



**Town Council Budget Subcommittee Meeting
Agenda & Meeting Packet**

March 17, 2021

6:00 PM

Meeting will be held at the **Municipal Building**
2nd floor, Council Chambers
355 East Central Street

The public will **NOT** be permitted to enter the building or participate in person. Only pre-approved participants on the meeting agenda will be allowed to enter the Building and participate in person. **Residents can attend and participate via the “ZOOM” Platform.**

***A NOTE TO RESIDENTS:** Due to the continued concerns regarding the COVID-19 virus and Governor Baker's declared State of Emergency, we will be conducting a remote/virtual Budget Subcommittee Meeting for all public access and participation. In an effort to ensure citizen engagement and comply with open meeting law regulations, citizens will be able to dial into the meeting using the provided phone number (Cell phone or Landline Required) OR citizens can participate by clicking on the attached [link](#) (Phone, Computer, or Tablet required). The attached link and phone number will be active for the duration of the meeting for citizens to ask questions/voice concerns. If residents are just interested in watching the meeting it will also be [live-streamed by Franklin TV](#) and shown on Comcast Channel 11 and Verizon Channel 29.*

- **Link to access meeting:** March 17, 2021 Town Council Meeting Link [HERE](#) -- Then click “Open Zoom”
 - Or copy and paste this URL into your browser: <https://us02web.zoom.us/j/81851585225>
 - **Call-In Phone Number:** Call **1-929-205-6099** and enter Meeting ID # **818 5158 5225** - Then press #

Agenda

1. FY22 Budget Update & Discussion
 - a. Budget Subcommittee Memo & Packet

This is a meeting of the Franklin Town Council Sub-Committee; under the Open Meeting Law, this subcommittee is a separate "public body" from the Town Council. Therefore, unless the Town Council has separately noticed and posted its own meeting, Councilors who are not members of this subcommittee will not be permitted to speak or otherwise actively participate @ this meeting, although they may attend and observe. This prohibition is necessary to avoid the potential for an Open Meeting Law Violation.

Town of Franklin

355 East Central Street
Franklin, Massachusetts 02038-1352



Phone: (508) 520-4949
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OFFICE OF THE TOWN ADMINISTRATOR

DATE: March 12, 2021

TO: Town Council Budget Subcommittee

FROM: Jamie Hellen, Town Administrator

RE: FY22 BUDGET UPDATE

The purpose of tonight's discussion and memo is to give the subcommittee (and community) an update on where the Fiscal Year 2022 (FY22) budget process stands and what the numbers generally look like. This document does not replace the required fiscal forecast or budget narrative that will come out later with my recommended budget in April. This memo is a snapshot in time.

Process

The staff Finance Team and Town Administration has met with all municipal departments regarding their FY22 budget requests. I have also received preliminary assessments from non-municipal department line items, such as the MECC, Animal Control, health insurance and benefits, Tri-County, P&C insurance and so forth. What is before you tonight reflects our department heads' optimum budget for FY22 and the most up to date numbers we have as of this evening.

After tonight's meeting, staff will work for the next 4-8 weeks to get as accurate numbers as possible for final consideration before the Finance Committee and full Town Council. The budget is a fluid document that will continue to take shape throughout the Spring. The House of Representatives' budget will be debated in mid-April. The Senate budget will be debated in mid-to-late May. Numbers will continue to take shape as more accurate information becomes available, notably state aid, town revenue projections, employee/retiree health insurance and benefits, enterprise funds and town insurance. The staff and I will be working over the next 4 weeks to produce a full budget narrative, budget voting document and associated exhibits. To reference previous town budget documents, click on the [budget archive](#).

The Finance Committee will hold their budget hearings on April 27th, 28th, 29th and May 4th. They will be replicating last year's successful model where a full night will be dedicated to each of

the following sections: (1) DPW and Enterprise funds (2) Schools (3) Public Safety and (4) General Government, Debt, Benefits. Exact schedules of each night will be completed soon.

The Budget & Assumptions

As you can see in red at the bottom of the attached operating budget model, the FY22 budget is currently \$2.753 million in deficit. This reflects a set of assumptions baked into the model, on both the revenue and expenditures side.

In short, a balanced budget is within reach for FY22 with the protection of core service levels. This memo will articulate the driving forces behind this deficit number. The school department, stormwater, health insurance and pension assessments are the structural cost drivers that make up this deficit. The current deficit reflects the following assumptions and policy decisions to date:

Revenue Assumptions

- Includes **Governor Baker's FY22 budget state aid** calculations, which provided a net decrease of \$39,902 in state aid compared to the final FY21 state budget (approved December 2020). As usual, we expect the House and Senate to increase local aid slightly higher than the Governor's budget. We will know more in April and May when those respective branches approve their budget. Final state numbers will be completed later this summer, but the budget model will continue to reflect the latest factual numbers in local aid we receive from the legislative branches. Governor Baker also included the first year of the Student Opportunity Act in his FY22 budget proposal, which aims to make good on the landmark legislation passed in late 2019 prior to the pandemic.
- An increase in our **tax levy** of \$3,686,765 in new property tax revenue.
- Level fund the **new growth** estimate. FY21 had an assumption of \$650,000 and this model reflects that same number. If that were to hold true, which we don't expect, that would decrease total tax levy by just over a million dollars. The current 10-year average is just a hair under \$1.2 million.

As we get more information through the spring and summer construction season, I anticipate increasing this assumption prior to April. However, since the Planning Office is seeing a decrease in applications for larger projects, it is wise to see what the next month shows as construction season begins and pandemic guidelines change. As I described last year, the financials of major residential and commercial projects were well in place when the COVID pandemic began, hence the strong new growth total by year end. The stagnation in applications and inquiries at the Planning Office makes me concerned about a potential plateau of new growth.

- Level fund **local receipts** at \$8.65 million. I expect to add an additional amount of revenue to reflect the adjusted ALS/BLS rates recently approved by the Council in March. We will also keep an eye on where the pandemic recovery options sit from a CDC regulatory

standpoint. What will restaurant capacity regulations look like? Hotels? Entertainment? Consumer spending? Home Improvements? The next two months of vaccinations and decreased cases will alter our projections and I suspect this area will increase in revenue.

- The **Budget Stabilization “Rainy Day”** fund has \$867,000. I do not anticipate any proposal to include use of these funds at the current time. Actually, I would argue the debate should be in the inverse: what policy could be developed to help grow this fund for the future. The staff are analyzing some policy options, similar to OPEB, to use a percentage of a certain revenue source (e.g. free cash, operating, hotel, etc) every year to deposit into the Town’s version of a “rainy day” fund.

Overall, the economy looks stable and ready to bounce back in many sectors, but is still uncertain in other sectors. We know there is massive demand for consumer spending, travel, recreation programs, entertainment and so forth. The staff believes in a realistically cautious approach to revenue assumptions at this point. We do not want to be too optimistic and yet we also want to be realistic within our best projections recognizing the fiscal year is July 1, 2021 to June 2022. We do not want to overestimate and have to make cuts later in the fiscal year.

Expenditure Assumptions

As referenced above, the following are the large cost drivers in this years budget and reflected in this version of the budget model:

- The Superintendent’s full recommended budget at an increase of \$3.026 million, or a 4.61% increase from FY21.
- The model includes all signed collective bargaining agreements, which are fully settled through June 30, 2022, including a 2% COLA for all union contracts staff and nonunion staff.
- Approximately \$868,000 increase for stormwater unfunded mandates.
- This model includes \$225,000 for general roads improvements. Town operating budget appropriations have not exceeded a range around this figure. As the Council knows, the Town has traditionally funded roads through state Chapter 90 money and hotel/motel tax revenues, as well as various one-time sources (free cash, grants, etc). The Town usually does approximately \$2 million a year in roadwork. But the operating budget has not funded much of this work and a dedicated override for roadwork failed at the ballot in 2014.
- An estimated 11% increase in employee and retiree health insurance. Market is trending lower, but the Town has had uncompetitive loss run ratios. It appears we will be able to maintain the high deductible option with HSA contributions. Health insurance will not be final until April or May.
- The pension assessment to Norfolk County went up over \$519,000 in one year. The Town’s pension assessment has doubled in less than a decade.

- Maintains Municipal Appropriation Requirement (MAR) for minimal spending at the Library.
- Includes no reductions in staff for municipal departments, with the exception of two custodial positions as a result of the closure of Davis-Thayer.

FY22 Trends & challenges moving forward

- **Superintendent's Recommended FY22 Budget.** The schools request a 4.6% increase (\$3.026 million) to maintain level service given the pressure of meeting staff recruitment and retention goals, rising tuition costs, health insurance rate increases and now the post pandemic recovery (federal aid is unknown right now).
- **Stormwater Unfunded Mandate.** The Town Council, Finance Committee and others have heard about this issue for years. The unfunded mandates are now here for the Town to figure out how to fund. The Town Council had an ad-hoc Committee hold community hearings and listening sessions and they have produced a summary report on a proposal to the full Council. I expect the discussions to continue this budget season and beyond.
- **Roads and infrastructure.** Investments will continue to be modest through our usual funding appropriations each year from the operating budget, free cash and hotel revenue. However, the Town is still millions short of the backlog we have with a high demand from the public to do more. The Town still does not have a dedicated operating revenue source for roads that would make a dent in the backlog. The Town has a \$40 million backlog in roadwork, in addition to maintaining our parking lots, school parking lots, sidewalks and infrastructure.
- **Debt.** The positive news is that over the next few years our debt line item will begin to lighten. However, it has been town policy for decades to have 3.5% of our recurring general fund revenue be for debt and interest. This policy ensures that our facilities and schools are well maintained, reduces capital costs and maintains our strong bond rating (which keeps interest rates low). With the support of the Council and Finance Committee, a new round of borrowing authorization has been approved last year, which will set us up to have at least 3.0% of operating revenues go toward debt.
- **Collective Bargaining.** All union contracts for the Town are settled through June 2022. FY23 will see a new round of negotiations for all municipal unions and most school department unions.

Federal Stimulus

Federal stimulus money is “off budget” meaning none of the revenues and expenditure are a part of the FY22 budget. Those revenues and expenditures are through statutory “special revenue accounts.” I will have an updated sheet on revenues and expenditures soon.

It is worth noting that the most recent \$1.9 trillion federal stimulus signed this week will take months, if not years, to roll out. \$350 billion was authorized for state and local government revenue replacement. A legislative committee has also been formed to oversee these incoming revenues and may take years to unfold.

I have attached a State House News Service article from mid-February estimating Massachusetts will receive \$4.55 billion as part of that plan, in addition to a recent Mass Municipal Association analysis of the Senate legislation. The rescue plan also dedicates \$130 billion to K-12 schools nationwide. While details are far from clear, these monies will flow through the school district as determined by DESE and the Legislature at some time in the FY22 cycle. These revenues should help offset some post-pandemic costs to the Franklin Public School District.

FY22 Key Dates

- March 17th - Town Council-Administrator Budget Update & Discussion.
- March 23rd - School Committee Budget Hearing.
- April 27th, 28th, 29th and May 4th - Finance Committee Budget hearing meetings.
- May 26th and 27th - Town Council Budget Hearings.

The Town has two sites for budget materials, one for the municipal budgets and one for the School Department:

<https://www.franklinma.gov/town-budget>

<https://www.franklinps.net/district/school-district-budget>

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TOWN OF FRANKLIN FY 2022 REVENUE AND CONTROL SHEET

	FINAL FY20	FINAL FY21	PROPOSED FY22	INCREASE/ (DECREASE)
TAX LEVY				
Prior Year Levy Limit plus 2 1/2%	\$ 75,273,658	\$ 79,066,528	\$ 82,753,293	\$ 3,686,765
New Growth	1,864,418	1,668,392	650,000	(1,018,392)
	77,138,076	80,734,920	83,403,293	2,668,373
DEBT EXCLUSIONS				
Horace Mann Issue #1	109,980	106,180	101,880	(4,300)
Lincoln Street	438,885	423,695	408,750	(14,945)
Horace Mann Issue #2	323,050	315,400	305,200	(10,200)
High School Issue #1	2,878,388	2,876,663	2,880,663	4,000
High School Issue #2	152,438	149,438	151,438	2,000
	3,902,741	3,871,376	3,847,930	(23,446)
TOTAL POTENTIAL TAX LEVY	81,040,817	84,606,296	87,251,223	2,644,927
STATE REVENUE				
Chapter 70 School Aid	28,416,161	28,416,161	28,574,921	158,760
Charter School Reimbursements	936,532	512,605	772,122	259,517
Unrestricted Aid	2,623,839	2,623,839	2,715,673	91,834
All Other Net of Offsets	382,048	360,527	360,932	405
	32,358,580	31,913,132	32,423,648	510,516
OTHER REVENUES				
Local Receipts - General Fund	9,742,246	8,647,269	8,647,269	-
Host Community Agreement	300,000	300,000	300,000	-
	10,042,246	8,947,269	8,947,269	-
OTHER AVAILABLE FUNDS				
Net Budget Stabilization / Other Transfers	390,000			-
Enterprise Fund (Indirects)	1,122,000	1,173,000	1,214,000	41,000
	1,512,000	1,173,000	1,214,000	41,000
TOTAL REVENUES & OTHER FUNDS	124,953,643	126,639,697	129,836,140	3,196,443
ASSESSMENTS & OTHER VOTES				
School Choice	348,048	324,599	320,186	(4,413)
State Assessments	446,412	474,209	479,399	5,190
County Assessment	229,340	235,073	240,493	5,420
Charter School Assessment	5,043,650	4,990,567	5,369,529	378,962
Provision for Abatements & Exemptions	654,166	652,415	650,000	(2,415)
Subsequent Votes	1,028,000	1,003,842		(1,003,842)
	7,749,616	7,680,705	7,059,607	(621,098)
TOTAL NET REVENUE	117,204,027	118,958,992	122,776,533	3,817,541
LESS: TOTAL GENERAL FUND BUDGET	(117,124,552)	(118,943,015)	(125,529,499)	(6,586,484)
UNUSED LEVY	\$ 79,475	\$ 15,977	\$ (2,752,966)	\$ (2,768,943)

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**TOWN OF FRANKLIN
FY 2022 OPERATING BUDGET**

OPERATING BUDGET	FINAL FY20	FINAL FY21	PROPOSED FY22
111 Town Council expenses	4,000	4,000	4,000
	4,000	4,000	4,000
123 Town Administration salaries	389,449	373,279	390,485
expenses	29,800	33,700	33,750
	419,249	406,979	424,235
131 Finance Committee expenses	1,500	1,500	1,500
	1,500	1,500	1,500
135 Comptroller salaries	450,264	467,998	484,479
expenses	73,807	70,150	71,150
	524,071	538,148	555,629
141 Assessors salaries	348,284	368,803	327,321
expenses	81,740	94,350	99,900
	430,024	463,153	427,221
147 Treasurer-Collector salaries	326,546	328,995	370,347
expenses	89,305	91,105	91,105
	415,851	420,100	461,452
151 Legal salaries	104,830	107,584	109,736
expenses	121,500	60,000	60,000
	226,330	167,584	169,736
152 Human Resources salaries	157,701	170,845	174,261
expenses	22,750	28,630	53,650
	180,451	199,475	227,911
155 Information Technology expenses	263,000	293,693	307,706
	263,000	293,693	307,706
161 Town Clerk salaries	151,816	189,850	300,804
expenses	21,146	16,746	20,550
	172,962	206,596	321,354
164 Elections & Registration salaries	34,260	29,621	8,320
expenses	23,000	23,000	31,800
	57,260	52,621	40,120
176 Appeals Board expenses	5,000	6,000	8,000
	5,000	6,000	8,000
177 Planning & Growth Management salaries	310,207	323,279	316,227

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expenses	28,300	32,300	32,300
	338,507	355,579	348,527
184 Agricultural Commission expenses		1,000	1,000
	-	1,000	1,000
192 Public Property & Buildings salaries	2,819,056	2,930,726	2,861,523
expenses	4,570,475	4,109,950	4,400,000
	7,389,531	7,040,676	7,261,523
196 Central Services expenses	129,500	123,000	118,700
	129,500	123,000	118,700
Subtotal, General Government	10,557,236	10,280,104	10,678,614
210 Police salaries	5,052,360	5,438,989	5,671,038
expenses	284,295	302,485	285,140
	5,336,655	5,741,474	5,956,178
220 Fire salaries	4,905,600	5,507,400	5,891,793
expenses	439,400	492,500	507,500
	5,345,000	5,999,900	6,399,293
225 Regional Dispatch expenses	1,143,080	447,355	635,074
	1,143,080	447,355	635,074
240 Inspection salaries	394,869	384,392	426,676
expenses	21,300	23,820	22,712
	416,169	408,212	449,388
292 Animal Control expenses	73,428	76,700	77,700
	73,428	76,700	77,700
Subtotal, Public Safety	12,314,332	12,673,641	13,517,633
300 Town Schools	64,858,500	65,658,500	68,684,584
390 Tri-County Regional School	2,513,893	2,504,543	2,449,637
395 Norfolk Aggie	45,000	47,250	47,250
Subtotal, Education	67,417,393	68,210,293	71,181,471
422 DPW-Highway Dept salaries	1,816,101	1,964,761	2,042,745
expenses	2,912,740	3,048,390	3,910,640
	4,728,841	5,013,151	5,953,385
424 Street Lighting expenses	135,000	100,000	100,000
	135,000	100,000	100,000
TOTAL DPW - Hwy	4,863,841	5,113,151	6,053,385
510 Health salaries	187,000	170,484	173,894

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expenses	49,250	64,000	85,000
	236,250	234,484	258,894
541 Council on Aging			
salaries	221,340	260,780	334,595
expenses	5,930	6,100	6,100
	227,270	266,880	340,695
543 Veterans Services			
expenses	59,750	67,840	69,700
veterans assistance	185,000	185,000	175,000
	244,750	252,840	244,700
Subtotal, Human Services	708,270	754,204	844,289
610 Library			
salaries	619,928	646,345	687,373
expenses	392,072	379,000	352,000
	1,012,000	1,025,345	1,039,373
630 Recreation			
salaries	300,060	308,994	327,986
expenses	261,400	127,802	273,400
	561,460	436,796	601,386
690 Historical Museum			
salaries	27,075	29,125	29,708
expenses	500	1,000	1,000
	27,575	30,125	30,708
691 Historical Commission			
expenses	4,000	4,000	4,000
	4,000	4,000	4,000
695 Cultural Council			
expenses	15,000	15,000	15,000
	15,000	15,000	15,000
696 Cultural District Committee			
expenses		1,000	1,000
	-	1,000	1,000
Subtotal, Culture & Recreation	1,592,460	1,512,266	1,691,467
710 Retirement of Debt			
non-excluded	2,102,000	2,098,000	2,372,300
excluded	2,015,000	2,066,000	2,138,500
	4,117,000	4,164,000	4,510,800
750 Interest			
non-excluded	775,926	692,366	680,060
excluded	1,887,740	1,805,375	1,709,430
	2,663,666	2,497,741	2,389,490
Subtotal, Debt Service	6,780,666	6,661,741	6,900,290
Benefits:			
910 Retirement & Pension	5,765,354	6,174,365	6,693,600
Health/Life Insurance Benefits	2,775,000	3,315,000	3,529,500
Retired Teacher Health Insurance	875,000	872,000	855,000
Non-GIC School Retirees	1,040,000	1,050,000	1,088,000

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Workers Compensation	550,000	525,000	530,000
Unemployment Compensation	110,000	110,000	200,000
Medicare	325,000	341,250	341,250
OPEB	600,000	650,000	700,000
Compensation Reserve	275,000	125,000	125,000
	<u>12,315,354</u>	<u>13,162,615</u>	<u>14,062,350</u>
945 Liability Insurance	575,000	575,000	600,000
	<u>575,000</u>	<u>575,000</u>	<u>600,000</u>
Subtotal, Benefits & Insurance	12,890,354	13,737,615	14,662,350
TOTAL ALL BUDGETS	117,124,552	118,943,015	125,529,499
Surplus/(Deficit)	79,475	15,977	(2,752,966)
ENTERPRISE FUNDS:			
434 Solid Waste Disposal			
salaries	84,197	106,857	120,800
expenses	2,130,582	2,365,000	2,543,000
	<u>2,214,779</u>	<u>2,471,857</u>	<u>2,663,800</u>
440 Sewer			
salaries	718,036	742,609	768,946
expenses	453,750	460,750	497,950
charles river assesment	3,827,920	3,217,252	3,440,000
OPEB	6,000	6,000	6,000
prinicipal & interest	353,796	330,990	599,700
	<u>5,359,502</u>	<u>4,757,601</u>	<u>5,312,596</u>
450 Water			
salaries	1,323,940	1,400,158	1,434,375
expenses	2,069,500	2,097,180	2,251,700
OPEB	16,000	16,000	16,000
prinicipal & interest	1,978,899	2,114,853	2,871,204
	<u>5,388,339</u>	<u>5,628,191</u>	<u>6,573,279</u>
TOTAL ENTERPRISE FUNDS	12,962,620	12,857,649	14,549,675
TOTAL OPERATING BUDGET	130,087,172	131,800,664	140,079,174



<http://www.statehousenews.com>

Direct State Aid in Mass. Totals \$4.55 Bil in Biden Rescue Plan

Cities, Towns Would Be Eligible for \$3.73 Bil

Matt Murphy | 2/16/21 5:11 PM

FEB. 16, 2021.....With the U.S. House eyeing a vote on President Joe Biden's \$1.9 trillion stimulus package next week, as much as \$8.275 billion in direct aid to state and local government in Massachusetts could be on the line as Beacon Hill lawmakers begin the process of building the next state budget.

Biden's package includes \$350 billion in support for state and local government, which Gov. Charlie Baker has described as "critical" to helping states like Massachusetts rebuild their economies as more of the public becomes vaccinated from COVID-19.

The funding would be in addition to other buckets of stimulus spending that would flow to schools, businesses, testing and vaccination programs, the unemployed and direct checks to families in Massachusetts.

Congress and former President Donald Trump excluded direct state aid from the most recent \$900 billion federal stimulus bill, but governors have been pushing for more federal support for months. House Speaker Ron Mariano said over the weekend the federal stimulus could help lawmakers avoid cuts and replenish the state's reserves, all while avoiding tax hikes.

Massachusetts would receive \$4.55 billion in state aid, under the White House plan, and cities and towns would be eligible for an additional \$3.73 billion, according to figures shared with the News Service by U.S. Rep. Lori Trahan's office.

Trahan's office said it expects the Budget Committee to release the final text of the bill this week, and the U.S. House is tentatively looking at next week to hold a vote.

U.S. Rep. Richard Neal, who joined Baker at the State House last week to advocate for more federal funding, is working on another part of the relief package as chairman of Ways and Means that would provide direct checks of \$1,400 to qualifying residents.

Mariano said over the weekend in an interview on WCVB's "On the Record" that he was watching to see what happens in Washington "with a high degree of intensity."

"Right now taxes are not on the table. We have no intention of raising taxes," Mariano said.

"We have to sort of figure out where we are in our budget, how much we are going to be short. I'm not optimistic tax revenues are going to match. Even with some surprisingly robust returns, I'm still afraid we're going to be a little short."

Baker filed a \$45.6 billion budget for the fiscal year that starts in July that relied on \$1.6 billion in reserves. Despite the state collecting \$764 million more in taxes from people and businesses through January than it did during the first seven months of the prior fiscal year, revenue officials don't expect the growth in revenue to continue at the same pace.

Baker's budget would leave the state's "rainy day" fund, which started the pandemic with about \$3.5 billion, at an estimated \$1.1 billion after fiscal 2022.

"If this \$1.9 trillion package gets passed, I think we'll be able to be alright with having to doing anything more than reallocate our funds and maybe put some money back into the rainy day fund," Mariano said.

The federal government has sent about \$68 billion in aid to Massachusetts since the pandemic began, but much of it has flowed directly to businesses, families, non-profits and public entities like regional transit authorities. The Paycheck Protection Program, for instance, delivered \$38 billion for businesses impacted by the pandemic, according to state data, while nearly \$930 million went schools and \$18.4 billion was earmarked for unemployment assistance benefits.

The state received about \$7 billion in funds over which it had some discretion, including \$2.5 billion through the Coronavirus Relief Fund, according the Executive Office of Administration and Finance,

Through the end of 2020 state data shows the state has spent close to \$1.4 billion so far and administration officials say all the money has been committed and none will be returned to the

federal government at the end of the year when it is due to expire.

Of the \$2.5 billion in the Coronavirus Relief Fund, the Baker administration made \$502 million available to municipalities and has distributed \$324 million. Cities and towns are eligible to request funding based on their population size to cover allowed pandemic-related expenses.

Nearly \$100 million went to 258 municipalities in the first round administered by the state in May and June, and another \$224 million was awarded to 267 cities and towns in October.

The application window for the third round of funding closes on Feb. 26.

The state has also leveraged Coronavirus Relief Fund aid to launch a \$668 million state-run small business recovery program that is underway, and the Executive Office of Administration and Finance said Massachusetts has received nearly \$750 million for testing and tracing since the pandemic began and over \$510 million for vaccine support, \$450 million in federal rental assistance and over \$375 million for personal protective equipment, food and other priorities.

-End-

02/16/2021

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2021

LOCAL AID AND FINANCE

Senate passes American Rescue Plan with \$65B in aid for municipalities

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This past Saturday, the U.S. Senate passed the American Rescue Plan of 2021, the latest round of stimulus funding to address the impacts of the COVID-19 pandemic.

The \$1.9 trillion plan, which had been proposed by President Joe Biden, includes \$350 billion in emergency relief for states, local governments, tribes and territories. The legislation would also provide funding for housing, education, nutrition programs, unemployment assistance, vaccines and assistance from the Federal Emergency Management Agency.

The legislation would create new state and local coronavirus relief funds, with \$220 billion going to states, tribal governments and territories, and \$130 billion going directly to municipal and county governments.

Funds could be used to replace revenue lost or reduced as a result of the pandemic, fund COVID-related costs, provide support to aid households and businesses impacted by the crisis, invest in economic recovery and renewal, and fund investments in water, sewer and broadband infrastructure. Under the most recent draft, the funds would be provided in two blocks in 2021 and 2022 and would be available for use through 2024.

Once the bill becomes law, the Treasury Department will provide specific guidance on allowable uses of the funds.

The bill now goes back to the House, where a final vote is expected as early as Tuesday, and then to President Biden, who is expected to sign it into law before March 14 to avoid any lapse in extended federal unemployment benefits.

The MMA has made passage of the American Rescue Plan a top priority, working closely with the National League of Cities, which coordinated a national campaign to advocate for direct aid to all cities and towns. The NLC mobilized thousands of local officials and state municipal organizations to make sure that direct aid to local governments remained in the aid package.

"The American Rescue Plan Act is a true game-changer," said MMA Executive Director Geoff Beckwith. "This bill will provide critical aid to every city and town in Massachusetts to stabilize essential services, inject real dollars into our communities to protect individuals, families and businesses hit hardest by COVID-19, and invest in a powerful economic recovery all across the state."

On behalf of the MMA, Beckwith praised all members of the Massachusetts congressional delegation.

"We are so fortunate to have remarkable senators and representatives who are strong and enduring advocates for federal aid to cities and towns," he said. "Their leadership has paved the way for passage of the American Rescue Plan."

Ultimately, the Senate approved \$65 billion in direct aid for municipalities across the country. Early estimates for Massachusetts indicate that cities and towns could receive as much as \$2 billion in direct aid, through two distributions. Thirty-seven "Metropolitan Cities" (generally communities with populations above 50,000) would receive about \$1.7 billion distributed through a modified Community Development Block Grant formula, and all other communities would receive approximately \$368 million distributed on a per-capita basis. Counties would receive about \$1.3 billion, also distributed on a per-capita basis.

In regions that have abolished their county governments (Berkshire, Essex, Franklin, Hampden, Hampshire, Middlesex and Worcester), the bill would keep the aid in the state by distributing the money to the cities and towns in the county based on the municipalities' percentage of the county population, and communities could use the funds to supplement their direct aid.

Municipal leaders from communities with functioning county governments (Barnstable, Bristol, Dukes, Nantucket, Norfolk, Plymouth and Suffolk) will need to work with their county officials to make sure the funds are available for local government priorities.

The House Oversight Committee provided estimates for states and localities as of Feb. 25 (Excel file). Final allocations will be determined by the Treasury Department based on the most recent census data and the final language in the law.

The MMA will be providing updates at www.mma.org over the coming days, and the National League of Cities is also sharing information at www.nlc.org.

Written by Jackie Lavender Bird, Legislative Analyst

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