



TOWN OF HOPKINTON
TOWN MANAGER'S OFFICE
Norman Khumalo, Town Manager

TO: Select Board
FROM: Norman Khumalo, Town Manager
RE: Fiscal Year 2023 Budget Development
DATE: September 24, 2021

I recommend that you endorse the initial fiscal year (FY) 2023 budget guidance contained in this memorandum at your September 28, 2021 meeting.

1. Departments will examine, prepare, and document justification of budgets from the bottom up. Departments will use this opportunity to review current operating approaches, with an eye toward streamlining and improved efficiency of operations. Departments will be prepared to discuss the review of operations for efficiency during upcoming Town Manager Budget Review sessions.
2. Departmental budgets to be submitted to the Select Board, after Town Manager review, will provide for spending with growth of not more than 3.25% over FY 2022 levels. This ceiling level reflects current estimates of key revenue sources for FY 2023, including new growth in the tax levy from construction and other expansion, a projected 5% increase in local aid from the Commonwealth of Massachusetts, and a projected 3% increase in local receipts which includes Motor Vehicle Excise Tax. In developing these requests, Departments should be aware that if revenue is lower than expected or if centrally funded Departmental costs, such as Municipal-wide employee health care and benefits, rise by appreciably more than 3.25%, Departmental budget growth may be constrained below the 3.25% level.
3. To support review of the current services and incremental request, all Departments are directed to adopt the summary format used by the Hopkinton Public School in FY 2022, framing summary requests in the following format which will be included in the revised budget submission template:
 - a. FY 2022 budget
 - b. Less, Efficiencies planned
 - c. Plus, inflationary costs for supplies, services, and contractual and other salary increases
 - d. Plus, new costs for compliance with regulatory or statutory requirements
 - e. Plus, costs related to growth-driven service expansions
 - f. Plus, other service or programmatic enhancement costs
 - g. Sum, not to exceed 103.25% of the approved FY 2022 budget
 - h. Include relevant metrics to support budget requests
4. Specific instructions for Departments on FY 2023 procedures for operating budget submissions and capital requests will be forthcoming from the Hopkinton Chief Financial Officer. Requests

that may be related to COVID-19 expenses will be reported in the budget submission template and will be used to support decision making on the disposition of available federal funding.

As part of this year's budget process, I will be coordinating a series of public listening sessions to discuss ideas about new or expanded service levels or service lines that the Town might consider. These ideas may involve initiatives to expand diversity, equity, and inclusion; new community requirements; stresses associated with the COVID-19 public health crisis; or other long standing issues.

A budget advisory group consisting of the Chairs of the Select Board, Appropriation Committee, School Committee, and professional staff will meet regularly with Chairs reporting to their respective boards. I look forward to another successful collaboration for the development of the FY 2023 budget.

Enclosure: (1) Proposed Timelines for 2022 Annual Town Meeting & FY 2023 Budget
(2) Town of Hopkinton FY 2023 Initial General Fund Planning Forecast
(3) Fiscal Year 2023 Budget Initial Discussion Paper

Cc: Hopkinton School Committee
Hopkinton Appropriation Committee