



# FY 2027 Budget

Budget Update

March 9, 2026



# Budget Brief

Since we've begun talking about the FY27 budget back in January, we've been projecting a **budget deficit**.

This is the result of:

- Lower than anticipated new growth;
- Higher than normal increases in Health Insurance & Utilities
- Stagnant state aid

This deficit was not the result of:

- Proposed new positions
- The underbilling in Fiscal Year 2025

The deficit was based on a **level-service** budget.



# Budget Brief

Since the first budget presentation, we saw a few positive updates which reduced the overall deficit. As a reminder, the deficit started at \$2M as of January 5, 2026.

Those positive updates were:

- 11% lower than expected health insurance increase
- Better state aid projection from the Governor than our budget originally assumed
- Lower than projected GLTHS assessment

As of the last meeting (2/23/2026), we were looking at **\$550,000 projected deficit**.

Over the course of February, my office worked closely with the School Superintendent and the Budget Planning Group to identify a path forward that minimized the impacts on everyone.

# Budget Brief

## Solution for FY27 Coming out of the Budget Planning Group

- Town reduces its level-service budget request by \$349,000
- School reduces its 2.7% budget request by \$200,000
  - ◆ Note that at a Tri-Board meeting in February, the Superintendent presented a need to reduce their “level-service” budget by \$400k to get to a 2.7% increase.
- Although we anticipate having no free-cash to spend in May, the Town commits to funding \$200,000 from Free Cash in October to Special Education Stabilization to help offset the increasing costs of special education including transportation.

**This is how we land at the balanced budget that appears before the Select Board today. The Board will note that not all of the potential reductions on the non-education budget it saw over the last couple of meetings were made.**

& this was done without reducing the Town’s \$900,000 contribution to the Middle School Debt.

# Budget Status - March 9, 2026



# How'd We Get to Balanced?

- Non-Education side of the budget (General Government, Public Safety, Public Works, Health & Human Services, and GLTHS Assessment) participated in the Zero-Based Expenditures exercise that this Board is familiar with.
- School Department worked with School Committee and staff to further reduce their budget request to align with the current financial challenges.

**As a result, I am recommending a budget that is \$550,000 below LEVEL SERVICE for Fiscal Year 2027.**

# Budgetary Changes Since January

## Expenses

- Veterans Office salary adjusted to reflect the salary of new full-time Administrative Assistant as a part of our regional cluster with Dracut
- Reductions made to align with the reductions presented to the Select Board but adjusted based on Board's feedback.
  - Department heads have all reviewed & approved changes.
  - Note that the Board of Library Trustees have expressed a concern about their reduction (\$4500 for level-service) and a desire to see that addressed if the budget picture improves.

## Revenue

- Decreased projection for Cannabis Excise (reduced by \$100k)
- Increased projection for Motor Vehicle Excise (increased by \$100k)
- Increased "Other Available Sources" by \$68,000 to reflect the 50% share of VSO Salaries from Dracut.

# What's Next?

- Tri-Board Meeting on 3/23/2026
- Budget Office Hours
  - Tuesday, April 7 at 3:00 PM - Center for Active Living
  - Wednesday, April 15 at 5:30 PM - Virtual
  - Wednesday, April 22 at 6:30 PM - Town Hall
- Pre-Town Meeting Information Session - Tuesday, April 29 at 6 PM - Town Hall
- Town Meeting - Tuesday, May 5, 2026 at 7 PM - Tyngsborough Elementary

