



THE FISCAL IMPACT OF COVID-19

Impact of the Great Recession (2008): Impact (so far) during COVID-19:	8.8 million jobs lost in the U.S. 26 million jobs lost in the U.S. (8.8 million every 10 days)
Massachusetts Job Loss (as of 4/18):	650,000 (17% Unemployment) February MA Unemployment = 2.8%
State's April 2020 Mid-Month Revenue Report:	Total Tax Collection down \$293 million (25%) versus the same period in April 2019
State's Economic Roundtable Estimates:	Up to \$1 billion less revenue in FY20 Up to \$4.4 billion less revenue in FY21
Weymouth's Year to Date Fiscal Report:	Revenues only 0.4% ahead of FY20 (as of 4/25) Town currently has \$4.8 million FY20 deficit



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In Summary, The FY21 Budget is being drafted around unprecedented circumstances...

20% Unemployment

\$5+ Billion in Lost Revenue at the State Level (FY20 and FY21)

Millions in Lost Revenue at the Local Level



THE FISCAL IMPACT OF COVID-19

Hard to Plan (or Spend) with So Much Unknown

How Much Worse Does It Get?

- Cuts in Local Aid and for how many years?
- Full Impact on Local Receipts?
- Impact on Tax Levy Growth?

When Does the Recovery Begin – and How?

- In weeks, or months, or next year?
- V-shaped rebound?



A BUDGET OF FISCAL NECESSITY

The FY21 budget process was not the traditional exercise in finding ways to fund new needs.

The FY21 budget being submitted was an exercise in fiscal necessity to hopefully help put us in a position to get through this recession with as much of what we have proudly built remaining intact.

That fiscal necessity was not without pain.

There were difficult decisions made in every department.



MITIGATING THE IMPACT

Initial Mitigating Steps Taken:

- Hiring Freeze ... including vacant positions
- Freeze on Discretionary Spending
- All Expenditures over \$1,000 need Mayoral Approval
 - this includes previously authorized expenses
- Instructed Department Heads to Preserve Resources
 - the use of town resources should reflect no more than that required by the diminished demand for town services during the COVID-19 crisis
- Analyze Personnel for when Furloughs Become Necessary



This is a "Preliminary" FY21 Budget – Expect that it will change over time.

Initial Budget Decisions:

- Cut \$2.3 million from Original FY21 Revenue Projections
- No Cost of Living Adjustments for Non-Union Personnel
- Froze Step Increases for Non-Union Personnel
- Cut \$1.77 million in Spending (from FY20 levels)
- Limited Total Department Spending to Less than ½% Growth



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78% of the Budget Increases are the Result of Increases to Fixed Costs:

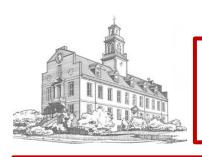
- Debt Service 5.5% increase over FY20
- Employee Health Insurance 6.4% increase over FY20
- Retirement/Pensions 3.2% increase over FY20
- Building/Liability Insurance 50% increase over FY20
- State Assessments 16.6% increase over FY20
- \$3.8 million in Fixed Cost Increases

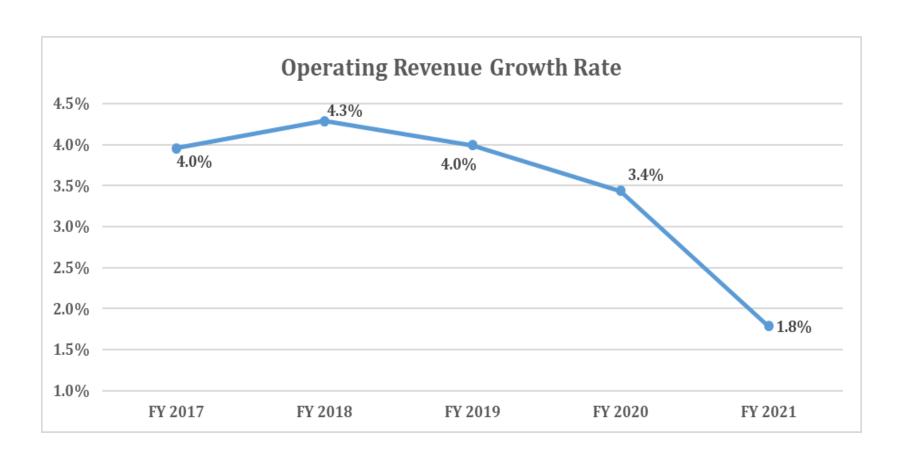


Operating Revenue

FY2021 OPERATING BUDGET

	FY20	FY21 Budget			FY21	Variance from	FY20
_	Budget	Status Pre-COVID	Variance from	FY20	"COVID" Budget	(from original b	oudget)
Tax Levy	\$111,469,613	\$115,919,675	\$4,450,062	4.0%	\$115,222,950	\$3,753,337	3.4%
Local Receipts/Transfers	\$23,666,741	\$24,001,109	\$334,368	1.4%	\$23,041,002	-\$625,739	-2.6%
Cherry Sheet (State Aid)	\$39,309,178	\$39,975,287	\$666,109	1.7%	\$39,309,178	\$0	0.0%
OPERATING REVENUE	\$174,445,532	\$179,896,071	\$5,450,539	3.1%	\$177,573,130	\$3,127,598	1.8%







FY20 Operating Budget	\$174,445,532
FY21 Fixed Cost Increases	
Health Insurance	\$1,404,934
State Assessments	\$1,042,260
Debt Service	\$586,387
Property/Liability Insurance	\$400,000
Pension/Retirement_	\$367,574
	\$3,801,155
FY21 Department Increases	
Schools	\$772,978
Fire	\$131,376
Police	\$145,027
All Other Department Increases	\$51,476
BUDGET INCREASES	\$4,902,012
FY21 DEPARTMENT DECREASES	-\$1,774,414
TOTAL INCREASE	\$3,127,598
FY21 Operating Budget	\$177,573,130



SAFETY NETS

Create a \$1.5 million Reserve Fund for COVID-19 Impacts
-From Remaining Free Cash

\$8.2 million Stabilization Fund

Unknown Relief from Federal Government (Administered by State)



USE OF STABILIZATION FUND (and Reserves)

Stabilization Funds are meant for just that - to stabilize our existing finances, <u>not</u> to spend more.

The use of any one-time reserve, stabilization or bailout measures would only serve to <u>temporarily</u> fill revenue gaps in hopes of keeping our head above water in the short-term.

These measures would only help in the long-term *IF* the economy starts to rebound sooner than later (in FY21) *AND* our recurring revenues grow back to a point of being able to permanently fill the budget shortfalls.



		2020	2020			
	2019	ORIGINAL	REVISED	2020	2021	PCT
_	<u>ACTUAL</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>PROPOSED</u>	<u>CHANGE</u>
Sewer Enterprise Fund	\$17,637,338	\$17,440,396	\$17,440,396	\$14,239,435	\$17,698,305	1.50%
Water Enterprise Fund	\$ 11,112,855	\$ 9,897,586	\$ 9,897,586	\$ 6,093,244	\$ 9,897,182	0.00%



COMMUNITY PRESERVATION COMMITTEE					
Estimated Revenue	FY 20	FY 21	Change		
1% Surcharge	\$751,000	\$800,000	\$49,000		
State Match	\$135,000	\$114,000	(\$21,000)		
Investment Income	\$2,000	\$2,000	\$0		
Interest & Penalties	\$2,000	\$2,000	\$0		
Total Estimated Revenue	\$890,000	\$918,000	\$28,000		
Budgeted Expenditures					
Administrative Costs					
Recording Secretary	\$2,500	\$2,500	\$0		
Miscellaneous Expenses	\$22,000	\$23,400	\$1,400		
Salary Allocation	\$20,000	\$20,000	\$0		
Open Space & Recreation					
Mandatory Set Aside Reserve	\$89,000	\$91,800	\$2,800		
Historic Resources					
Mandatory Set Aside Reserve	\$89,000	\$91,800	\$2,800		
Community Housing					
Mandatory Set Aside Reserve	\$89,000	\$91,800	\$2,800		
<u>Debt Service</u>					
Principal & Interest	\$121,187	\$111,499	(\$9,688)		
<u>General Reserve</u>					
Total General Reserve	\$457,313	\$485,200	\$27,887		
Total Appropriation Request	\$890,000	\$918,000	\$28,000		



HELP FLATTEN THE CURVE

The more we adhere to the health guidelines, the sooner we recover!

- Wash Your Hands Frequently (for at least twenty seconds)
- Cover your Mouth and Nose Avoid Touching Your Nose and Mouth
- Sanitize Frequently Used Surfaces
- Stay Home when Possible Stay Home if You are Sick or Have Symptoms
- Social Distancing Keep Six Feet Distance from Others



THANK YOU!

A Special <u>Thank You</u> to our...

Healthcare Workers,

First Responders, and

Essential Workers and Volunteers

For sacrificing to be on the front lines of keeping residents healthy, safe and provided with life's necessities!