conduct an in-depth review of concrete data including:

- local budget drivers
- historical review of (non-property tax) revenues
- anticipated new growth
- fixed annual costs such as utilities and insurance.

After six months of work, this group concluded that the town's revenues from property taxes, state aid, and all other revenue sources would not cover the cost of a budget to maintain level services for the 2024-2025 Fiscal Year. A deficit of \$3.9 million was predicted in September, 2023.

## **ADDRESSING THE SHORTFALL IN FY2025**

To reduce the projected deficit for Fiscal Year 2025, the Town and School District explored every possible suggestion to reduce costs and maximize efficiency. Some of the actions taken by the Town of Groton and the Groton Dunstable Regional School District include:

- Regionalized Emergency Dispatch (starting July 1, 2024)
- Curtailed Health Insurance Plans for Town employees to Reduce Expenses (as of July 1, 2024)
- Eliminated and/or combined positions to save money and improve efficiency at the Groton Dunstable Regional School District
- Continued use of some of the School District's Excess and Deficiency Fund
- Delaying the elimination of Full Day Kindergarten Fees

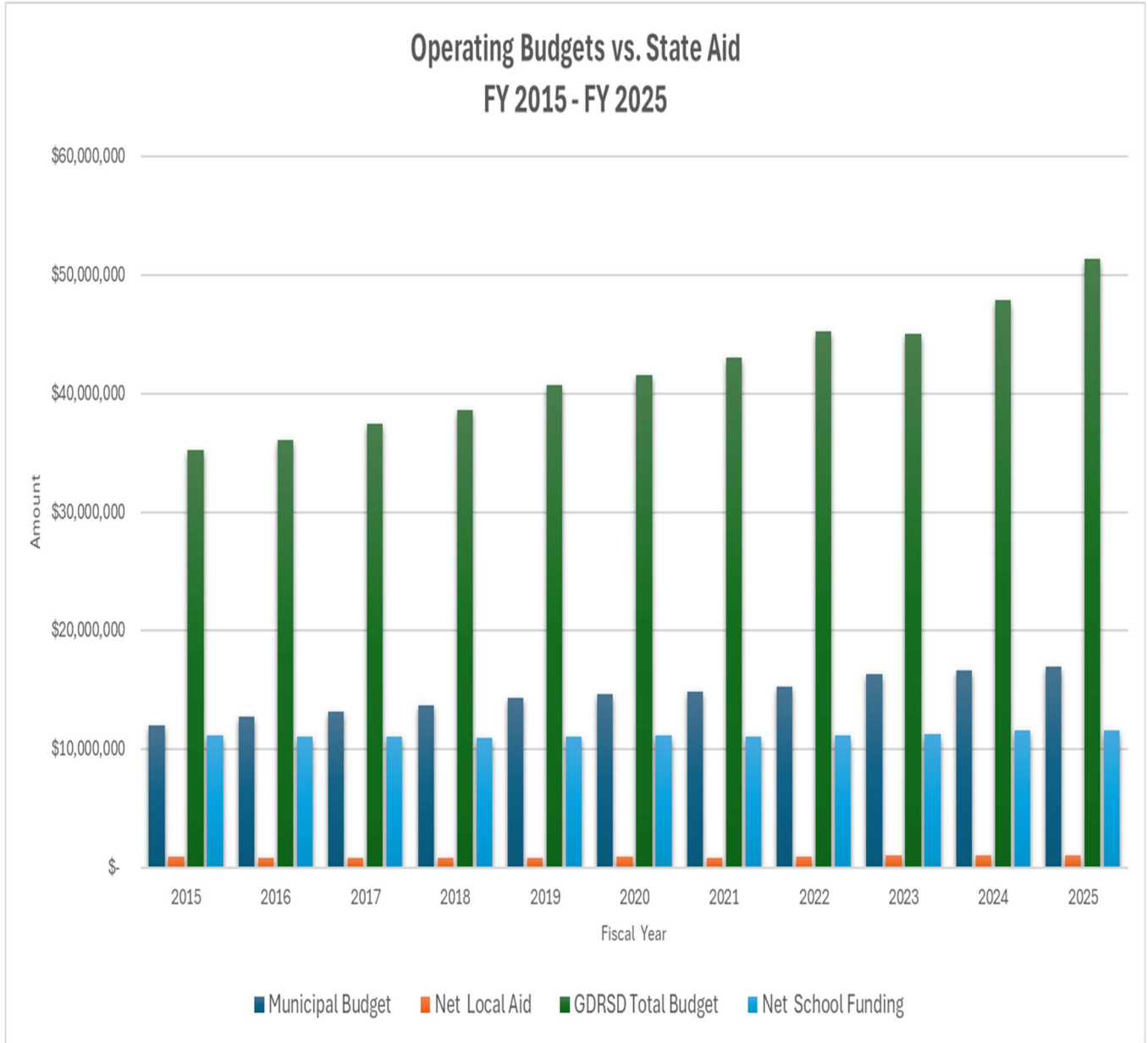
Even with these reductions, Groton faces a significant Budget Deficit in FY 2025 because of the following factors:

- Proposition 2½ does not keep up with inflationary budget pressures.
- Lack of support from the Commonwealth of Massachusetts for Education Funding for the Groton Dunstable Regional School District (GDRSD)
- Pandemic-related Federal Funding that was used to balance the Budget in FY 2022 and FY 2023 (CARES Act, ARPA, ESSER II) is no longer available.
- Using the GDRSD Excess and Deficiency Fund for operating costs is not sustainable.
- Required increases in the Middlesex Country Retirement Assessment (6.5%), Health Insurance (10%), Residential and Private School Tuitions (12.75% each), Utilities (10%) and Wages (currently under negotiations).

In order to address the deficit, the Select Board, Finance Committee, and Groton-Dunstable Regional School District Committee have all voted to seek an Override of Proposition 2½. The amount requested, \$5.5 million, determined by the Select Board, will be spread over three years. This amount will keep our Town and School District functioning at their current level of service, without adding any new programs.

## THE ROLE OF STATE AID IN GROTON'S BUDGET

The following chart shows what the Town of Groton and the Groton Dunstable Regional School District have received in State Aid Since FY 2015, vs. the Actual Budget:



Municipal and District Officials have met with the Town’s State Delegation, Senators Cronin and Kennedy, and Representatives Scarsdale and Cena, to seek additional State Funding. Support from the Commonwealth has been essentially flat for the last ten years, and unfortunately, the delegation did not see any additional funding available for the foreseeable future.

## WHAT WILL BE CUT IF THE OVERRIDE DOES NOT PASS

Without an Override, the only choice for the Town and School District will be to cut \$1,719,260 from the Proposed FY 2025 Operating Budget. Positions within the Town's Public Safety and Highway Departments will be eliminated, services will be reduced at the Library and the Groton Dunstable Regional School District will eliminate more than 50 full-time positions.

## HOW TO VOTE

**Town Meeting** – The Proposed Fiscal Year 2025 Operating Budget will be presented to the 2024 Spring Town Meeting under Article 5. The meeting will be held at the Groton Dunstable Middle School Performing Arts Center on Tuesday, March 26, 2024 at 7:00 p.m.

**Special Election** – A Special Election will be held on Tuesday, April 2, 2024 to consider the following question:

“Shall the Town of Groton be allowed to assess an additional \$5,500,000 in real estate and personal property taxes for the purposes of funding the operating budget of the Town and the Assessment of the Groton Dunstable Regional School District for the fiscal year beginning July 1, 2024?”

Polls will be open from 7:00 AM to 8:00 PM

### Polling Locations:

- Precinct 1: Groton Center, 163 West Main Street (Route 225)
- Precinct 2: Groton Dunstable Middle School South, 344 Main Street
- Precinct 3: Groton Dunstable Middle School South, 344 Main Street

### Vote by Mail Ballots & Absentee Ballots

- Vote by Mail ballots are available for the Special Election.
- The last day and hour to request a **ballot by mail** is Tuesday, March 26, 2024 by 5:00 PM.
- Vote by Mail Ballots **must be received** by the Clerk's office by the close of polls (8:00 PM) on Tuesday, April 2, 2024. Ballots can be left in the drop box outside the back door of Town Hall or hand delivered to the Clerk's Office.
- The last day and hour to vote by **Absentee Ballot in person** is Monday, April 1, 2024 by 12:00 PM.
- Please allow time for mailing or be prepared to vote at the Polls on Election Day.

- **In-Person Early Voting**

- In-Person Early Voting is available for the Special Election at the Town Clerk’s Office, 173 Main Street.
- The Hours as are follows:
  - Saturday                      March 23              9AM to 3PM
  - Monday                        March 25              8AM to 7PM
  - Tuesday                        March 26              8AM to 4PM
  - Wednesday                    March 27              8AM to 4PM
  - Thursday                      March 28              8AM to 4PM
  - Friday                         March 29              8AM to 1PM

Residents with questions concerning the Override should contact Town Manager Mark Haddad either by email at [townmanager@grotonma.gov](mailto:townmanager@grotonma.gov) or by phone at 978-448-1111.