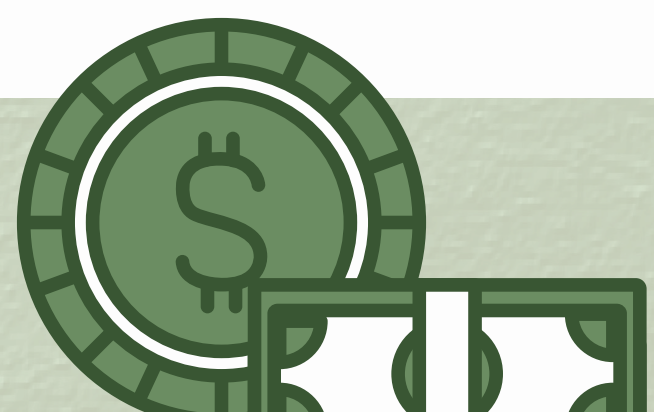
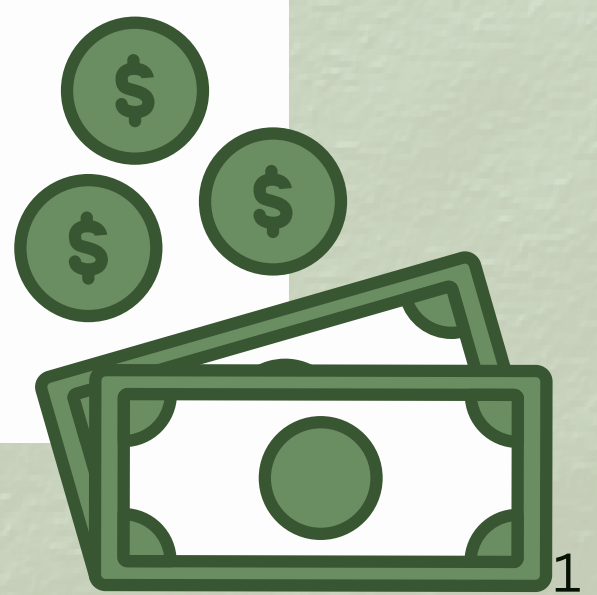




# 2027

# Budget

Understanding trends, forecasts, and policies  
shaping the 2027 city budget proposal



# Mayor's 2027 BUDGETARY GOALS

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- Strive to limit the property tax bill increase to **3.3%** in order to reduce the impact on taxpayers.
- Maintain an excess levy of **1.6%** of the total available levy to serve as a budgetary reserve, as well as set aside savings for future capital projects.
- Absorption of the first 50% reduction from the Fire Department's Federal SAFER grant, with the second half needing to be absorbed in 2028 to avoid potential layoffs.
- Incorporation of the Police Department's Crisis Intervention Counselor previously funded from ARPA and the BRU Clinician, previously funded using 50% ARPA funds.
- Decrease the city's historical reliance on free cash to subsidize the operating budget in order to build a more structurally stable budget and adhere to the city's internal financial policies.

# Long-Term Objectives

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- Continue to meet or exceed the statutory **net school spending** requirements.
- Ensure that **levy availability** can support future level service budgets. This is particularly challenging in years when inflation exceeds the 2.5% cap on annual property tax increases.
- Reduce **reliance on free cash** to support the operating budget (Budget Policy #2).
- Maintain **financial reserves** in accordance with internal policies.
- Ensure **debt ratios** comply with financial policies.
- Fund routine **capital equipment and building maintenance**.
- Plan for large capital projects, such as the **Fire Station, JG Whittier, and Whittier Tech**.
- Begin funding the Other Post-Employment Benefits (**OPEB**) **liability of \$307 million** by 2033 using pension appropriations that will be satisfied in 2032.

# Budgetary Challenges

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- A **7.35% increase** in the city's health insurance, totaling an additional **\$1.57 million**.
- A steady decline in local receipts (revenue) with a **\$1,976,636** reduction from through April from the prior year.
- An **8.8% increase** in the Whittier Tech. assessment, amounting to **\$764,891**.
- A **6.8% increase** in state assessments, constrained by only a **3.9% increase** in government aid.
- The city's Chapter 70 school funding from the state increased by only **2.34%**, while a **7.1% increase** had been expected, resulting in a **\$4.5 million shortfall**.
- Collectively, city departments submitted budget requests totaling a **4.4% increase**, or **\$12.2 million**, over fiscal 2026. These requests surpassed the Mayor's target budget by **\$5.8 million**.
- A **\$3,433,678** snow removal deficit that will need to be funded with either 2026 surplus appropriations, free cash, or by using the remaining 2027 tax levy. **This MUST be funded before the city can certify its 2027 tax rate in November.**

# Strategies Considered

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## Alternative to Current Group Health Insurance Plan

During the budget process, we met with the city's independent insurance advisor to discuss the city's group insurance plan and alternative options for managing health care costs. We were informed that due to the city's poor loss ratio, meaning the GIC - Group Insurance Commission, has paid out more in claims in recent reporting periods than it has received in premiums, it is likely the city would not receive proposals from alternative health care carriers, as it has not received proposals in the recent past. Furthermore, **we were advised that if the city were to withdraw from the GIC, it must wait three years to reapply to the Commission, and upon reapplication, the GIC is not required to accept the city's request for re-entry. However, if the city remains with the GIC, the GIC must renew the city's policy each year.**

*The GIC is a Massachusetts state agency that provides high-value health insurance and other benefits (like dental, vision, life, and disability insurance) to state employees, retirees, their families, and eligible municipal workers. The GIC is the biggest employer purchaser of health insurance in the state, and it uses this leverage to drive quality and affordability in the market. In addition to covering state employees, the GIC presently covers 11 cities, 27 towns, and 16 school districts. No municipal units left the GIC in fiscal 2026 and 11 new municipal units have joined for 2027.*

# Efforts made to balance the 2027 Budget

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- Fund vacant positions at 50%, reducing the budget by **\$275,000** (approximately **5.5 FTEs**)
- Cut Police overtime, repairs and maintenance, and computer supplies by **\$305,296**
- Reduce Fire overtime, supplies, and repairs and maintenance by **\$913,908**
- Decrease Highway equipment, overtime, and capital expenses by **\$842,296**
- Reduce Human Services, Veterans payments, building maintenance, and office supplies by **\$68,050**
- Lower group insurance for anticipated vacancies and attrition by **\$509,859**
- Reduce salary and budget reserve by **\$896,994** (previously used to fund collective bargaining settlements and excess snow removal costs)
- Eliminate request for new Division Head at the Library **\$56,000**
- Budget cuts across all other city departments **\$187,557**

**TOTAL BUDGET CUTS \$4,054,960**

- Increased use of Levy Reserve by **\$1,135,752**
- Increased the use of Free Cash by **\$150,000**
- Increased Motor Vehicle Excise by **\$548,678**

**TOTAL REVENUE INCREASE \$1,834,430**

# Continued efforts to prepare for fiscal 2028

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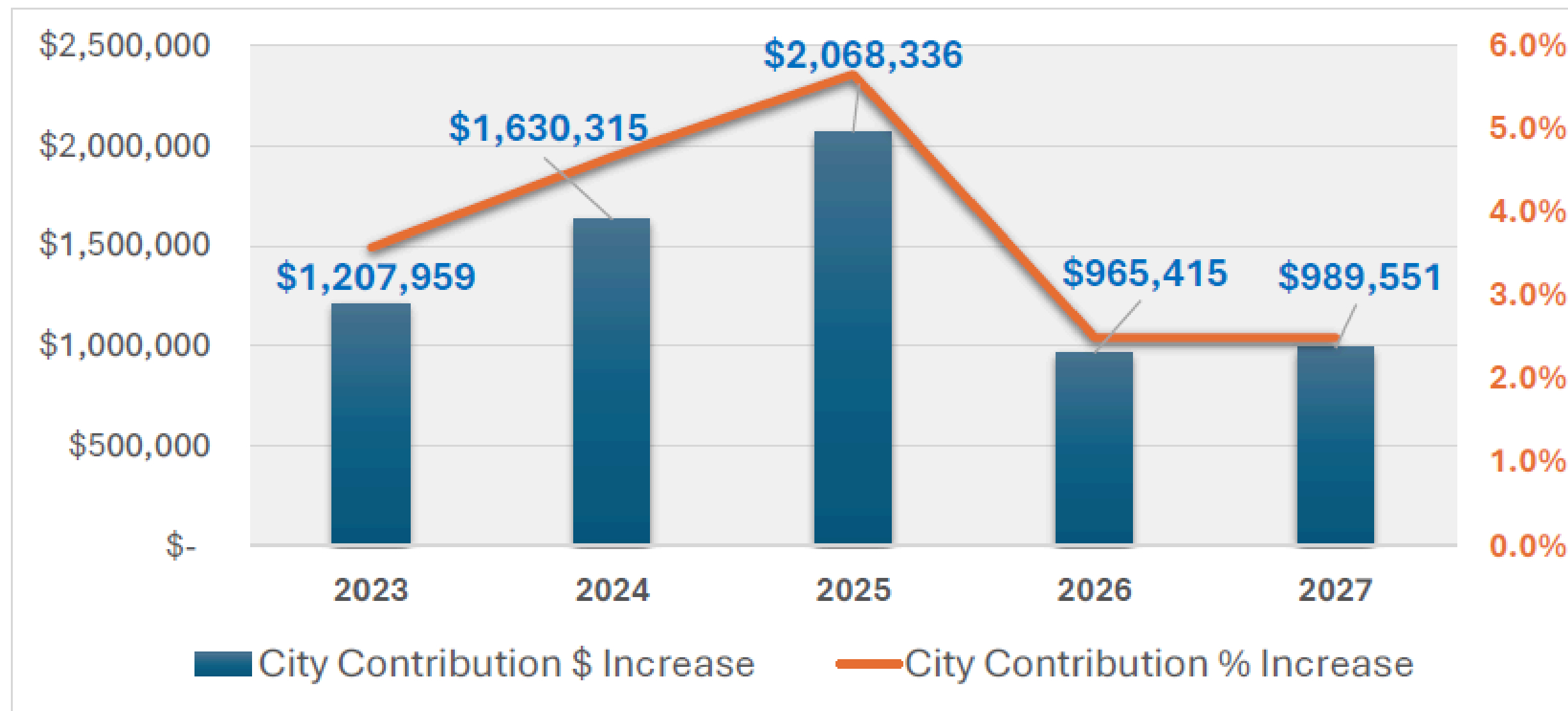
- **Spending freeze continued indefinitely** for all city departments on non-essential spending, including non-mandatory training, technology upgrades, non-essential equipment, and projects.
- **All non-essential capital is paused.** We will re-evaluate the city's financial position in the second half of fiscal 2027 to assess free cash levels, determine the availability of funds, and evaluate whether revenues are showing signs of recovery. Of the **\$17,219,620** in proposed capital, the budget team prioritized **\$13,733,300** in projects. The borrowing costs or cash outlay for these projects in 2027 is estimated at **\$2,742,821**. These projects are for:
  - School Department Building Repairs **\$2,790,656**
  - Treasurer Software **\$335,146** - *this project is proceeding as it is necessary to collect taxes*
  - City Hall Maintenance **\$130,000**
  - Fire Equipment **\$3,674,998** - SCBA and Radios
  - Highway Projects **\$1,497,500**
  - Highway Equipment **\$545,000**
  - Highway Buildings **\$260,000**
  - Little River Dam **\$4,500,000** - *this project is going forward, so not to lose the \$5 million grant*

# City's Direct Contribution to the School Department

An increase of **2.5%** in the School Department's **DIRECT CONTRIBUTION** totals **\$989,551**. The average increase in direct contribution to the school department since fiscal 2023 has been 4% annually. (fiscal 2023 was \$34,917,959 and the proposed 2027 is \$40,571,576) This represents an increase of \$5.65 million over 4 years.

**In Mayor Barrett's first year in office, fiscal 2025, she increased the direct contribution by \$800,000, and that amount was built into the base for all future years' increases.**

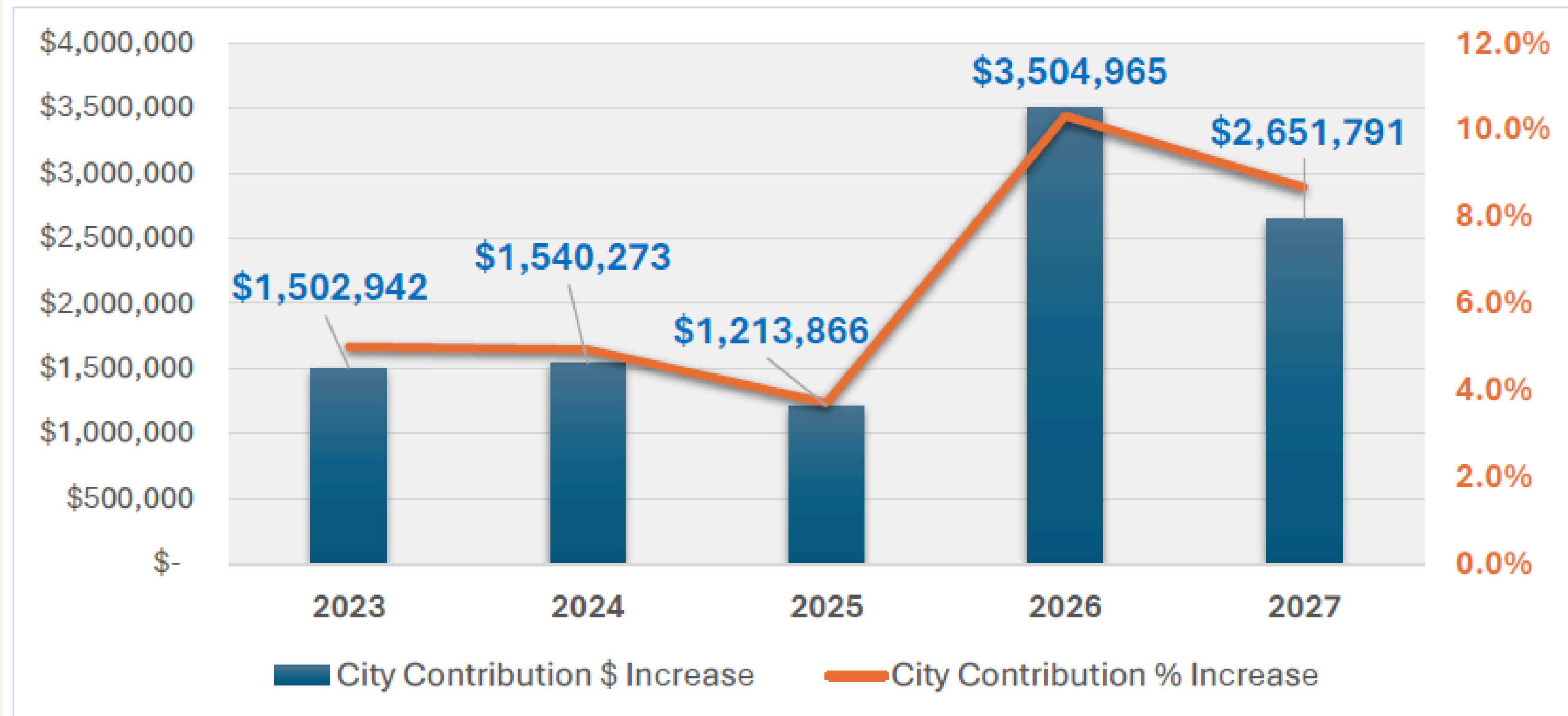
**SCHOOL DIRECT CONTRIBUTION ANNUAL INCREASE CHART**



# City's Indirect Contribution to the School Department

The city's **INDIRECT CONTRIBUTION** to the school department is estimated to increase by **7.1%** or **\$2.65 million** in 2027. Indirect includes employee benefits, liability insurance, administration, and snow removal. This does not include **\$6.24 million** in annual debt service for bonded capital projects with a total outstanding debt of **\$74.47 million**.

**SCHOOL INDIRECT CONTRIBUTION ANNUAL INCREASE CHART**



# Outstanding School Department Long-Term Debt funded by City Appropriation

	Amount Issued	2026 Outstanding Balance	2027 Debt Payment
School			
Consentino School	\$ 45,664,684	\$ 44,490,000	\$ 3,434,275
Green Communities School Remodeling	\$ 1,568,450	\$ 1,225,000	\$ 93,556
Haverhill Stadium Turf Field	\$ 1,200,000	\$ 1,200,000	\$ 201,333
High School Gym Roof Replacement	\$ 371,866	\$ 290,000	\$ 29,025
High School Pool Building Repair	\$ 170,000	\$ 120,000	\$ 13,863
High School Remodel	\$ 1,973,000	\$ 250,500	\$ 99,597
High School Remodeling I	\$ 1,081,701	\$ 745,000	\$ 62,350
High School Remodeling II	\$ 311,299	\$ 215,000	\$ 16,450
High School Track	\$ 578,100	\$ 335,000	\$ 51,856
Hunking Middle School	\$ 10,218,746	\$ 7,940,000	\$ 584,806
Hunking Middle School I	\$ 8,775,100	\$ 7,275,100	\$ 503,860
Hunking Middle School II	\$ 1,874,900	\$ 1,569,900	\$ 105,640
Hunking School Feasibility	\$ 284,000	\$ 185,000	\$ 15,550
JG Whittier Feasibility Study	\$ 1,200,000	\$ 1,200,000	\$ 181,709
JG Whittier Modular Classrooms	\$ 3,800,000	\$ 3,610,000	\$ 346,750
Moody Boilers	\$ 900,000	\$ 855,000	\$ 82,125
Pool Building	\$ 400,000	\$ 280,000	\$ 29,125
School Remodeling	\$ 400,000	\$ 160,000	\$ 26,038
Series A (SQ) -New Money - School 1	\$ 387,705	\$ 150,000	\$ 30,344
Series A (SQ) -New Money - School 2	\$ 112,295	\$ 45,000	\$ 6,669
Series A (SQ) -New Money - School 3	\$ 1,500,000	\$ 565,000	\$ 105,344
Silver Hill Boilers	\$ 300,000	\$ 285,000	\$ 27,375
Silver Hill Elementary Roof Replacement	\$ 122,500	\$ 122,500	\$ -
Softball Field Construction	\$ 1,838,850	\$ 1,015,000	\$ 164,900
Whittier School	\$ 500,000	\$ 350,000	\$ 36,406
<b>School Total</b>	<b>\$ 85,533,196</b>	<b>\$ 74,478,000</b>	<b>\$ 6,248,946</b>

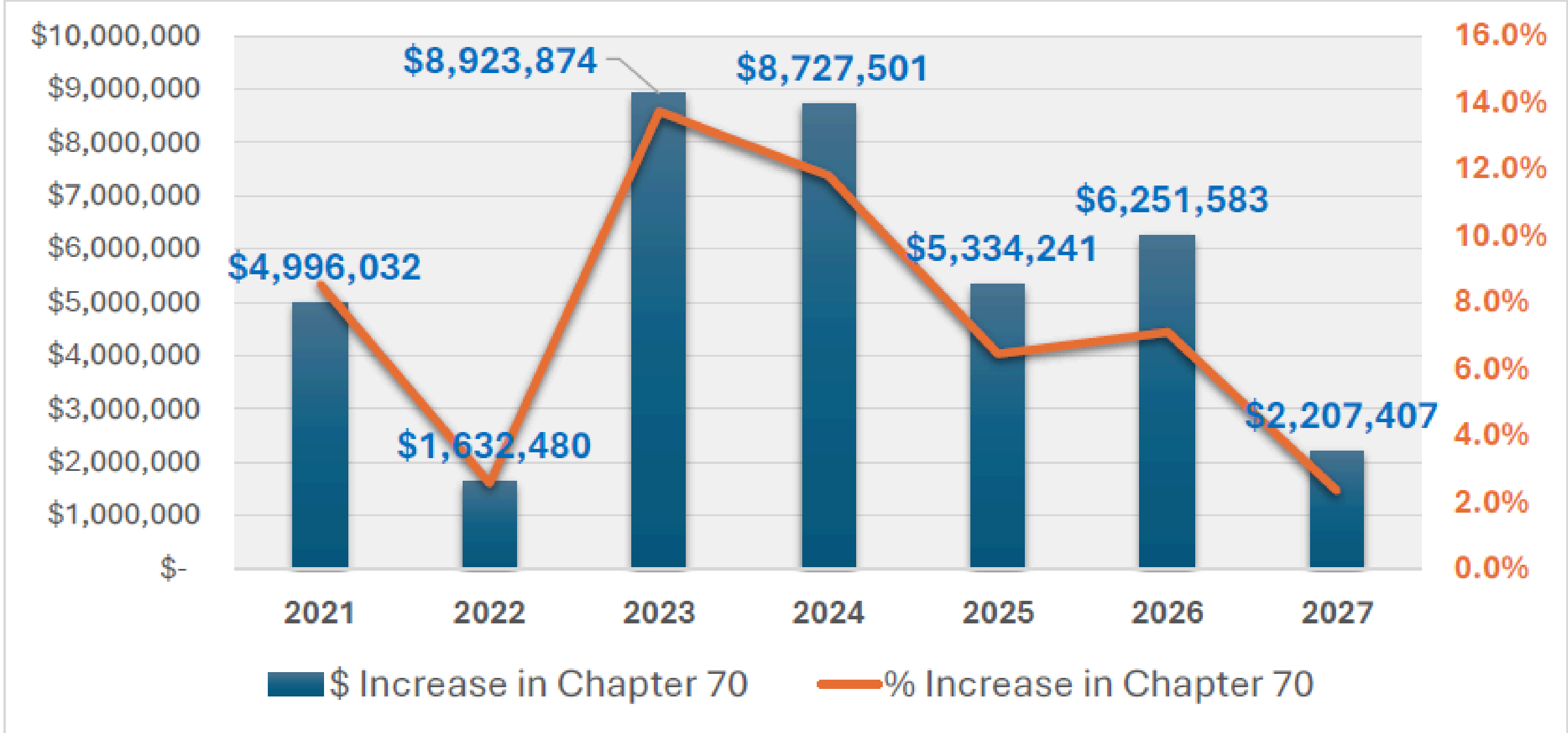
## Other contributions to the School Department include:

- **\$500,000** in fiscal 2026 free cash for ceiling, parking lot and roof repairs
- Over **\$3 million** in ARPA funds since 2022
- **\$656,702** in various Youth Activity and Mental Health grants funded from the City's free cash

# School Department Chapter 70 Funding

Although the 2026 Chapter 70 allocation was dramatically less than what we anticipated, the average historical increase in Chapter 70 since 2021 has been **7.5%, or \$5.4 million annually**.

**SCHOOL CHAPTER 70 CONTRIBUTION ANNUAL INCREASE CHART**



# Compliance with Net School Spending

Net School Spending	2024	2025	2026	2027	2028	2029	2030
Chapter 70	\$ 82,633,811	\$ 87,968,052	\$ 94,219,635	\$ 96,427,042	\$ 98,355,583	\$ 100,322,694	\$ 102,329,148
City Direct Contribution	\$ 36,548,274	\$ 38,616,610	\$ 39,582,025	\$ 40,571,576	\$ 41,585,865	\$ 42,625,512	\$ 43,691,150
City Indirect Contribution	\$ 32,723,674	\$ 33,937,540	\$ 37,442,505	\$ 40,694,090	\$ 42,728,795	\$ 44,865,234	\$ 47,108,496
Less Transportation	\$ (7,600,000)	\$ (6,646,810)	\$ (8,651,163)	\$ (9,429,767)	\$ (9,712,660)	\$ (10,004,040)	\$ (10,304,161)
Less Charter Tuition Reimbursment	\$ (1,377,211)	\$ (1,345,511)	\$ (787,542)	\$ (942,297)	\$ (970,566)	\$ (999,683)	\$ (1,029,673)
<b>Total NSS Contribution</b>	<b>\$ 142,928,548</b>	<b>\$ 152,529,881</b>	<b>\$ 161,805,460</b>	<b>\$ 167,320,644</b>	<b>\$ 171,987,017</b>	<b>\$ 176,809,718</b>	<b>\$ 181,794,960</b>
Required Net School Spending	\$ 132,551,888	\$ 140,785,594	\$ 149,713,125	\$ 154,969,204	\$ 161,167,972	\$ 167,614,691	\$ 174,319,279
<b>Over / (Under) NSS</b>	<b>\$ 10,376,660</b>	<b>\$ 11,744,287</b>	<b>\$ 12,092,335</b>	<b>\$ 12,351,440</b>	<b>\$ 10,819,045</b>	<b>\$ 9,195,027</b>	<b>\$ 7,475,681</b>

**Projection assumes the following annual increases:**

- Chapter 70 - 2%
- City Direct Contribution - 2.5%
- City Indirect Contribution - 5%
- Transportation - 3%
- Charter Tuition - 3%
- Required NSS - 4%

# Historical Consideration

It is important to note that, in recent years, the Haverhill School Department’s budget has increased by more than **\$43 million, or 47.5%**, from fiscal 2021 to 2026. This is an average increase of **9.5% annually**. Over the same period, all other city departments combined saw a five-year increase of 28.5%, or an average annual increase of 5.66%.

Department	2021	2022	2023	2024	2025	2026	\$ Increase 2021 to 2026	% Increase 2021 to 2026
School Ch 70	\$ 63,349,956	\$ 64,982,436	\$ 73,906,310	\$ 82,633,811	\$ 87,968,052	\$ 94,219,635	\$ 30,869,679	9.75%
School Direct Contribution	\$ 27,363,044	\$ 33,400,777	\$ 33,148,274	\$ 36,548,274	\$ 38,616,610	\$ 39,582,025	\$ 12,218,981	8.93%
<b>Total School Operating Budget</b>	<b>\$ 90,713,000</b>	<b>\$ 98,383,213</b>	<b>\$ 107,054,584</b>	<b>\$ 119,182,085</b>	<b>\$ 126,584,662</b>	<b>\$ 133,801,660</b>	<b>\$ 43,088,660</b>	<b>9.50%</b>
							\$ -	
Police	\$ 13,530,805	\$ 13,650,183	\$ 14,801,495	\$ 15,209,045	\$ 16,638,210	\$ 16,566,036	\$ 3,035,231	4.49%
Fire	\$ 11,363,392	\$ 11,554,780	\$ 11,962,427	\$ 12,586,338	\$ 14,173,967	\$ 14,796,906	\$ 3,433,514	6.04%
Public Works	\$ 9,176,549	\$ 10,229,455	\$ 10,175,234	\$ 11,460,439	\$ 12,275,730	\$ 12,379,570	\$ 3,203,021	6.98%
General Government	\$ 5,121,423	\$ 5,265,347	\$ 5,224,965	\$ 5,828,167	\$ 6,151,551	\$ 6,225,314	\$ 1,103,891	4.31%
Debt Service	\$ 8,497,017	\$ 8,114,877	\$ 8,114,877	\$ 5,086,898	\$ 7,458,939	\$ 9,491,018	\$ 994,001	2.34%
Budget Reserve & Other	\$ 2,874,856	\$ 4,269,656	\$ 4,381,240	\$ 3,138,934	\$ 3,105,703	\$ 3,439,338	\$ 564,482	3.93%
Employee Benefits	\$ 43,714,433	\$ 45,302,201	\$ 47,998,096	\$ 50,855,670	\$ 52,496,896	\$ 56,514,045	\$ 12,799,612	5.86%
Human Services	\$ 3,271,993	\$ 3,297,442	\$ 3,973,032	\$ 4,269,757	\$ 4,454,862	\$ 4,709,409	\$ 1,437,416	8.79%
State Assessments	\$ 6,608,995	\$ 7,216,772	\$ 8,341,748	\$ 8,868,459	\$ 9,242,313	\$ 9,524,222	\$ 2,915,227	8.82%
<b>Total All Other Departments</b>	<b>\$ 104,159,463</b>	<b>\$ 108,900,713</b>	<b>\$ 114,973,114</b>	<b>\$ 117,303,707</b>	<b>\$ 125,998,171</b>	<b>\$ 133,645,858</b>	<b>\$ 29,486,395</b>	<b>5.66%</b>

# 5 Year Budget Projection

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## The budget projection is based on the following assumptions:

- Estimates actual and future costs for debt service according to the capital improvement plan.
- Includes a placeholder for debt service starting in 2033 for JG Whittier Middle School and a Fire Station.
- Reflects a 4.98% increase in employee benefits.
- Accounts for a 1% annual increase in the Overlay (reserve for real estate abatements and exemptions).
- Incorporates a 1.39% rise in State Assessments, which aligns with the historical average.
- Projects a 2.5% overall annual increase across all departments.
- Allocates 100% of Chapter 70 funds to the School Department.
- Plans for OPEB (Other Post Employment Benefits) funding starting in 2033 at \$15 million annually, utilizing savings from the pension assessment. As of June 30, 2024, the city's OPEB liability stood at \$307,805,511.

*“This projection leads to a \$583,787 budget shortfall in 2029, or 0.19% of the total budget, even if the city uses its entire excess levy reserve. This shortfall is expected to grow to \$2.7 million by 2032, or .82% of the anticipated total general fund budget.”*

It is crucial to understand that forecasting is more of an art than an exact science, with accuracy diminishing significantly beyond five years. Ultimately, this budget gap will need to be addressed through either increased revenue or reduced appropriations.

## The administration aims to establish a sustainable operating budget that:

- Provides consistent services
- Maximizes available resources
- Focuses on achieving long-term goals, such as attracting and retaining high-quality staff, delivering exceptional services, and updating aging infrastructure.

# Projected Excess Levy Based on Conservative Budget Estimates

	2027	2028	2029	2030	2031
1. GENERAL GOVERNMENT	\$ 6,265,194	\$ 6,421,824	\$ 6,582,369	\$ 6,746,929	\$ 6,915,602
2. POLICE	\$ 17,501,996	\$ 17,939,546	\$ 18,388,035	\$ 18,847,735	\$ 19,318,929
3. FIRE	\$ 15,919,972	\$ 16,469,972	\$ 16,881,721	\$ 17,303,764	\$ 17,736,358
4. SCHOOL DEPARTMENT CITY CONTRIBUTION	\$ 40,571,576	\$ 41,585,865	\$ 42,625,512	\$ 43,691,150	\$ 44,783,428
5. SCHOOL DEPARTMENT CH 70	\$ 96,427,042	\$ 98,355,583	\$ 100,322,694	\$ 102,329,148	\$ 104,375,731
6. WHITTIER/ESSEX TECH & OTHER EDUCATION	\$ 10,159,836	\$ 10,566,229	\$ 10,988,879	\$ 11,428,434	\$ 11,885,571
7. PUBLIC WORKS	\$ 11,025,718	\$ 11,301,361	\$ 11,583,895	\$ 11,873,492	\$ 12,170,330
8. SNOW & ICE	\$ 1,210,000	\$ 1,210,000	\$ 1,210,000	\$ 1,210,000	\$ 1,210,000
9. LIBRARY	\$ 2,010,050	\$ 2,060,301	\$ 2,111,809	\$ 2,164,604	\$ 2,218,719
10. RECREATION	\$ 320,397	\$ 328,407	\$ 336,617	\$ 345,033	\$ 353,658
11. OTHER HUMAN SERVICES	\$ 2,805,878	\$ 2,876,025	\$ 2,947,926	\$ 3,021,624	\$ 3,097,164
12. DEBT SERVICE	\$ 8,349,024	\$ 8,798,657	\$ 8,444,908	\$ 8,317,749	\$ 8,207,658
13. NEW DEBT SERVICE (Fire Station/JG Whittier/Landfill)	\$ 485,795	\$ 495,683	\$ 495,760	\$ 495,839	\$ 495,920
14. EMPLOYEE BENEFITS	\$ 59,327,682	\$ 62,381,939	\$ 65,487,718	\$ 68,748,123	\$ 72,170,852
15. LIABILITY INSURANCE	\$ 1,381,899	\$ 1,423,356	\$ 1,466,056	\$ 1,510,038	\$ 1,555,339
16. STATE ASSESSMENTS & OFFSETS	\$ 10,271,435	\$ 10,672,021	\$ 11,088,230	\$ 11,520,671	\$ 11,969,977
17. OVERLAY	\$ 250,000	\$ 252,500	\$ 255,025	\$ 257,575	\$ 260,151
19. BUDGET RESERVE	\$ 988,666	\$ 1,003,496	\$ 1,018,548	\$ 1,033,827	\$ 1,049,334
<b>Grand Total</b>	<b>\$ 285,272,159</b>	<b>\$ 294,142,765</b>	<b>\$ 302,235,702</b>	<b>\$ 310,845,734</b>	<b>\$ 319,774,722</b>
<b>Annual % Increase</b>		<b>3.1%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.9%</b>
Budget Surplus / (Deficit)	\$ (0)	\$ (1,781,111)	\$ (2,404,458)	\$ (3,249,092)	\$ (4,036,208)
Estimated Excess Levy	\$ 1,482,862	\$ 1,849,847	\$ 1,820,671	\$ 1,922,956	\$ 2,014,815
<b>Adjusted Budget</b>	<b>\$ 1,482,862</b>	<b>\$ 68,736</b>	<b>\$ (583,787)</b>	<b>\$ (1,326,136)</b>	<b>\$ (2,021,394)</b>

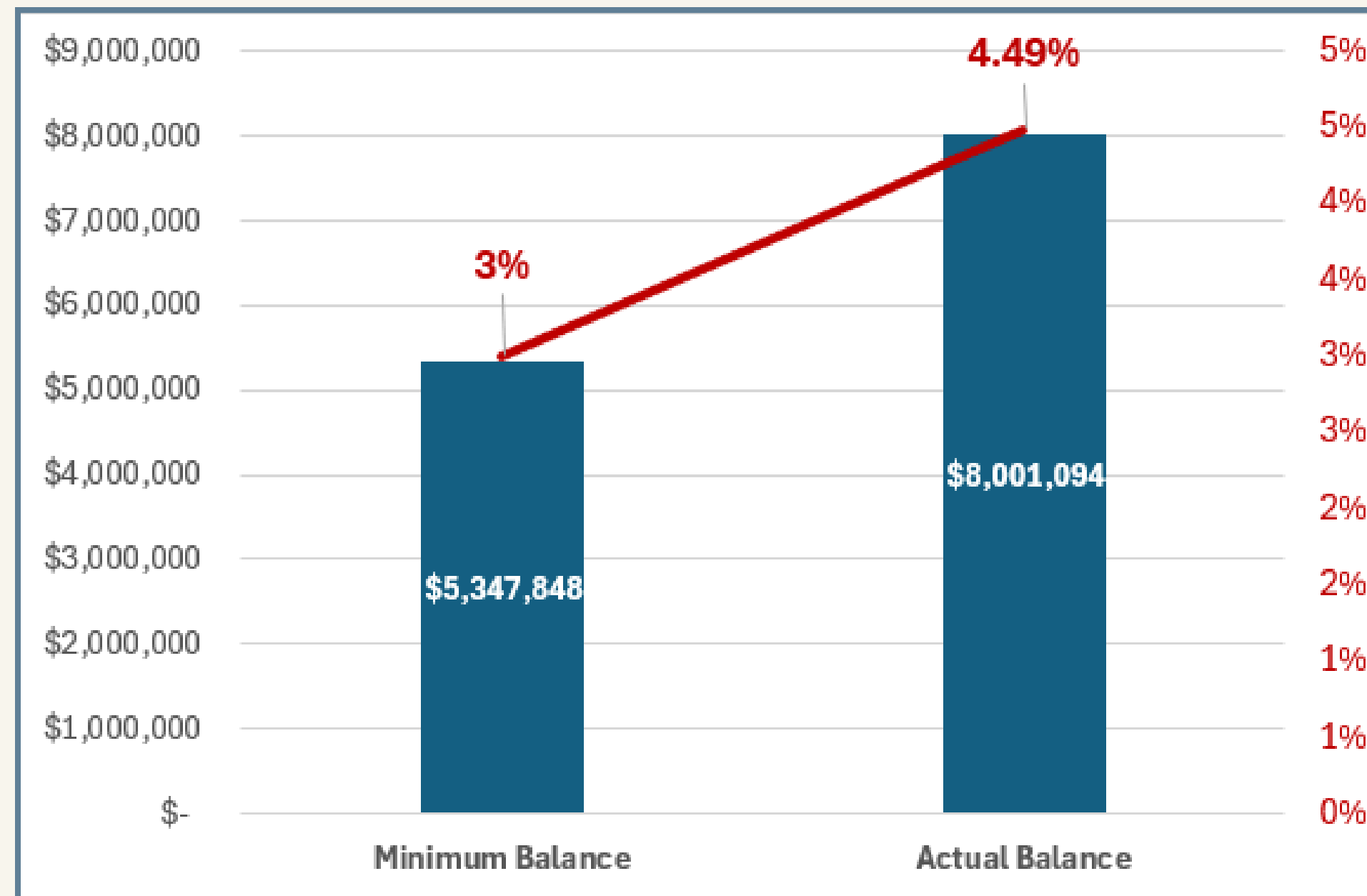
# Projected Free Cash Balance at June 30, 2026

<b>11/1/2025</b>	<b>Free Cash Certified</b>	<b>\$ 11,073,914</b>
12/2/2025	Fund Cable Capital 53F	\$ (452,993)
12/2/2025	Fund FY 2026 Capital approved in budget	\$ (873,112)
12/16/2025	Fund Youth Activity & Mental Health	\$ (723,259)
4/28/2026	Waterways Transfer 2022-2025	\$ (17,657)
4/28/2026	Fund 1/3 of FEMA Deficit from COVID-19 (\$1,516,615 total)	\$ (475,950)
5/19/2026	Tax Collector's Software	\$ (175,750)
6/2/2026	Estimated legal settlement, grant matches, engineering and snow removal deficit	\$ (2,770,000)
6/16/2026	Amount Needed for FY 2027 Budget to provide level funding	\$ (5,150,000)
<b>Total</b>		<b>\$ 435,193</b>
	2% FC Min. per City's Reserve Policy #3	\$ (3,369,747)
	<b>Free Cash Deficit per City's Free Cash Policy</b>	<b>\$ (2,934,554)</b>

# Stabilization Fund

Reserve Policy #4 states that the city shall maintain a Stabilization Reserve Fund of at least 3% of general fund revenue, less debt exclusion and Chapter 70.

The city's stabilization fund is \$8,001,094, or 4.49% of general fund revenue, excluding Chapter 70 and debt exclusions. This is up from fiscal 2025, which had a balance of \$7,533,248 or 4.41%. The Stabilization Fund is a rainy day reserve fund that should only be used for emergency, one-time funds.

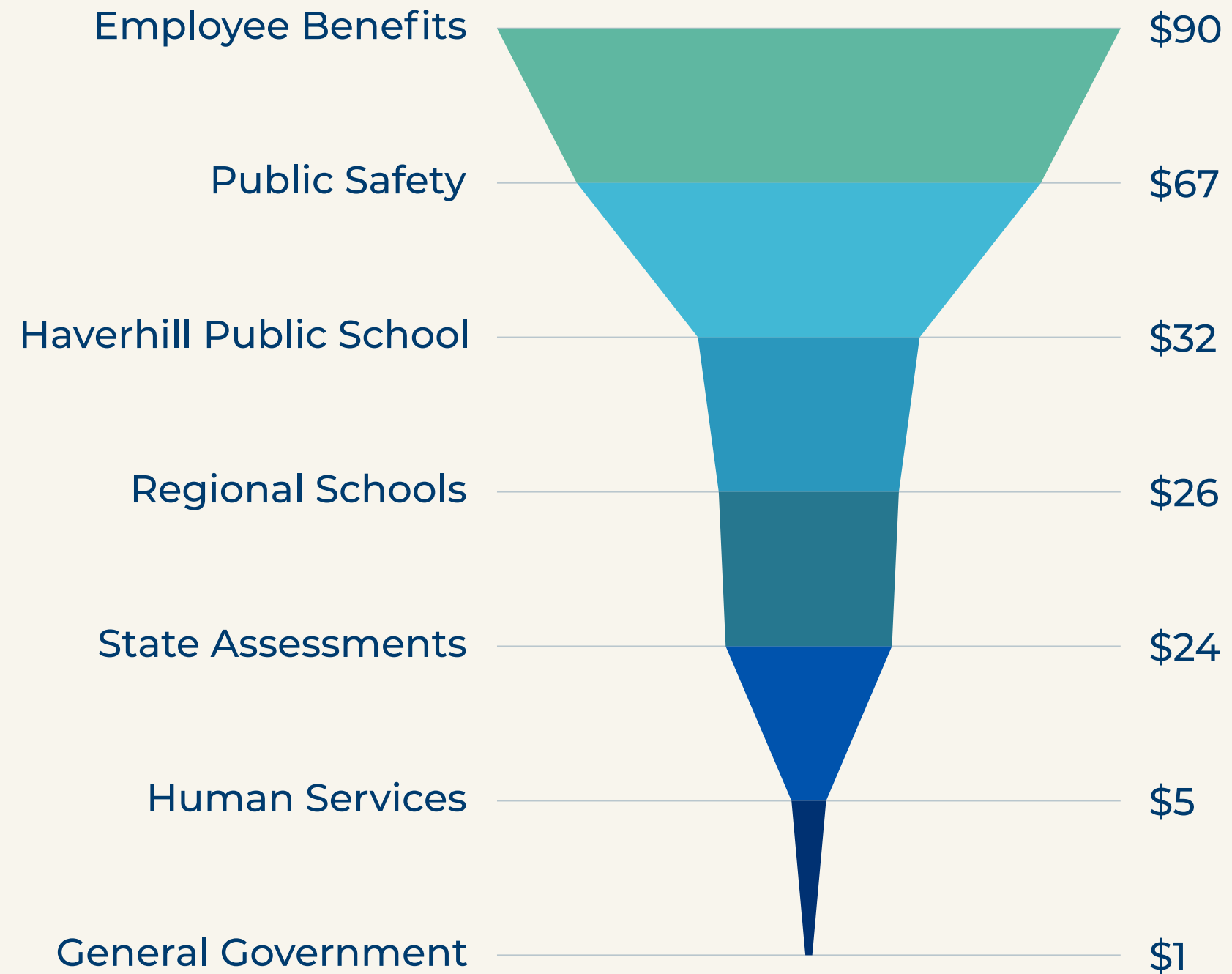


# Estimated Tax Bill Increase Mayor's Budget

**\$245 Estimated Tax Bill Increase**

**Average Single Family Home Tax Bill**

Home Value \$561,903



This is an estimate based on 2026 valuations. This amount may increase or decrease based on 2027 valuations to be certified by the Department of Revenue in September 2026.

# Implications of Adding \$1 Million

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- If the levy reserve is used, the result would be a projected property tax increase of **\$287.50** and a budget deficit in fiscal 2028 of **\$931,264**.
- Alternatively, the city could make the following budget cuts:

Elimination of Economic Development Director	\$ (120,000.00)
Elimination of Sanitary Inspector	\$ (70,416.00)
Elimination of 1 Animal Control Officer	\$ (54,188.00)
Elimination of 2 Head Clerks Police	\$ (103,296.00)
Elimination of 1 Custodian Police	\$ (50,153.00)
Elimination of 10 Police Officers	\$ (666,515.00)
Loss of COPS Grant	\$ 250,000.00
Elimination of 10 Fire Privates	\$ (630,374.00)
Loss of SAFER Grant	\$ 600,000.00
Elimination of Non-Union COLAs	\$ (131,233.00)
Reduce Grant Writer by 50%	\$ (23,825.00)
<b>City Budget Cuts</b>	<b>\$ (1,000,000.00)</b>

# Questions?

