

March 15, 2019

Fellow Town Meeting Members,

The Finance Committee is pleased to present its 108<sup>th</sup> Annual Report to Town Meeting and recommended operating budget for Fiscal Year 2020. The Finance Committee's recommended FY 2020 budget funds a long-planned expansion of services needed to meet increased demands and improve existing services. Needham has recently experienced some significant growth, particularly commercial development in Needham Crossing, that has increased the tax base and provided greater recurring revenue. This commercial growth, along with some residential growth, has also fueled a need for expanded facilities and services. The progress on the Facilities Master Plan continues with the opening of the Rosemary Pool and Recreation Complex late last summer, and the completion of the new Sunita Williams Elementary School on track for the fall of 2019. Construction on the new Public Safety headquarters and Fire Station #2, as well as the new DPW storage facility and the reconstructed Memorial Park fieldhouse, are in progress. The work of the Needham 2025 Committee, which will elucidate the Town's longer term infrastructure needs, is underway.

Town and School Administrators and the Select Board and the School Committee have been working with the Finance Committee and a number of other boards and committees to prepare for the implementation of the School Department's new full-day kindergarten program as well as the expansion of staffing in the Fire and Police Departments. Thanks to creative planning and a disciplined approach to spending throughout Town administration and government, the Finance Committee is able to recommend an operating budget for FY 2020 that not only covers the growing borrowing costs associated with the above-mentioned debt-funded capital projects, but also expands services to meet growing demands, while staying within our means. The Finance Committee continues to urge very careful consideration of all proposed spending, and to keep a close eye on the tax burden placed on residents. Notably, Town voters have approved two significant debt exclusions in the last 3 years for the Sunita Williams School and the Public Safety facilities projects that will raise taxes above the allowed tax increases under Proposition 2 ½.

This letter contains an overview of the budget followed by more detailed explanations. The Budgetary Overview section takes a high-level look at the amounts available for General Fund appropriation as well as the main drivers of the proposed increase in the operating budget. This section of the letter closes with an expression of the Committee's concerns looking forward. The second "Components" section of the letter looks at the changes in the individual segments of the Operating Budget.

## **I. Budgetary Overview**

### **A. Amount Available for General Fund Appropriation**

The FY 2020 proposed budget and overall spending plan is based on a projection of \$192.2M of General Fund revenue, an amount that is \$9.9M or 5.4% greater than FY 2019. With adjustments to account for other sources, such as funds for CPA-related debt and reimbursements from the Enterprise Funds, the amount available for appropriation increases to \$194.6M. General Fund revenue comes primarily from property taxes, combined with state aid, and local receipts. Additional funds available for appropriation also come from Town reserves, free cash, and other sources such as unexpended appropriations. Property taxes are the primary source of General Fund Revenue, and making up almost 80% of the expected

General Fund revenue in FY 2020. Property tax revenue is increasing by \$10.6 million or 7.5% in FY 2020. This includes \$3.4M for the allowed 2.5% increase under Proposition 2 ½, \$2.7M attributable to new growth, \$3.1M additional revenue to be collected for excluded debt and a \$1.3M increase in the underlying tax base.

State aid is projected to increase by \$314K or 2.5% to \$12.8 million. This number is conservative, as it depends on the state budget which is still working its way through the legislature. One component of state aid is Chapter 70 school aid, which will increase significantly in FY 2021, since the formula is based on school enrollment. Kindergarten enrollment will effectively double for the purpose of calculating Chapter 70 reimbursement following the change from a half-day to a full-day kindergarten program.

Local receipts, which are projected to total \$12.7 million in FY 2020, include motor vehicle excise taxes, hotel and meals taxes, charges for services such as ambulances, and license and permit fees. These local receipts are expected to increase by \$1.4M or 12.4%. A large portion of this increase, \$965,000, comes from solid waste fees which will be taken into the General Fund following the dissolution of the RTS Enterprise Fund that was approved at the 2018 Annual Town Meeting.

The amount of Free Cash certified by the Department of Revenue this year is \$10.4 million. Free Cash results from revenue collections that exceed estimated revenue and from expenditures that are lower than appropriations at the end of the prior fiscal year (in this case, unused funds from FY 2018.) The amount of Free Cash proposed for appropriation this year is down \$2.9 million from the amount of Free Cash appropriated last year, but still a significant amount. Free Cash fluctuates, but remains high due to conservative budgeting practices. Because the level of Free Cash is volatile and not entirely reliable, most of it is used for one-time expenditures. Only a portion which is dependable should be deemed recurring and applied to the operating budget. In FY 2020, just over \$2 million of free cash is recommended to be allocated to the operating budget.

Other funds proposed for appropriation this year include \$1.2M of CPA funds to be applied to the FY 2020 operating budget for CPA related debt service, as well as \$1.2M of funds from the Enterprise Funds to reimburse the Town for costs and services such as information technology and insurance. In addition, funds subject to appropriation include certain earmarked funds, offsets, and remaining funds from warrant articles from prior years that were not needed for the designated purposes.

#### B. Allocations for General Fund Appropriation for FY 2020

Operating Budget	\$178.3M
Cash Capital (including individual articles)	\$10.0M
Financial warrant articles	\$1.5M
Transfer to Sewer Enterprise Fund (drains)	\$0.5M
<u>Reserve/stabilization funds</u>	<u>\$0.2M</u>
Total	\$190.5M

Please note that, although the Finance Committee's recommended FY 2020 operating budget was voted prior to the issuance of this report, the other appropriations and their funding sources were still under consideration and final recommendations may vary. Additional disbursements of over \$3.9M will not

require Town Meeting appropriation including certain state and county assessments, tax title fees, and approximately \$2.5 million to the Overlay account to cover possible abatements and exemptions. Surplus from the Overlay account that is not needed can be released and appropriated later in the year.

### C. Operating Budget

The amount allocated to the Operating Budget, \$178.3M, which is \$13.1M, or 7.9%, greater than the Operating Budget for FY2019. The primary drivers of this increase are:

Townwide Expenses	Up \$6.0M, or 11.6%
Education	Up \$5.1M, or 7.0%

For the third year, the largest portion of the annual increase in Townwide expenses is attributable to Debt Service, which is increasing \$4.1M, or 27.7%, a result of the borrowing for the Sunita Williams School. The largest increase in the department budgets is in the area of Education. The increase in the Education budget is significant, driven to a large extent by the long-planned initiation of a new full-day kindergarten program. We should note that in FY 2021, the Town expects to receive over \$700,000 of additional school aid from the state as the result of this expanded program.

### D. Finance Committee Perspective

Needham continues to be in strong financial shape as the overall economy continues to grow and the local economy is robust. Revenue growth has remained strong. Property values continue to increase, both from economic forces and because of “new growth” from property improvements and development. Although the Town has some exposure to downturns in federal and state aid as well as grant funding, the Town relies most heavily on property taxes and local receipts. Looking forward, we are in the midst of significant capital growth as we proceed with the implementation of the Facilities Master Plan. The Town has carefully considered how the rising debt costs have impacted the overall operating budget and the average household tax expense. These costs have increased significantly over the last few years. The expanding capital base can be expected to drive up other operating costs as well, including maintenance costs to care for the additional buildings, and staffing costs for new or enhanced services and programming provided in the new spaces. The Finance Committee remains true to its tenet that all new positions must be thoroughly vetted before being absorbed into the annual operating budget. Some positions that have been proposed but where the need or benefits are less clearly articulated have been removed from the operating budget to be funded through financial warrant articles. This approach will allow the positions to be reviewed without being embedded in the operating budget unless they are deemed absolutely necessary. Staffing increases drive up not only salary costs, but also employee benefits, post-employee benefits and retirement costs. Furthermore, the Finance Committee has seen that once a position is funded in the operating budget, it tends to remain indefinitely. While the need for services is increasing, particularly in the areas of public safety and education, the Town must be careful not to take on more than is truly needed, or more than we can sustain if revenue growth moderates.

## II. Examination of Components of Proposed FY 2020 General Fund Operating Budget

This section addresses the details of the Finance Committee's recommended General Fund operating budget for FY 2020. The total recommended operating budget for FY 2020 is \$178,260,006 an increase of \$13.1M, or 7.9%, over the current FY 2019 operating budget. While that increase is substantially more than the rate of revenue growth, the Town has taken steps to be ready to provide this level of increase. In both FY 2018 and FY 2019, the Town diverted some of its revenue stream, a portion of the incremental recurring funds that would have gone into the operating budget, and applied it instead to "one time" uses. This year, those incremental amounts of recurring fund have been re-channeled into the operating budget to address this planned expansion of services. As noted above, the FY 2020 budget includes two significant program expansions. The School Department plans to institute a full-day kindergarten program that will not only provide for full school days for kindergarteners, but will also include a new curriculum requiring 33.8 new FTEs in addition to new staff needed for enrollment and other programming needs. The Town is also increasing staffing in both the Police and Fire Departments to improve service and keep up with the additional pressure placed on these departments due to expanded development. We are recommending one additional Police Officer in the FY 2020 budget, following the addition of one additional officer in the current FY 2019 budget. In FY 2021, two additional officers are planned, in accordance with the recent staffing study. The FY 2020 budget includes eight new firefighters whose salaries are being funded 25% in the operating budget, and 75% through a federal grant. This grant covers three years of partial funding, after which these salaries must be covered 100% within the operating budget to retain the positions. Once the new Public Safety building is open, the additional staffing and space will allow the Fire Department plans to put another ambulance into service. The Finance Committee is very cautious about adding staff to the operating budget, maintaining the principle that each request for a new position should be carefully deliberated and well justified before being incorporated into the annual operating budget.

### A. Townwide Expenses

Townwide expenses are costs that are incurred by the Town or that apply across many or all departments. Townwide expenses are increasing 11.6% in the FY 2020 recommended budget. The primary driver of the increase is a significant increase in debt service payments. Other notable increases include Retirement Assessments, Needham Electric, Light and Gas Program, and Classification, Performance and Settlements.

The Casual, Liability, Property and Self-Insurance line item accounts for the insurance coverage that the Town receives through the Massachusetts Inter-local Insurance Agency (MIIA) for buildings, vehicles, property damage, and liability, as well as a small contingency for non-covered claims. This line item is level-funded in FY 2020.

The Debt Service budget line covers payments for outstanding debt obligations for excluded debt (as a result of Prop. 2 ½ overrides), Community Preservation Act debt, and debt within the levy. The FY 2020 Debt Service line is increasing by 27.7%, or over \$4.1 million. The increases are primarily attributable to increased debt payments for the construction of the Sunita Williams elementary school and for the Rosemary Recreation Complex project construction, as well as some preliminary debt for the new Public Safety building project. Notably, this budget line recently decreased for three years, from FY 2015-FY 2017, as the debts from earlier capital projects closed and came off the books. These types of fluctuations will continue due to the borrowing schedules for the Town's significant capital projects. The Finance Committee is also recommending a modest increase of \$45,472 to the Debt Service line beyond the amount required by the debt schedules. This would use funds that were requested for certain Library

expenses to pay down some of the Town's overall debt. Since the Library has state aid money to fund the requested costs, there will be no reduction of services.

The Employee Benefits line (known as Group Insurance, Employee Benefits and Administrative Costs) is increasing by only 1.8%, or \$277,289. This line includes an assumed 7% increase in health insurance premiums, provisions for additional subscribers, and provisions for an increase in the number of eligible employees. The budgeted amount is decreasing overall due to the transition of all employees to the new benchmark and high deductible plans with lower premiums. This decrease in health insurance costs represents a one-time "re-set." These costs can be expected to increase going forward as medical costs continue to rise and as the number of eligible staff increases.

The Needham Electric Light and Gas Program covers the costs relating to electricity and natural gas usage, the costs of maintenance and repair of street lights, and the costs of producing solar electricity that is sold to the grid. This line has an increase of 4.5%, or \$160,328, in FY 2020. This year's increase includes additional energy costs for running the new Sunita Williams elementary school, the Memorial Park field house and the additional Mitchell School modular classrooms, compounded by a notable increase in the supply rate for natural gas. While the cost of producing solar power is included in the energy operating budget, the cost is mitigated by revenue from the solar electricity project which is generated both by lease payments for property used for the solar arrays and by the sale of electricity that is generated.

The Retiree Insurance and Insurance Liability Fund line is level-funded for FY 2020. The program, also known as "OPEB" (other post-employment benefits), funds benefits other than pensions, that are provided to eligible retirees, such as health insurance. The assumed rate of return for OPEB funds was reduced from 7.50% to 7.25% in the FY 2020 budget, with plans to reduce the rate to 7.0% in the near future. While these reductions have increased contributions according to the funding schedules, the Town's outstanding obligations have been reduced as a result of the change in the Town's health plan offerings. An actuarial analysis is underway to determine a new OPEB funding schedule.

In the FY 2020 budget, the Retirement Assessments line, which funds pensions for retirees as well as unfunded pension liability, is increasing by 9.5%, or \$753,776. The Retirement Board reduced the assumed rate of return for pension assets for a second year in a row, going from 7.50% down to 7.25% for FY 2020, after being reduced from 7.75% to 7.50% for FY 2019. These reductions in the assumed rates of return led to increases in the Town's annual contributions in the funding schedule in the most recent actuarial analysis. These changes will help achieve the Town's goal of funding outstanding unfunded pension liability in 2030.

The Classification, Performance, and Settlements line item is budgeted at \$835,500 for FY 2020, an increase of over 50% more the amount budgeted for FY 2019. These funds serve as a reserve for additional personnel-related costs during the fiscal year, including performance-based salary increases for managers or increases resulting from new collective bargaining agreements. As of the date of this report, the collective bargaining agreements for the Needham Police Union, the Needham Police Superior Officers Association, and the Needham Fire Union had not yet settled for FY 2020. Therefore, the FY 2020 budgets for the Police and Fire Departments do not include funding for salary increases for positions covered by those the unions.

The Reserve Fund holds funds that may be used for extraordinary or unforeseen budget needs that arise during the fiscal year. In the past, the Reserve Fund has been used to fund expenses such as unexpected legal costs or costs associated with extraordinary snow and ice removal. For FY 2020, the recommended Reserve Fund appropriation is \$1,881,500, an increase of 1.2% over the FY 2019 budget. The Finance Committee expects that this funding level will be sufficient to protect the Town from budgetary overages, without tying up funds unnecessarily.

## B. Municipal Departments (excluding Education)

The Municipal Departments category includes 18 different budgets for operational departments, boards, and committees, as well as the municipal parking program. This report groups the Municipal Departments by functions. It is important to note that, as mentioned above, the recommended budget lines do not include salary or wage increases for employees whose positions are covered by the unions which have not yet reached agreements with the Town, specifically: the Needham Police Union, the Needham Police Superior Officers, and the Needham Fire Union. If any departments need additional funding for related salary increases during the fiscal year, the funds may be transferred from the Classification, Performance and Settlements line in Townwide Expenses.

### General Government

The FY 2020 proposed budget for all General Government departments is 3.1% higher than the FY 2019 budget. The Board of Selectmen/Town Manager budget line item is essentially level-funded. The modest 1.0% salary increase is offset by a 5.8% decrease in expenses that is roughly the same dollar amount as the increase in the salary line. The decrease in expenses is primarily due to the transfer of copier maintenance costs from the Town Manager's budget to the Information Technology budget in the Finance Department, along with a decreased need for assessment centers in Human Resources. The Finance Committee is not recommending funding the requested new position of Public Information Officer in the FY 2020 operating budget. As noted previously, the Finance Committee adheres to the principle that careful consideration is required before adding new positions to the operating budget. The Committee was not convinced that a new position is warranted for the designated functions of Public Information Officer on a full-time basis for the long term. The Finance Committee also recommended to exclude funding of a request for temporary staffing in the operating budget for Human Resources. The Committee recognized the need for temporary staffing in some departments, and suggested funding that expense through a financial warrant article. This will allow the Town to reconsider the need after the allocation of funds are exhausted. This approach will also allow the expenses to stretch beyond just one fiscal year.

The Town Clerk and Board of Registrar's budget is decreasing by 5.4% due to typical fluctuations attributable to election-related wages and expenses. In FY 2020, the Town will conduct two scheduled elections, including an annual Town election and the presidential primary, compared to three elections in FY 2019. The Town Counsel's budget remains flat for FY 2020.

The Finance Department budget includes a 5.8% increase. Much of the base budget increase is due to rising software licensing costs in the Technology Division as well as revaluation certification work in Assessing, and a small increase for department salaries. The recommended budget also includes funding to extend the role of an Administrative Specialist in the Accounting Division to full time, which will help keep pace with state and federal reporting requirements. Also included is funding for technology needs associated with the Health Department's implementation of electronic inspections of food establishments. The Planning and Community Development budget is increasing by 3.0%. The Community Housing Specialist position continues to be funded half within the Planning and Community Development operating budget and half with CPA funds. The current CPA allocation for this position was expected to run out after FY 2019, but has not been fully expended due to staffing turnover.

### Public Safety

The Public Safety category, which includes the Police, Fire, and Building Departments, has a combined increase of 4.6% in the FY 2020 budget. The Police Department budget is increasing 3.3%. The Police Department salary line includes increases for administrative staff and dispatchers. Since the collective bargaining agreements are not yet settled for either the Police Union or the Police Superior Officers Association, no salary increases are included for covered positions. As noted above, the Classification,

Performance, and Settlements line includes funding that can be used for any personnel-related increases needed after the budget is approved. The Police Department FY 2020 budget salary line includes funding for an additional Police Officer. The position will help address increased demand for services, as evidenced by an rising number of calls and the growing complexity of services needed, and will alleviate reliance on overtime to meet minimum staffing levels. This completes the second step in the plan to add four officer positions in accordance with a recent staffing study. Under this plan, two additional officers are anticipated in the FY 2021 operating budget.

The Fire Department budget is increasing by 6.0% in FY 2020, reflecting increases in salaries for staff not included in the Fire Union, whose contract was unsettled at the time of this report. (As noted previously, provision for such increases are reflected in the Classification, Performance and Settlements line under Townwide Expenses.) The FY 2020 Fire Department budget includes the Emergency Management Coordinator position which is being transferred from the Health and Human Services budget. This position is also being increased from 0.7 to 1.0 full-time equivalent (FTE) to provide more opportunity to continue to develop and expand the emergency preparedness program. The FY 2020 budget includes funding for eight new firefighter positions that are being hired pursuant to a federal grant that is covering 75% of the associated salaries for a second year. In the third and final year, the grant will fund 35% of these salaries. It is important to note that the increases in staffing in both the Police and Fire Departments will affect not only the operating budgets of those departments, but will also increase costs of employee benefits that are associated with these positions and funded through the Employee Benefits line of Townwide Expense portion of the budget.

The FY 2020 budget for the Building Department is increasing by less than 1.0%. The small increase in the salaries line is counterbalanced by the decrease in the budget's operating capital.

#### Public Facilities and Public Works

Last year, the Public Facilities maintenance work was shifted from the Public Facilities Department (now Building Design and Construction Department (BDCD)) to the Department of Public Works (DPW). The total combined budget for the BDCD and the DPW is increasing by 4.9%. The BDCD budget is increasing by only 1.7% due to increases in salary for existing staff combined with a flat expense budget. The DPW budget is increasing by 5.0% which includes additional contract expenses related to maintenance needs for the new Sunita Williams School scheduled to open in September 2019. This recommendation also includes funding for the salary of an additional custodian (1.0 FTE) in the Maintenance Division which will provide an additional half position (0.5 FTE) at the Center at the Heights (CATH) to address expanded hours and programming and a half position (0.5 FTE) to provide maintenance services at the new Memorial Park building and who will also serve as a "floater" to cover for absences in other buildings. Funding for additional hours of a Building Monitor for the Center at the Heights is also included. The budget also funds an Organics Recycling Program at the Recycling and Transfer Station (RTS), as well as the cost of equipping DPW fleet vehicles with GPS devices which will provide data for preventative vehicle maintenance planning and more efficient dispatching of vehicles, particularly for Snow and Ice operations. The Finance Committee did not recommend funding an additional manager for service and parts in the Fleet Division.

#### Community Services

The seven departments in the Community Services section of the budget constitute only 2.7% of the overall FY 2020 operating budget, but provide highly valuable services to residents and businesses throughout the community. These departments secure substantial funding from fees, grants, and donations, as well as support from volunteer services. This group of budgets is increasing by 8.1% overall, due mostly to salary increases for existing staff, and some increases in important programs and services.

The Health Department, Aging Services, Youth and Family Services, and Veteran Services divisions all comprise the Health and Human Services (HHS) Department budget. In addition, HHS shares Emergency Management functions with the Fire Department. The HHS budget is increasing 8.5% in FY 2020. The increase has been tempered by the transfer of the salary part-time Emergency Management Program Coordinator (-0.7 FTE) out of the HHS budget and into the Fire Department's FY 2020 budget. The renewed request for a Director of Public Health was not funded in the FY 2020 budget recommendation as there was not sufficient need to warrant the additional position at this time. The FY 2020 HHS budget includes partial funding (0.4 FTE) for a new administrative staff position to be shared with the Park and Recreation Department, as described below. The budget also includes funding for an additional therapist hours (0.25 FTE) for Youth and Family Services to reduce the waitlist for critical services. The budget also provides funding to expand Aging Services programming and the hours of operation at the CATH.

The Needham Public Library budget is increasing 2.3% in FY 2020. The Finance Committee recommends that the requests for additional expenses totaling \$45,472 for a wireless internet service, media downloading subscriptions, and an online reference database, as well as the salary of a part-time position for packing and unpacking deliveries continue to be funded through the State Aid account or through Library trust funds in FY 2020 rather than in the operating budget at this time. The Library's additional request to add a new position of Reference Librarian/Digital Communications Specialist was deferred.

The Park and Recreation Department line is increasing by 21.5% in the FY 2020 budget, due in large part to costs associated with the operation of the Rosemary Pool complex. The state minimum wage increase in 2019 from \$11 to \$12 per hour has also affected wages for summer staff. The pool expense budget is increasing since the use of chemicals in the past season was higher than indicated by the contractor's estimate. The FY 2020 budget includes partial funding (0.6 FTE) a new full-time Department Assistant II position to be shared with the HHS Department, as both Departments are located in the new Rosemary Recreation Complex. Due to the expected workload allocation, 60% of the salary for the new position is recommended to be funded in the Park and Recreation Department budget and 40% in the HHS budget. The Finance Committee recommends that the requests for a Pool Specialist, additional pool staff and the lifeguard retention program be funded through a financial warrant article, and not included in the FY 2020 operating budget, in order to provide more time to assess the operations and more accurately determine the needs of the new pool facility.

The Municipal Parking budget is up 9.5% due to an increase in the leasing costs and a small increase in overtime wages. The budgets for the Commission on Disabilities, the Historical Commission, and Memorial Park Trustees continue to be level-funded for FY 2020.

### C. Education

The recommended FY 2020 budget for public education, including the Needham Public Schools operating budget and the Minuteman Regional School Assessment, is \$77,090,548, an increase of 7.0%. The Minuteman Regional High School's estimated assessment for FY 2020 is \$1,084,783. The assessment is up 18.7% in FY 2020 due to the increased debt payments for the Minuteman District's capital building project. These capital costs, along with the District operating costs, are apportioned among member towns in accordance with the District Agreement.

The FY 2020 budget for the Needham School Department totals \$76,005,765, representing 42.6% of the total operating budget. (Note: This figure does not include the costs of benefits, including health insurance, for School Department employees, which are carried under Townwide Expenses.) The Finance



Committee's recommended budget for the School Department in FY 2020 includes an increase of \$4.9 million, or 6.9%, and fully funds the Superintendent's request and School Committee's voted budget.

The School Department tempered its budget requests in FY 2019 and FY 2018 and asked the Town to channel an amount of recurring funds to reserves to allow for a larger incremental increase in FY 2020 to fund the opening of the Sunita Williams School and the start of the full-day kindergarten program. These funds that might have gone into the School Department operating budget were set aside into the Debt Service Stabilization Fund to help fund a temporary bubble in debt service payments that the Town expects to see during the height of the scheduled debt payments for the capital projects in the Facilities Master Plan. That portion of the recurring revenue stream is now being channeled back to the operating budget to fund the new kindergarten program.

The cost of implementing the new kindergarten program is \$1,950,540, providing for an additional 33.8 FTEs. An additional \$459,350 of associated costs has been added to the Employee Benefits line in the Townwide Expense portion of the FY 2020 operating budget. The Finance Committee is pleased that, after careful planning, the FY 2020 budget is able to accommodate the new full-day kindergarten program without sacrificing other programs. The School Department has put significant efforts into restraining rising costs in transportation and special education, and continues to make progress. The School Department is hopeful that the new curriculum for full-day kindergarten will help mitigate the need for some of the special education referrals as there will more continuity for students and more time for staff to provide support to students.

If the costs for full-day kindergarten and the Sunita Williams School are excluded, then the School Department's FY 2020 budget request amounts to an increase of 4.7% over the FY 2019 budget. The School Department base budget includes contractual increases needed to achieve level services for FY 2020, including additional staffing needed to address growth in enrollment and higher special education costs caused by both increasing needs and possible decreased outside funding. 11.1 new FTEs are added to address the Schools' additional enrollment, growing demands for special education and other services, as well as declines in grant funding. The FY 2020 budget also includes some modest improvements including additional curricular needs, equity initiatives, and more funding for the High School Athletic program.

### **Closing Comments**

The Finance Committee's recommended budget for FY 2020 provides the resources needed to fund ongoing capital projects, and to sustain or improve the high level of services that local residents and businesses currently enjoy. The budget shows that fiscal restraint and careful planning have enabled us to address the growing capital and service needs, but also to prepare for upcoming demands. The Town must continue to consider not only the benefits of each project it undertakes, and the associated capital costs, but the effects on the Town's overall debt capacity, the long-term implications to the operating budget, and the burden on individual taxpayers. The Needham 2025 study will help inform us all of the implications of future growth in the town and the potential impact on our longer term infrastructure needs.

The Finance Committee would like to recognize the hard and excellent work of Town and School Administration, the Directors of Finance for the Town and Schools, and the department heads and managers who all worked closely with the Finance Committee throughout the budgeting process. The Finance Committee greatly values the creative and constructive approaches often presented to address competing operational needs. The Finance Committee would also like to recognize the residents who dedicate their time and effort to serving our community through elected and appointed positions. We could not accomplish our mission effectively without their generous assistance and support.

Finally, I would also like to thank each member of the Finance Committee for their dedication and meticulous work examining and prioritizing financial issues, balancing the budget, and reviewing the Town's capital plans and investments. It has been a privilege and a pleasure to serve with such dedicated and talented people as we strive to achieve the best for the Town and its residents.

Respectfully submitted on behalf of the Finance Committee,

A handwritten signature in black ink, appearing to read "Barry J. Coffman". The signature is fluid and cursive, with the first name "Barry" being more prominent than the last name "Coffman".

Barry J. Coffman, Chair

Committee Members:

Thomas M. Jacob, Vice Chair

John Connelly

Joshua W. Levy

Richard Lunetta

Louise L.E. Miller

Richard Reilly

Carol Smith-Fachetti

Louise Mizgerd, Analyst