



# BUDGETING IN THE UNKNOWN

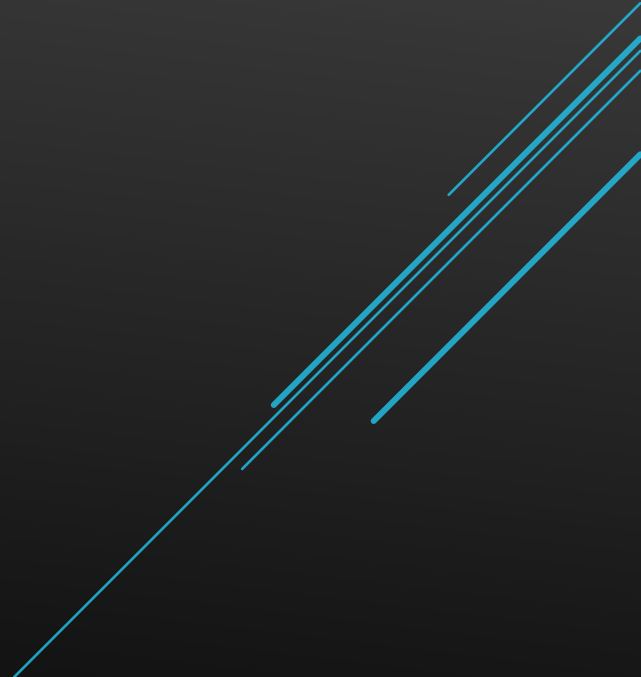
Town of Amherst

Paul Bockelman, Town Manager

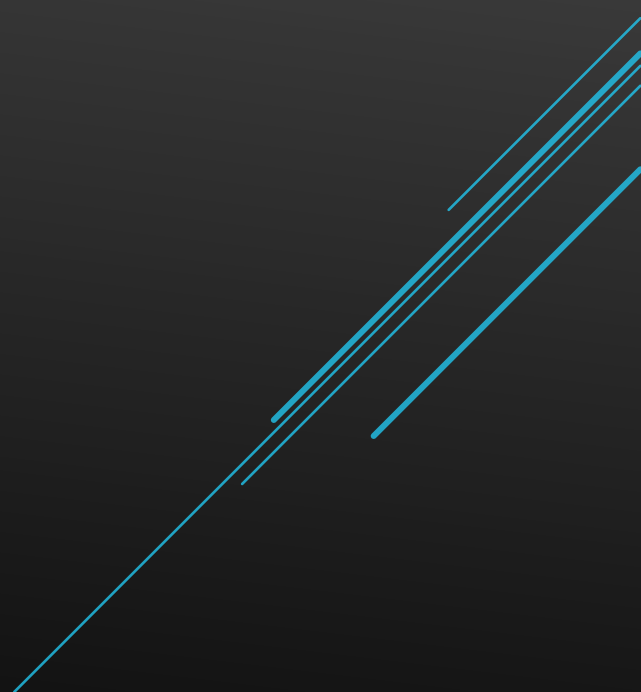
Sean Mangano, Finance Director

# TOWN OF AMHERST:

## BUDGET SNAPSHOT

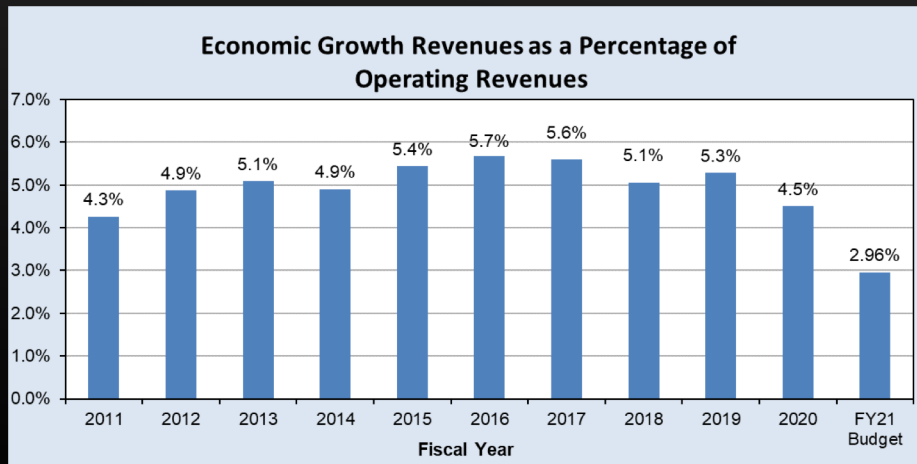
- ▶ Background
  - ▶ Budget Issues from COVID-19
  - ▶ Budgeting Strategies
  - ▶ Looking Forward
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# BACKGROUND

- ▶ Amherst economy is driven by higher education.
  - ▶ Historically, Amherst has been somewhat insulated from recessions and loss of jobs and economic activity due to the presence of two colleges (Amherst and Hampshire) and the University of Massachusetts at Amherst.
  - ▶ COVID-19 has hit the higher education industry particularly hard because of the shift to remote instruction. Over 1,000 staff have been furloughed at local institutions.
  - ▶ In addition to the negative social and economic impacts of layoffs at the colleges and University, fewer than 1,500 students on UMass campus (normally ~15,000) means reduced economic activity in the Town.
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# BUDGET ISSUES FROM COVID-19

- ▶ Overall FY21 budget was reduced by \$2.3 million from FY20
- ▶ Steep revenue declines in:
  - ▶ Enterprise funds:
    - ▶ Parking revenues that support the Town's transportation enterprise fund.
    - ▶ Water and sewer revenues as the University has significantly fewer students living on campus.
  - ▶ Local receipts such as building permits, licenses, motor vehicle excise taxes, meals tax, and hotel/motel tax. Overall the FY21 budget for local receipts was reduced by 37%.



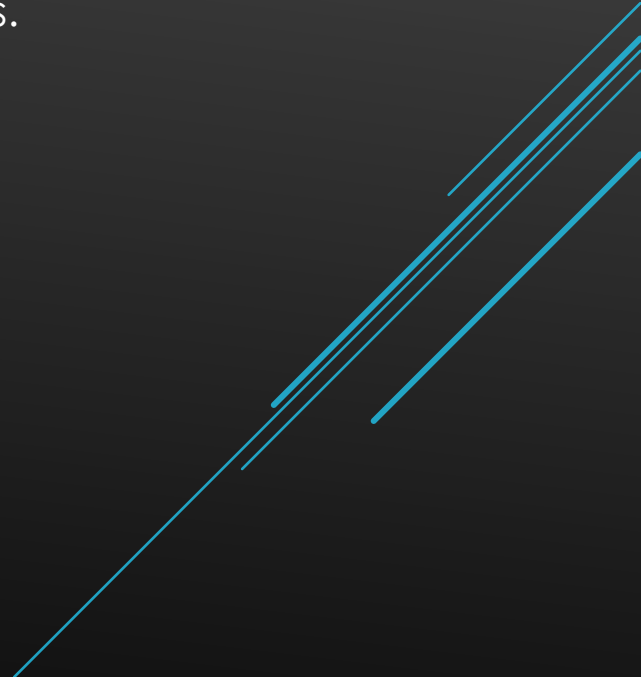
Includes building permits, motor vehicle excise tax, new growth, meals tax, and hotel/motel tax.

# BUDGETING STRATEGIES

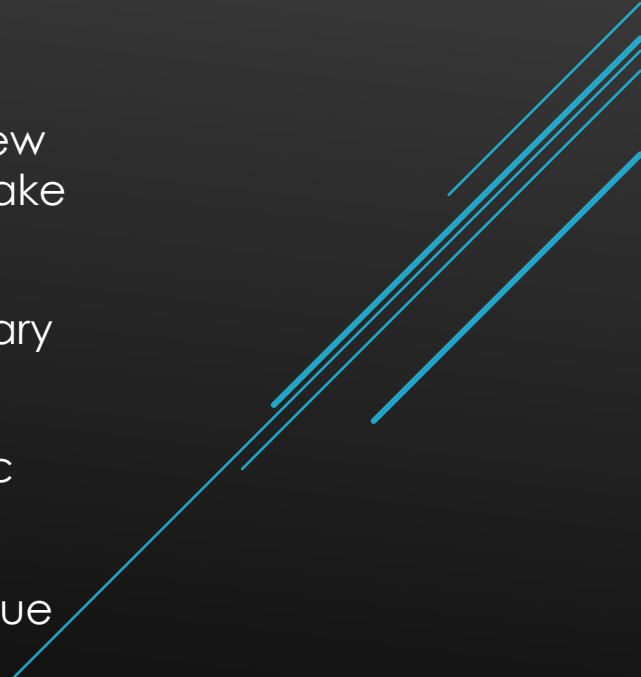
- ▶ First...DON'T FREAK OUT
  - ▶ Rainy day fund – it's there for a reason and we have reasons aplenty!
    - ▶ During the budget development and approval process, stakeholders agreed to use reserves to plug any reductions in State Aid. At the time, this was a huge unknown and this strategy allowed the Town to moved forward with its budget.
    - ▶ Fortunately, the State level funded Chapter 70 and UGGA so no reserves were needed at this point for the FY21 budget. FY22 however.....
  - ▶ Established a capital reserve fund to help prioritize projects based on need and urgency.
    - ▶ Eliminated contribution to funding capital projects to help offset the economic impact of COVID-19.
    - ▶ Way more requests than funds available, due to reduced funding.
    - ▶ Established a reserve and have worked closely with department heads to monitor projects and prioritize those that impact resident or property safety and are a urgent need.
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# BUDGETING STRATEGIES

- ▶ Adapt and harness Federal Funds
    - ▶ Amherst shifted staff whose roles changed because of COVID to new positions that helped support the Town's COVID response (social distancing, ZOOM support, election support)
    - ▶ In some cases, these new positions could be funded with CARES Act monies.
  - ▶ Lastly, DON'T FREAK OUT
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# LOOKING FORWARD

- ▶ The Impact of COVID-19 will likely spill over into FY22 and possibly beyond
  - ▶ State Aid revenue becomes the greater concern as it was level funded in FY21 despite a slow down in the economy
    - ▶ <https://www.southcoasttoday.com/news/20200917/budget-chief-planning-based-on-5-billion-revenue-drop>
  - ▶ What can we do to prepare?
    - ▶ Trim expenditures wherever possible. Now is not the time to add expensive new initiatives, it is the time to focus on initiatives that streamline processes and make municipal government more efficient.
    - ▶ Develop a balanced plan for reserves. Okay to use reserves to offset temporary revenue shortfalls but be wary of over utilizing reserves.
    - ▶ Identify ways to support your residents and businesses to soften the economic impact in your community and promote a faster recovery.
    - ▶ Advocate to the legislature the need for Federal Aid that can plug our revenue gaps
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THANK YOU

