

DRAFT May 7, 3 pm
Contributed to the Dedham Times

In recent years, Dedham, like many other towns and cities, has faced various economic and fiscal challenges. The impact of inflation, rising transportation, utility and rubbish costs, and important education and infrastructure needs, has presented us with difficult decisions to make regarding the allocation of resources and the prioritization of services.

As members of the Town's Finance and Warrant Committee (FWC), we are appointed to oversee and make recommendations on municipal financial matters including the annual budget. In the spirit of transparency and communication, we want to provide our fellow residents and neighbors with insight into the decisions we have made this year, ahead of the May 20 Town Meeting where Town Meeting representatives will vote on the budget recommendations we set forth.

The FWC conducted more than 50 hours of meetings and seven public hearings to finalize our recommendations for the Town's annual budget. We worked very closely with our Town Manager and members of the Finance Department, Department Heads, and the School Superintendent and staff to create a realistic budget that supports multiple needs. Our deliberations and decisions were centered around:

- Striving to balance the level of services provided by the town while recognizing and wanting to alleviate some of the tax burden felt by residents.
- Creating a sustainable financial plan for the town in FY25 and beyond.

Town budget

This year FWC is recommending an operating budget total of \$137,149,697. This represents a 5.6% budget increase over last year. Note, this is *not* the increase to property taxes. Our expectation is that the recommended budget will represent an approximate 5%, or \$459, increase to the average residential tax bill. However, the tax rate is established in late November and multiple factors including property assessments, as well as the town's budget, contribute to the final rate.

Included in the total budget recommendation from FWC is a \$58,558,234 school budget representing a 7.85% increase over last year for the Schools.

Impact on services

It is important to note that this is *not* a level service budget, meaning that the FWC made some decisions that may impact the level of service the Town provides. For example, our budget recommendations include not funding five and a half currently unfilled positions in Town. The School Department has stated in public forums that a 12% increase would have been necessary to offer level service from this year to next.

Financial position

While Dedham maintains a AAA bond rating from its credit rating agency - the highest rating possible, and its overall net financial position remains squarely in the middle of other Norfolk County communities, we do face some challenges.

By law, in Massachusetts a city or town cannot increase its budget year over year more than 2.5% plus any new revenue growth it has experienced - historically about 1.5% - for a total of a 4% increase. The only way it can increase the budget more than that is for voters to approve a tax override or to use excess levy from previous years. Excess levy is created when a town chooses to tax lower than the allowable amount. In recent years, Dedham has benefitted from excess levy capacity, using it to maintain level services across town, despite rising costs. Our excess levy capacity in 2022 was \$9.2 million. Based on our recommended budget that excess capacity will be approximately \$2.1 million.

Any increase by Town Meeting to the FWC recommended budget will diminish the excess levy capacity even further, which will have an impact on future budgets. If the excess levy is depleted, we will have to reduce the town's budget (i.e. services) or seek a Prop 2 ½ override or debt exclusion. This would be a ballot question that would go to voters.

As members of this committee, we are committed to open communication and to working together to ensure Dedham remains a thriving community for generations to come. Our emails are available on the Town website (under the Government tab) and we appreciate your continued input and engagement in our Town.

Finance & Warrant Committee:

Dave Roberts, Chair

Michelle Persson Reilly, Vice Chair

Cindy Barich

Michael Emery

Michael Leahy

Liz O'Donnell

Michael Patriarca

Kevin Preston

Sarah Smegal