

Developing a Three Year Operating Plan

SUMMARY

The FINCOM met on June 19th to start the discussion of how we, as a town, develop a three year operating plan that is somewhat consistent across the cost centers. The initial plan is outlined below. We view this as an iterative process both in development of the plan and in ongoing updates to the plan as labor contracts are negotiated, state mandates change, and as the cost centers put forth major new investments in programs.

The meeting minutes will contain much of what is below, but I wanted to get you a summary as soon as possible so you can help collaborate with us on the final model.

Most of the model is based on step, lane, and COLA changes based on current employee rosters. We will hold a second round of discussions on the topic at our next FINCOM meeting on July 10. Please send questions to your liaison or send a representative to our meeting as we will have an agenda item for this discussion and include your representative.

We would like to see the final model from you at our August 21st. meeting. We expect the model to change as the year goes on.

THREE YEAR PLANNING MODEL

The FINCOM is looking to use the budget reconciliation sheet as the way to organize future budget increases. The budget reconciliation sheet is attached. The sheet focuses on the adds or subtractions from the existing budget, year over year making it an effective way to highlight what is driving changes to the budgets.

Steps and lane changes are fairly self-explanatory and should be able to projected based on existing employees with some assumptions made for retirements and new hires, and assumptions made on employee lane changes.

Benefits could be modeled in several ways. The FINCOM discussed doing this based on prior three year average increases.

Mandated state programs spending will be more difficult to ascertain. We are looking for your best guesses.

Proposed adds in the model are the new programs the cost center is proposing. A new program is anything that was not offered last year and is not mandated by the state. This areas will be one of the more difficult areas to resolve. But in general, if you were providing an excellent or poor service this year, you should assume that you will continue to deliver that excellent or poor service in this plan. If you chose to improve the service, then this would be an add to the budget.

Reductions in FTE and cancellation of programs are line items where reductions in headcount due to enrollment, changes in population and other programs that might be discontinued are reflected.

COLA

Since COLA is a negotiated item, for modeling purposes, please place COLA in its own category. For planning purposes, we will model various % COLA increases from 0% upwards in .5% increments. We recognize contracts are being negotiated.

REVENUE

Seperately we will build a model for revenue that looks at assumptions for new growth and other changes in revenue to the town including local receipts that are beyond our control. The gap or surplus between revenue changes and the request budgets will yield the % increase or decrease in residents tax bills to support the spending model.

MODEL DEVELOPMENT

We recognize this is a first pass and expect to keep changing and refining the models as all of us improve our ability to predict future costs. The FINCOM liaison for your committee sat through the meeting where we discussed this model. There is also the meeting recording on Sudbury TV. Between this letter, the recording and the information from the FINCOM liaison, this should enable us to get started and make progress prior to the next FINCOM meeting on July 10th.

Thanks for your assistance with this.

Bryan Semple
Finance Committee Chair

Last Years Operating Budget

	FY19	FY20	FY21	Notes	Notes
Salary and Benefits Changes					
* Steps					
* Lanes					
Other salaries					
* Benefits	\$ -				
OPEB Normal cost	\$ -				
OOD Tuition & Transportation inc/(dec)					
Circuit breaker inc/dec	\$ -				
Transportation - Regular Ed					
New Additions - Mandated					
Mandated FTEs (i.e., for increased SPED students)	\$	\$			
Mandated Program changes (Non FTEs - break out by program if more than one)	\$	\$			
New Additions - Critical Needs					
FTEs	\$	\$			
Program changes - Non FTEs	\$	\$			
(Break out by program if more than one)					
Reductions					
FTE reductions	\$	\$			
Program reduction(s)	\$	\$			
(Break out by program if more than 1)					
Other (utilities, supplies, misc.) - should be no more than 10% of total change	\$	\$			
(If more than 10% of total change, break out largest items individually)					
Proposed Budget (Excluding COLA)	\$	\$	\$		

Cola at 0%

0.50%
1.0%
etc.