

To: Board of Selectmen

From: Lynne Vanderslice

Date: May 3, 2020

RE: FY2021 Budget Scenarios

The accompanying spreadsheet includes a schedule of proposed adjustments to the previously submitted FY2021 budget. As you will recall, that proposed budget was \$409,801 higher than our FY2020 approved budgets.

The proposed adjustments include:

- \$160,169 for additional FY2021 costs related to COVID-19
- \$253,428 of additional FY2021 medical benefit costs, if we remain in the self-insured plan. This increase reflects our YTD claims experience and is a year-over-year increase of just under 8%.
- Town department expense reductions of \$685,398

The net of these adjustments is a reduction of \$271,801, or \$138,000 short of the required reductions. Before making further reductions to town department budgets and completing the 2%, 5% and 10%, I would like to receive your recommendations as to any proposed reductions to the Library and Trackside budgets under each of the four scenarios.

We would then have a special meeting to review any additional reductions in the town department budgets for the flat plan and the recommendations for the other three scenarios. Please have your calendars available, so we can set a date for a special meeting prior to May 12<sup>th</sup>.

Also, on the spreadsheet are the possible town only savings, if all employees were to transition to the State health plan on July 1 and Oct 1. As you will note, the savings is substantially lower on Oct 1. That is because we are contractually obligated to pay the full amount the of town's annual HSA contribution on July 1. The same is done for nonunion employees. If the match were prorated for nonunion employees, the additional Oct 1 savings would \$22,500. As a reminder, if all unions move to the plan, the state must accept our application. If not, they are not required to accept our application. Discussions are still ongoing with the unions.

Lastly, there is tab for proposed Revenue Budget reductions and notations as to other possible line items for reduction.