



Town of Maynard Massachusetts
Finance Committee
Annual Town Meeting May 15, 2023

To Maynard Town Meeting Voters:

The Finance Committee (FinCom) has prepared a presentation with perspectives on Town finances that can be found on the FinCom page on the Town's website at:
www.townofmaynard-ma.gov/275/Finance-Committee.

Fincom has the following three additional Recommendations and Comments to add to the Town Meeting Warrant.

ARTICLE: 4 CERTIFIED FREE CASH APPROPRIATION FOR FISCAL YEAR 2023

Finance Committee Recommendation: Does Not Recommend (vote 4-2)

Passage of this article would appropriate the Town's Certified Free Cash in the amount of \$2,000,974 for designated purposes as outlined in the article.

The Finance Committee voted to not recommend passage of this article because this proposed appropriation requires the use of \$257,599 of Maynard Public Schools (MPS) "Circuit Breaker" funds, which are state funds that help reimburse and defray the cost of special education services that the MPS provides to Maynard students. Due to an influx of pandemic relief funds, the MPS did not spend all of the Circuit Breaker funds allocated for Fiscal Year 2022, so these funds were returned to the Town's General Fund as Certified Free Cash.

Rather than send the entire \$257,599 back to the MPS, to be spent on Special Education services as intended, the article proposes to return only \$137,599 (in the amounts of \$87,599 for District Operations and \$50,000 for Special Education Stabilization Fund) and use the remaining \$120,000 to fund other Town expenses.

While there are a number of important capital and operational priorities that would be funded in the Certified Free Cash appropriation proposed in this article, the entire \$257,599 in Circuit Breaker funding is needed by the MPS. The Finance Committee has assessed the situation as follows:

1. The proposed Town General Fund Budget for Fiscal Year 2024 proposed in Article 6 would fund the MPS at a level approximately \$515,000 less than the Level Service budget. ("Level Service" is the budget amount that would allow the MPS to provide the same student services as in Fiscal Year 2023).
2. The Operational Services Division at the State Executive Office for Administration and Finance has projected that special education costs will rise 14% during the upcoming fiscal year. Thus, if this Circuit Breaker funding is not returned to the MPS, there will likely be widespread programmatic cuts to educational services.
3. Use of these Circuit Breaker funds for purposes other than special education goes against the stated intent of these funds, as well as the COVID relief funding that the Town received.
4. Other towns have approved returning expired Circuit Breaker funds to their schools via transfers from Certified Free Cash into special education stabilization funds.

The \$120,000 could be returned to the MPS by reducing the amounts of specific Certified Free Cash appropriations proposed in the article, such as \$10,000 (instead of \$50,000) to Capital Stabilization Fund, and \$20,000 (instead of \$100,000) to General Stabilization. Reallocating funds from other stabilization accounts to the special education stabilization accounts would eliminate the need for broad programmatic cuts to educational services while maintaining the net total allocation to stabilization accounts in FY2024.

ARTICLE: 6 TOWN GENERAL FUND BUDGET FISCAL YEAR 2024

Finance Committee Recommendation: Recommends (vote 4-2)

Comments: Passage of this article would adopt the proposed Town General Fund Budget for Fiscal Year 2024 (FY24) in the amount of \$48,631,769. The break-down by nine major Town functions in the table above shows how the budget is to be allocated to various purposes. The budget process begins months in advance of Town Meeting and is discussed in numerous public meetings by town boards and committees. It is a combined effort of the Selectboard, Town Administrator, FinCom, School Committee, and all department heads. FinCom encourages Town Meeting voters to participate in these discussions. FinCom acknowledges that there are always budget constraints and difficult decisions are made during the budget process. Particularly, this budget funds the school department at a lower increase than the school department stated was needed for level service. Nevertheless, FinCom voted to recommend this article because it presents a balanced budget that weighs the needs of the Town with the revenue available from the increase of Prop 2 ½ and New Growth. (Please refer also to Appendix A in the Warrant for more context.)

ARTICLE: 7 MAYNARD PUBLIC EDUCATION BUDGET FISCAL YEAR 2024

Finance Committee Recommendation: Does Not Recommend (vote 4-2)

Comments: Fincom voted to not recommend this article. Passage of this article would increase the Maynard Public Education budget by an additional \$514,842. The current budget in article 6 increased the school department budget by \$563,327 for FY24. Adding this article would increase the school department budget by a total of \$1,078,169 for FY24. The Town of Maynard increases its General Fund budget every year by the allowed 2 ½ percent plus New Growth. This year the increase to the budget will be approximately \$1,313,519. We did not recommend this article because, along with the General Fund Article 6, this would set aside the majority of the FY23 to FY24 budget increase to the Maynard Public Schools, leaving all the other budget lines (General Government, Public Safety, Public Works, Cultural and Recreation - etc.) with only an increased budget of \$235,350 between them. FinCom's opinion is that this distribution of funds would greatly stress the other aspects of the Town and would likely result in service cuts in other areas. Other options for raising the funds appropriated in this article were discussed. The options include using Free Cash or Stabilization funds - both of which would go against financial policy and the use of Stabilization funds could negatively affect our bond rating. The Town could raise the money by pursuing a Prop 2 ½ override, which would require a Town Meeting and ballot vote. This would raise the money via an increase to Town Meeting voters' property tax bills. Fincom weighed the need for new borrowing for the new Green Meadow school next year in deliberations, and a majority felt this article was not a viable option at this time.

Respectfully submitted,
Alannah Gustavson
Chair, Finance Committee