

Board of Aldermen Finance Committee

Budget Forum



April 28, 2009

Budget: Overview of Current Budget

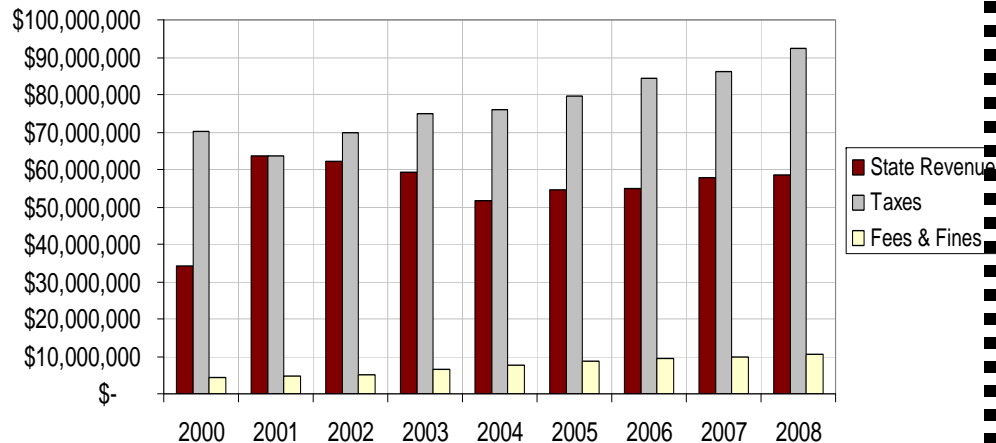
Sources of \$165 Million:

- City relies on state aid for 32% of revenue, but aid has been falling.
- Taxes have risen, but are limited by proposition 2 ½.
- Fines and fees have risen.

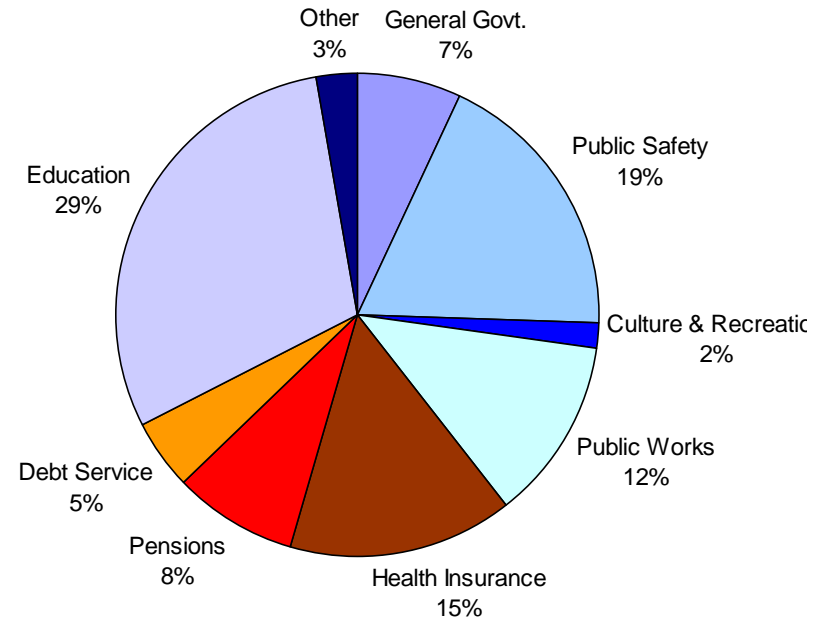
Uses of \$165 Million:

- Salaries are 78% of budget.
- Health insurance, energy costs, and pensions spending have increased.
- 28% of spending is on Health, Pensions, and Debt.

Sources of Funds 2000-2008



Uses of Funds FY2009



Budget: How State Aid affects us



THIS YEAR (ends June 30th)

- State faces a \$2.4 billion shortfall this fiscal year.
- This meant a \$128 million cut in local aid, which resulted in a \$2.9 million State aid cut for Somerville (combination City-School effort)

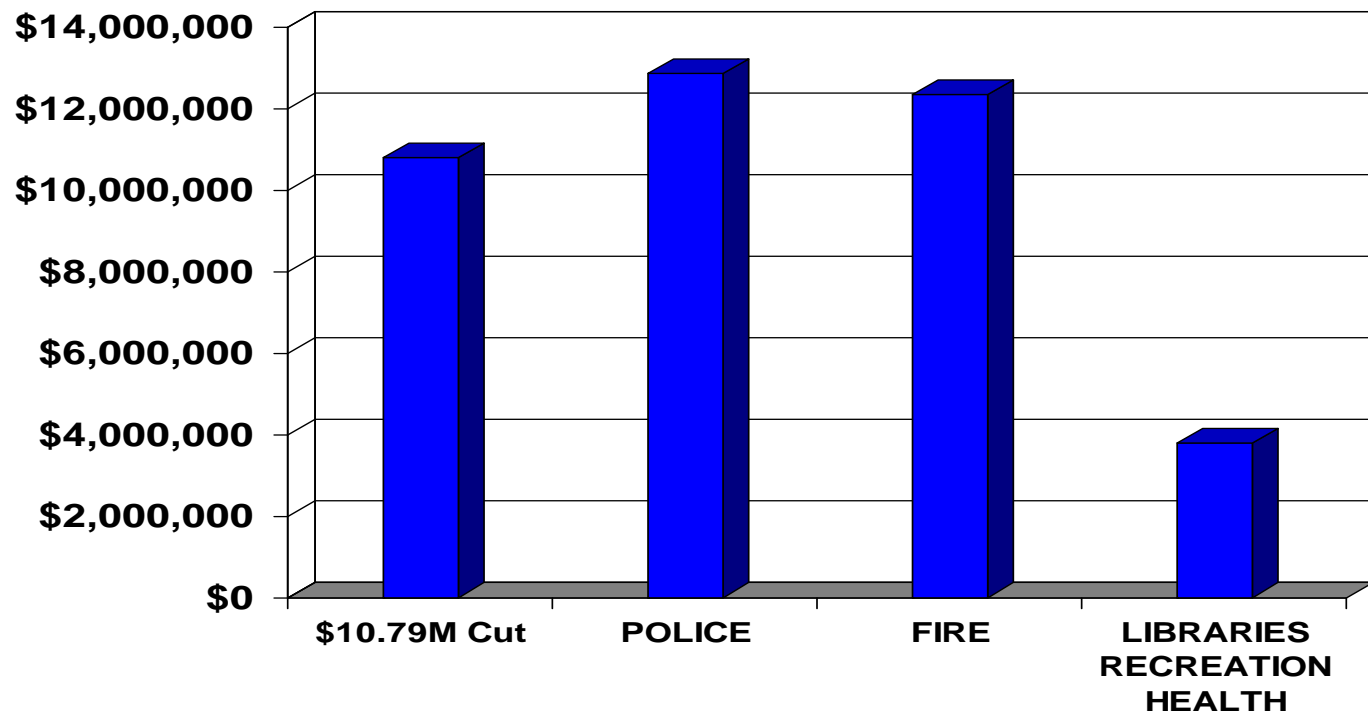
NEXT YEAR (begins July 1st)

- House had proposed \$424 million in State aid cuts
 - \$177M more than the Governor's proposal, leaving cities and towns with 32% less State aid than their FY09 budgets.
 - Additional cuts seen in library aid, community policing and anti-gang funding, and police career incentive.
- **UDPATE:** On April 27th House approved, by a veto-proof margin, an increase of the Statewide sales tax from 5% to 6.25%
 - House committed to restoring \$200 million back to municipal aid
 - Potential gap for Somerville is between \$6.22 million and \$10.79 million

Budget: Summing up the Problem

- The FY2010 *estimated* revenue loss from State aid is \$10.79 million (House Ways and Means voted last night; awaiting word on restoration of aid. Still a work in progress!)
- A revenue reduction of this magnitude is equivalent to, for example:

Estimated
Cut as
Compared
to Existing
Budgets



Budget: What are we doing?

Examples of Possible Reductions in Expenditures

- Increase in health insurance contributions
- Wage freezes, furloughs, and consolidations
- Hiring and overtime restrictions
- Restrictive purchasing policies
- Reduction in consumption
- School Department reductions in spending

Examples of Possible Increases in Revenue

- Parking enforcement changes, including increases in hours of operation, meter rates, and permit parking
- Aggressive delinquent collections on all bills due
- Fines, fees, and permits increases
- Sale/lease of City property

Steps Requiring Actions of External Parties

- Municipal Partnership Act
- Regionalization of service delivery
- Red-light enforcement
- Use of Federal Stimulus funding

Budget: School Department

	Actual FY2008	Actual FY2009	Projected FY 2010
Chapter 70 Aid	\$ 20,255,639	\$ 20,597,265	??
Local Revenue	\$ 26,530,061	\$ 28,188,435	??
Total Budget	\$ 46,785,700	\$ 48,785,700	??
Budget Reversion		\$ (800,000)	
Adjusted Budget	\$ 46,785,700	\$ 47,985,700	
Proposed Budget			??

Actions taken in FY2009 to meet budget reversion

- Eliminate Professional Development Conferences and memberships
- Eliminate Field Trips and other Student Activities
- Supplies and Materials frozen for all schools and departments
- Use of long term substitute teachers to fill staff vacancies
- All planned equipment purchases for technology or vocational deferred
- Curriculum and library purchases scaled back

Budget: School Department

Budget Guidelines

1. Preserve excellence in instruction
2. Continue to address District Improvement and Long Range Goals
3. Meet all state mandates and regulations
4. Maintain a safe and secure environment

Budget Reduction Concepts

1. Protect classroom and direct instruction:
 - Reduce materials and supplies
 - Eliminate equipment purchases
 - Consultants
 - Transportation
 - Evaluate all indirect and support positions
2. Monitor and protect class-size: K- Gr 2 (22); Gr 3 – Gr5 (23) Gr 6 – Gr 8 (below 25)
3. Evaluate all programs and staff
4. Continue to streamline Administration and Services

Budget: School Department

- Decrease of staff through attrition; professional and support
- Administration reconfiguration
- Reorganization of technology department
- Re-evaluation of MCAS test administration
- In-house SAT preparation
- Use of MBTA bus passes to reduce bus service
- Department head reorganization; increase teaching responsibilities
- Parent reimbursement for special education transportation
- Collaborative bidding for foodservice commodities
- In-house special education programs at Kennedy
- Alternative high school placement at Full Circle
- Benefits charged to all grant accounts