



April 26, 2024

## **SALEM TOWN BUDGET TO BE CONSIDERED AT TOWN MEETING MAY 1<sup>ST</sup>**

The Annual Town Meeting of the Town of Salem will be held at the Salem School, 200 Hartford Road on Wednesday, May 1, 2024 at 7:00 PM to consider/act on the proposed budget for Fiscal Year 2024/2025 (F/Y 24/25). Pursuant to the Town Charter, a YES vote will send the Town Budget to a referendum vote to take place on Wednesday, May 8, 2024 between the hours of 6:00 am and 8:00 PM at the Salem Town Office Building, 270 Hartford Road.

### **F/Y 24/25 BUDGET DEVELOPMENT HISTORY:**

At the last Board of Finance (BOF) Meeting the Town Budget (including the Board of Education (BOE) bottom line number) was finalized in preparation for the Town meeting on Wednesday, May 1<sup>st</sup> at 7 PM. The purpose of the Town Meeting is to consider whether to send the Budget to the Town for a Referendum Vote to approve the budget. The Referendum Vote would be scheduled for Wednesday, May 8<sup>th</sup>.

### **THE FINAL BOF APPROVED PROPOSED BUDGET IS SHOWN BELOW (bottom line numbers):**

- General Government:**     **\$5,217,662** which constitutes 29.2% of the total budget, and 8.1% increase over F/Y 23//24
- Capital:**                     **\$995,788** which constitutes 5.6% of the total budget, and 8.3% decrease over F/Y 23//24
- BOE:**                         **\$11,677,833** which constitutes 65.3% of the total budget, and 3.3% increase over F/Y 23//24
- TOTAL Budget:**             **\$17,891,283** which is a 3.9% increase over F/Y 23//24

The following cuts were made to get to this Budget:

Column #	1	2	3	4	5	6
	Original Proposal	% Increase From F/Y 23/24 Budget	Budget Cuts	Final Proposed Budget	% Decrease From Original Proposed F/Y 24/25 Budget	% Increase From F/Y 23/24 Budget
<b>General Government:</b>	\$5,410,672	12.1%	\$193,010	\$5,217,662	3.7%	8.1%
<b>Capital:</b>	\$1,341,688	23.5%	\$345,900	\$995,788	34.7%	-8.3%
<b>BOE:</b>	\$12,017,833	6.3%	\$340,000	\$11,677,833	2.9%	3.3%
<b>TOTALS:</b>	\$18,770,193	9.0%	\$878,910	\$17,891,283	4.9%	3.9%

As shown in column 3 of the table above significant cuts were made to the originally proposed budget. Approximately half of the cuts in the General Government budget were in salaries and employee benefits. In the Capital budget the bulk of the cuts resulted from moving capitals expenditures for things like replacing a large plow truck and commercial mower and reducing the road improvement budget (Public Works), replacing a 2500-gallon tanker truck (SVFCO), and funding approximately \$57,000 of

BOE capital needs with American Rescue Plan Act of 2021 (ARPA) funds. The BOE budget is developed by the BOE in concert with the Salem School District Administration. The BOF can only direct the bottom-line number for the BOE budget. The BOE/ School District will have to determine where (which line items) in the BOE budget the cuts will need to be made. It should be noted that the bulk of the BOE budget funds State required mandates as well as contractual obligations so represents a risk that later in the F/Y 24/25 the BOE may need to request additional funding from the BOF (supplemental appropriation) and depending the amount, it may require a Referendum vote. Should the Town voters not approve the supplemental appropriation the funding would likely need to be made up by cutting existing Town services and/or School programs.

**POTENTIAL IMPACT OF THIS BUDGET:**

- **TOTAL Proposed Budget:** \$17,891,283
- **Funds from Unassigned Fund Balance:** \$950,000 (suggested amount)
- **TOTAL to be funded by revenues:** \$16,941,283
- **Projected Mil Rate:** 0.47 increase

**KEY BUDGET FACTS:**

- Over the last several budget cycles items in the Capital Budget have been “pushed” to future years to help reduce the overall budget and keep the impact on taxes flat. This is not without risk. An example of this is the replacement of the heating boiler originally scheduled for F/Y 16/17 at a cost of \$75,000 was pushed a number of times finally scheduled to be replaced in F/Y 23/24 at a cost of \$114,000. The typical lifespan of boilers in this application is approximately 20 years with good maintenance. The boilers were originally installed in 1994 and were in service for 22 years in 2016 when they were originally scheduled to be replaced. In January 2023, in their 29<sup>th</sup> year of service, the boilers suffered a malfunction. The boilers are to be replaced over the summer.
- Over the last four budget cycles the BOE Budget has been going down by percentage of the total budget. Over the last four years the General Government Budget has increased faster than the BOE Budget.

F/Y	% of Total Budget – BOE	% Increase Over Previous Year BOE	% of Total Budget General Government	% Increase Over Previous Year General Government
24/25	65.3%	3.3%	29.2%	8.1%
23/24	65.7%	-0.2%	28.0%	9.7%
22/23	67.7%	2.5%	26.3%	4.9%
21/22	67.5%	0.7%	26.0%	3.9%

- The following table shows how the Salem School District compares to other surrounding school districts<sup>1</sup>:

District	School/Category	Total Per Pupil Expenditures (PPE)	% of Total Town Budget	F/Y
Griswold School District	Total District Expenditures	\$17,798	77%	22/23
Colchester School District	Total District Expenditures	\$19,832	73%	24/25
East Hampton School District	Total District Expenditures	\$20,778	67%	24/25
Glastonbury School District	Total District Expenditures	\$20,782	67%	24/25
North Stonington School District	Total District Expenditures	\$19,441	67%	23/24
East Lyme School District	Total District Expenditures	\$21,125	66%	24/25
Norwich School District	Total District Expenditures	\$23,831	66%	24/25

District	School/Category	Total Per Pupil Expenditures (PPE)	% of Total Town Budget	F/Y
<b>Salem School District</b>	<b>Total District Expenditures</b>	<b>\$20,212</b>	<b>66%</b>	<b>24/25</b>
Montville School District	Total District Expenditures	\$20,037	61%	24/25
East Haddam School District	Total District Expenditures	\$24,290	59%	24/25
Ledyard School District	Total District Expenditures	\$17,413	57%	24/25
Groton School District	Total District Expenditures	\$19,706	56%	24/25
New London School District	Total District Expenditures	\$22,725	49%	24/25

### CONCLUSION/RECOMMENDATION:

I do not like this budget, I believe the BOE Budget was cut too much exposing the School District/Town to the potential that the School District would need to request additional funds from the BOF (supplemental appropriation) later in the fiscal year. Depending the amount of funding requested, it may require a Referendum vote. Should the Town voters vote down the supplemental appropriation, the funding would likely need to be made up by cutting existing Town services and/or School programs. I believe there are other potential items in the General Government Budget that could have been cut, there-by minimizing the risk discussed above. **However, I think this budget, though not perfect, represents a reasonable compromise and I recommend Salem voters vote YES at the Town Meeting May 1<sup>st</sup> and accept the budget as presented.** If the Budget is voted down at the Town Meeting, the *ONLY* option open to the BOF is to reduce the budget further however the risks discussed above would remain.

Gary J. Closius

Chairman – Salem Democratic Town Committee

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<sup>1</sup> EdSight Connecticut's Official Source for education data (<https://public-edsight.ct.gov>)