

COMPREHENSIVE FINANCIAL ADVISORY COMMITTEE



FY2027 Operating Budget

Strategic Brief for the Town Council

Town of Barnstable · \$294.6M Proposed Budget · FY2027

15-Minute Presentation

Prepared by the CFAC Operating Budget Subcommittee
Chris King · James Sproul · Lillian Woo, Chair
Staff Liaison: Mark Milne · Councilor Liaison: Betty Ludtke



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FY2027 Budget at a Glance

\$294.6M

Total Proposed Budget
(+6.2% over FY26)

\$236.8M

General Fund
(+4.99%)

\$57.7M

Enterprise Funds
(+11.97%)

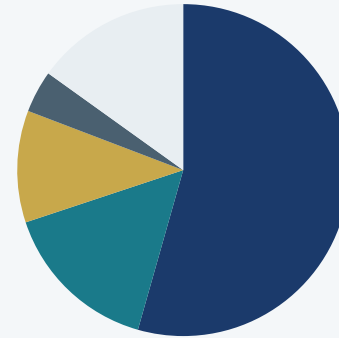
\$84.1M

Other Requirements
(+9.2% — exceeds GF growth)

General Fund Growth Trend

| Year | Amount | Growth |
|----------------------|-----------------|--------------|
| FY2022 Actual | \$178.0M | 2.6% |
| FY2023 Actual | \$184.7M | 4.7% |
| FY2024 Actual | \$195.6M | 6.4% |
| FY2025 Actual | \$213.0M | 8.1% |
| FY2026 Revised | \$225.6M | 5.9% |
| FY2027 Budget | \$236.8M | 4.99% |

FY2027 Revenue Mix



- Property Taxes (54.4%)
- Charges for Services (15.5%)
- Intergovernmental (10.9%)
- Other Taxes (4.1%)
- Reserves & Other (15.1%)

Other Requirements Pressure: Benefits & Assessments Outpacing Revenue

+35%

Employee Benefits
growth FY22–FY26

+29%

School Assessments
growth FY22–FY26

+30%

Debt Service
growth FY22–FY26

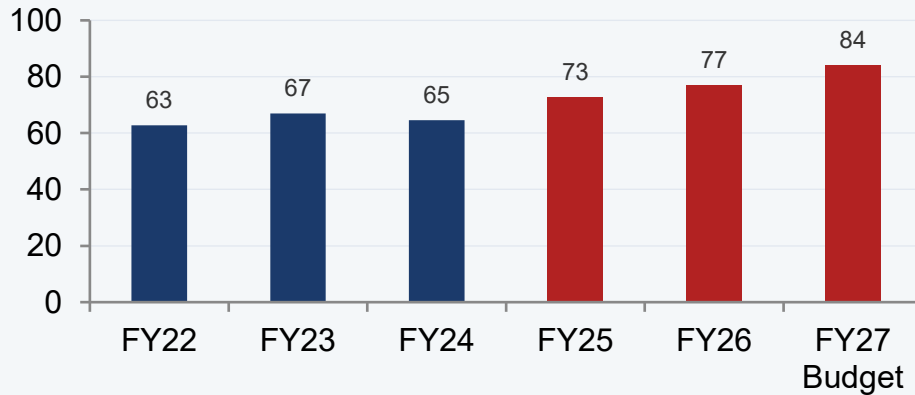
+26%

General Fund Revenue
growth FY22–FY26

9.2%

Other
Requirements
growth FY27

Fixed Costs Growth (\$M)



FY27 Fixed Cost Breakdown

| Category | FY27 | % of Total |
|-----------------------|----------------|-------------|
| Employee Benefits | \$37.4M | 44% |
| School Assessments | \$16.2M | 19% |
| Transfer to CTF | \$9.7M | 12% |
| Debt Service | \$8.2M | 10% |
| PCL Insurance | \$3.0M | 4% |
| Misc incl. Snow & Ice | \$3.9M | 5% |
| TOTAL | \$84.1M | 100% |

The Iceberg Reality: What the Budget Doesn't Show

**BPS Operating
Budget Reported
\$96.4M**

WATER LINE

Other Requirements

School Employee Benefits +\$18.1M
School Assessments (Charter/Tech) +\$16.2M
Total Other Requirements School Costs +\$34.3M

TOTAL ACTUAL SCHOOL IMPACT = \$125.6M

Breaking Down the \$125.6M

| Cost Category | FY26 Actual |
|--------------------------------------|-----------------|
| BPS Operating Budget | \$93.6M |
| School Employee Benefits | \$18.1M |
| School Assessments (Charter/Tech) | \$16.2M |
| TOTAL | \$125.6M |

Why it matters:

- The 60/40 school/municipal allocation is built on the \$96.4M operating figure — not the actual \$125.6M cost
- School assessments alone rose 29% since FY22 as more students leave BPS for alternatives
- These "invisible" costs crowd out every other Town priority
- CFAC recommends the Council acknowledge the full cost when evaluating the 63/37 budget formula

The Demographic Paradox: The Concentration Effect

-10.5%

Enrollment Drop
since FY2020

+55.8%

High-Needs Students
FY16: 43% → FY26: 67%

+212%

English Lang. Learners
FY16: 8% → FY26: 25%

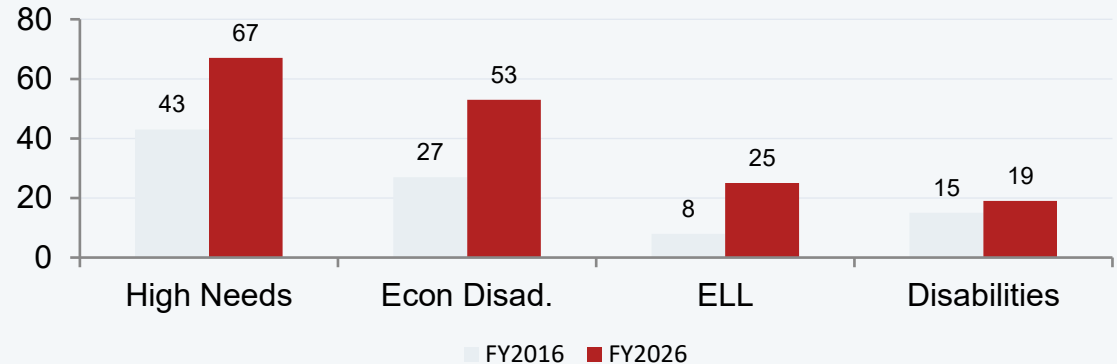
+96%

Econ. Disadvantaged
FY16: 27% → FY26: 53%

Enrollment Decline

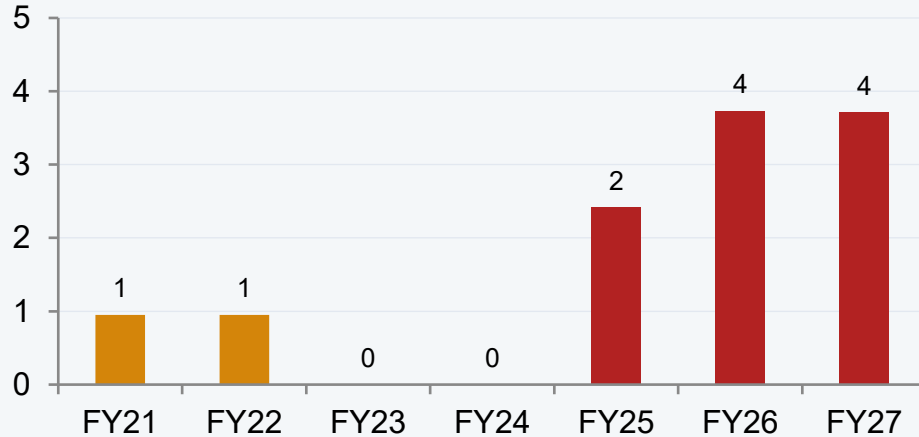
| Year | Students | Change |
|---------------|--------------|--------------|
| FY2021 | 4,713 | -6.5% |
| FY2022 | 4,751 | +0.8% |
| FY2023 | 4,838 | +1.8% |
| FY2024 | 4,817 | -0.4% |
| FY2025 | 4,680 | -2.8% |
| FY2026 | 4,511 | -3.6% |

High-Needs Student Categories (% of enrollment)



The Savings Cliff: A 5-Year Depletion Warning

Annual School Savings Account Draw (\$M)



School Funding: Savings Dependency

| Year | GF Appropriation | Savings Used |
|------------------------|------------------|---------------|
| FY23 (Actual) | \$76.8M | \$0 |
| FY24 (Actual) | \$82.8M | \$0 |
| FY25 (Actual) | \$86.9M | \$2.4M |
| FY26 (Appvd.) | \$89.9M | \$3.7M |
| FY27 (Proposed) | \$92.3M | \$3.7M |

⚠️ CLIFF ALERT

\$3.7M drawn annually

Savings depleted within **5 years** at current rate

\$1.35M of FY27 draw bridges
expired federal ESSER grants

"One-time funds are not a long-term solution."

Municipal Operations: Police & DPW

| Police Department | | | |
|-------------------|----------------|----------------|--------------|
| Category | FY26 | FY27 | Chg |
| Personnel | \$17.7M | \$18.6M | +4.7% |
| Operating | \$1.9M | \$1.7M | -13.5% |
| Capital | \$0.6M | \$0.6M | +9.6% |
| Total | \$20.2M | \$20.9M | +3.1% |

- 10 vacancies + 4 pending retirements
- Removing Civil Service filled 4 positions — progress being made
- Attainable housing remains #1 recruiting barrier
- CFAC recommends hiring bonuses structured as down-payment assistance for Barnstable home purchases
- In-house vehicle garage reducing fleet maintenance costs

| Department of Public Works | | | |
|----------------------------|----------------|----------------|--------------|
| Category | FY26 | FY27 | Chg |
| Personnel | \$7.1M | \$7.1M | +0.8% |
| Operating | \$4.6M | \$4.4M | -4.6% |
| Capital | \$0.66M | \$0.66M | 0% |
| Total | \$12.3M | \$12.2M | -1.3% |

- 26 vacancies across all DPW divisions — up from 18 in FY26
- Salary/benefits caps make private sector competition difficult
- Internship program working — CFAC urges review and expansion
- CFAC recommends signing bonuses (2-yr commitment) with housing assistance option
- CWMP expansion will steadily add sewer operating and maintenance costs

Enterprise Funds: \$57.7M — Steady, Self-Sufficient, Essential

| Fund | FY26 Budget | FY27 Budget | Change | Key Note |
|--------------|----------------|----------------|----------------|---|
| Airport | \$13.5M | \$14.8M | +9.5% | Jet fuel +14.5%; solar & land lease growing |
| Sewer/CWMP | \$12.5M | \$15.3M | +22.8% | Debt service +43.9%; \$6.2M from Sewer Fund |
| Water Supply | \$9.7M | \$10.8M | +10.5% | Veolia contract +15.2%; \$39.6M cap. projects |
| Solid Waste | \$4.5M | \$4.6M | +2.1% | Self-sufficient; new MSW contract lower cost |
| Golf | \$4.3M | \$4.6M | +7.9% | Strong revenue; self-sufficient |
| HYCC | \$4.0M | \$4.4M | +11.3% | GF transfer +\$1.76M; CTF +\$1.52M |
| Sandy Neck | \$1.2M | \$1.3M | +8.0% | ORV fees +9.9%; \$5.6M lot relocation ahead |
| PEG | \$0.99M | \$0.99M | +0.5% | Cable fees declining; reserves shrinking |
| Marina | \$0.88M | \$0.92M | +4.3% | \$9M bulkhead planned — bonds + GF contribution |
| TOTAL | \$51.6M | \$57.7M | +11.97% | |

Revenue Modernization: New Tools the Town Needs

5-Year Fiscal Forecast: By FY2031, costs projected to outpace revenue by \$9.8M — a gap that existing sources cannot close alone.

Municipal Empowerment Act (H56/S2571)

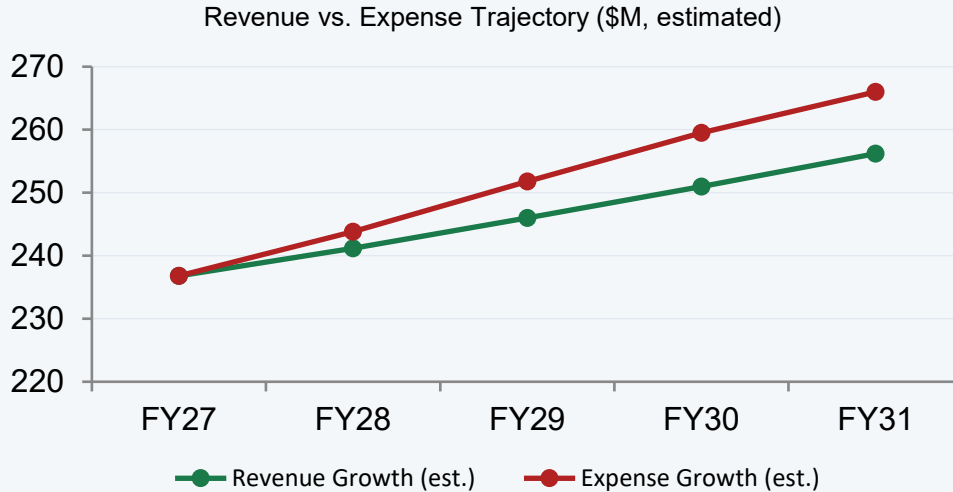
- Currently before MA Legislature — would allow increases in vehicle excise tax, meals tax, and traditional lodging rooms tax
- Estimated Town revenue if enacted and adopted: ~\$3M annually
- CFAC recommends directing these funds to the General Fund operating budget
- Town Council should signal its intention to adopt if the Act passes

Real Estate Transfer Fee

- Barnstable County home-rule petition forwarded to MA Legislature (Feb. 2026) would enable towns to levy a fee on high-value transactions
- Nantucket's transfer fee bill (HB3903) also in current session — Barnstable competes for same legislative window
- CFAC recommends Council and Town Management define: purpose, threshold, possible exemptions, and revenue projections now
- FY26 is the planning year — a Barnstable proposal could be ready for a future session

The 5-Year Fiscal Outlook: Acting Before the Gap Arrives

Town's own projections: FY27–FY31 revenue growth +12.2% vs. expense growth +16.84% → Operating gap of \$9.8M by FY2031



What the Council Must Decide

| | |
|---------|---|
| NOW | Adopt Municipal Empowerment Act revenue if bill passes (~\$3M/yr) |
| NOW | Begin defining a Real Estate Transfer Fee framework |
| NOW | Update 2022 Fiscal Policy for current economic conditions |
| FY28 | Resolve school savings dependency before account depletes |
| FY28 | Re-evaluate 60/40 school/municipal allocation formula |
| ONGOING | Review CWMP Funding Model every 6 months |

CFAC Recommendations for Town Council Action

| | | |
|-----------|--------------------|---|
| URGENT | Schools | Develop a plan to replace the \$3.7M annual school savings draw before reserves run out — likely within 5 years |
| URGENT | Revenue | Signal intent to adopt Municipal Empowerment Act if passed; project \$3M annual impact on operating budget |
| IMPORTANT | Schools | Acknowledge the \$125.6M true cost of education; re-examine the 60/40 school/municipal budget allocation |
| IMPORTANT | Other Requirements | Monitor employee benefits, school assessments, and debt service — all growing faster than General Fund revenue |
| IMPORTANT | Revenue | Begin defining a Real Estate Transfer Fee framework for Barnstable before the next MA legislative session |
| RECOMMEND | Fiscal Policy | Update the Town's 2022 Fiscal Policy to reflect current economic, inflation, and interest rate realities |
| RECOMMEND | Staffing | Implement housing-tied signing bonuses for Police and DPW to address vacancy crisis across all departments |
| RECOMMEND | Wastewater/CWMP | Review CWMP Funding Model every 6 months; \$330M+ projected over FY27–FY31 dominates the Town's debt capacity |
| ONGOING | Schools | Urge BPS to develop objective educational outcomes metrics following the state's MCAS high-stakes changes |
| ONGOING | Enterprise Funds | Encourage all EF to explore alternate revenue — replicate HYCC advertising model; explore solar/wind generation |



Thank You

Town of Barnstable

Comprehensive Financial Advisory Committee

Questions & Discussion

FY27 Budget Book: https://www.townofbarnstable.us/Departments/Finance/Budget_Information_FY27_Budget/2027-Budget.asp

Open Budget Website: <https://barnstable.budget.socrata.com>

Chair: Christopher Lauzon · CFAC Members: Barry Conyers, Satchel Douglas, Chris King, Rimus Puskorius, Jeremy Shea, James Sproul, Lillian Woo
Staff Liaison: Mark Milne · Councilor Liaison: Betty Ludtke