

To: Select Board
From: Bruce Stone
Date: November 14, 2022

RE: FY 2024 Budget preview

FREE CASH

For the second year in a row we have a strong free cash amount available. Certified free cash as of 7/1/2022 is \$1,189,798.

Large Contributors to Free Cash:

FY22 Room Excise above estimate	\$	206,575
FY22 Motor Vehicle Excise above estimate		124,769
FY22 High School RSD assessment reduced due to excess E&D		111,162
FY22 Up-island RSD assessment reduced due to excess E&D		83,597
Dukes County (FY22 Assessment reduction, FY21 Assessment refund, Project Refunds)		81,284
FY22 Health Insurance unexpended		68,325
FY22 Council on Aging staff changes		30,320
FY22 Increased rent on town properties		21,803
Free cash from prior year - unused		89,231
Total of above	\$	<u>817,066</u>

ARPA

West Tisbury has received \$303,957 in ARPA Coronavirus Local Fiscal Recovery Funds. A change in ARPA rules allows any amount under \$10 million to be considered recovery of “loss revenue” and may be used for any municipal use (with two exceptions—may not be used for debt service or to fund pension plans). In other words, it can be used like free cash—for any town projects or even as an additional revenue source to decrease the tax levy.

EXCESS LEVY CAPACITY

When we set the tax rate for FY23 in the near future, our excess levy capacity may exceed \$450,000. This is well above what we thought back in February when we thought we would be close to the levy limit. The main reason for the change was due an increase in state cherry sheet revenue mostly due to a \$278,000 increase in the payment in lieu of taxes for state owned land. Also based on final FY22 local revenue receipts, we were able to increase our estimated FY23 revenues used on the tax recap to lower the tax levy.

WAGE SCALE ADJUSTMENT

Since 2017, the Personnel Board has based its annual recommendation for an adjustment to the next year's wage scale on the Employment Cost Index of the Bureau of Labor Statistics for the one year change as of September 30th. Using Table 11. for state and local government employees, the one year change in wages as of September 30, 2022 was 4.4%. The Personnel Board will be considering their recommendation for FY24 at a meeting on November 14th [this meeting did not have a quorum so any official recommendation will not be approved until a later meeting]. The town currently has approximately \$4 million in wages for employees that would be eligible for a wage scale adjustment; therefore, 4.4% would result in a budget increase of about \$176,000.

SCHOOLS

The two regional school districts constitute about 55% of the total town budget. The assessment for both rely on the town's share of students at each school in the districts; so, any significant annual variance can significantly impact the town's overall budget.

At the high school, the students enrolled from West Tisbury increased by 15 to 116. The town's percentage share increased from 14.3% to 15.2%; this increase in students alone would cause an increase in our high school assessment of over 6% even if the school's overall budget had no increase. With a normal increase in the high school overall budget, it is easy to anticipate a possible increase of 10% in our FY24 assessment; that would equal about \$300,000. It should be noted that the current year assessment was 25.3% higher than FY22.

In the Up-island RSD, West Tisbury's share of students decreased across all formula components. If the District had no increase in its overall assessment budget, the new formulas would result in a decrease in West Tisbury's assessment of 3.6% (\$338,000). However, at a school committee meeting on 11/14/22, a preliminary draft budget that reflected several known factors, primarily the effect of the two recent union contracts, the overall UIRSD assessment budget would increase by 4.2%. This would result in West Tisbury's assessment increasing by \$45,000 or 0.50%. With other revisions and budget additions to come, West Tisbury's assessment will probably increase further, but, in any event, the total impact to the town's total budget will be far less than it will be for the other towns in the district.