



TOWN OF HUDSON FY2026 BUDGET PRESENTATION

JANUARY 13, 2025

FY2026 BUDGET

- FY2026 General Fund Operating Budget: \$98,768,865
 - Increase of \$2,865,356 or 2.99%
 - Town-side reductions of \$323,175 and 5.6 FTEs (\$276,646 in Town-side reductions were made in FY2025)
 - Use of \$325,403 in Free Cash to balance budget
 - Use of \$400,000 in Health Insurance Stabilization Funds
 - Budget “B” contingent on a successful \$3.95M Proposition 2 ½ Override ballot question

FY2026 BUDGET - ASSUMPTIONS

- Level municipal services with fewer FTEs
- \$27,586 in excess levy capacity estimated for FY2026
- 1.00% general wage adjustment for non-union employees on July 1, 2025
- Conservative revenue projections
 - Minimal increase in state aid (net increase of 0.01%)
 - Local receipts projected to increase by 2.31%
 - 2.00% increase in water and stormwater indirect cost reimbursement
- Projecting no additional borrowing authorizations in FY2026
- 2.50% increase to HPS appropriation

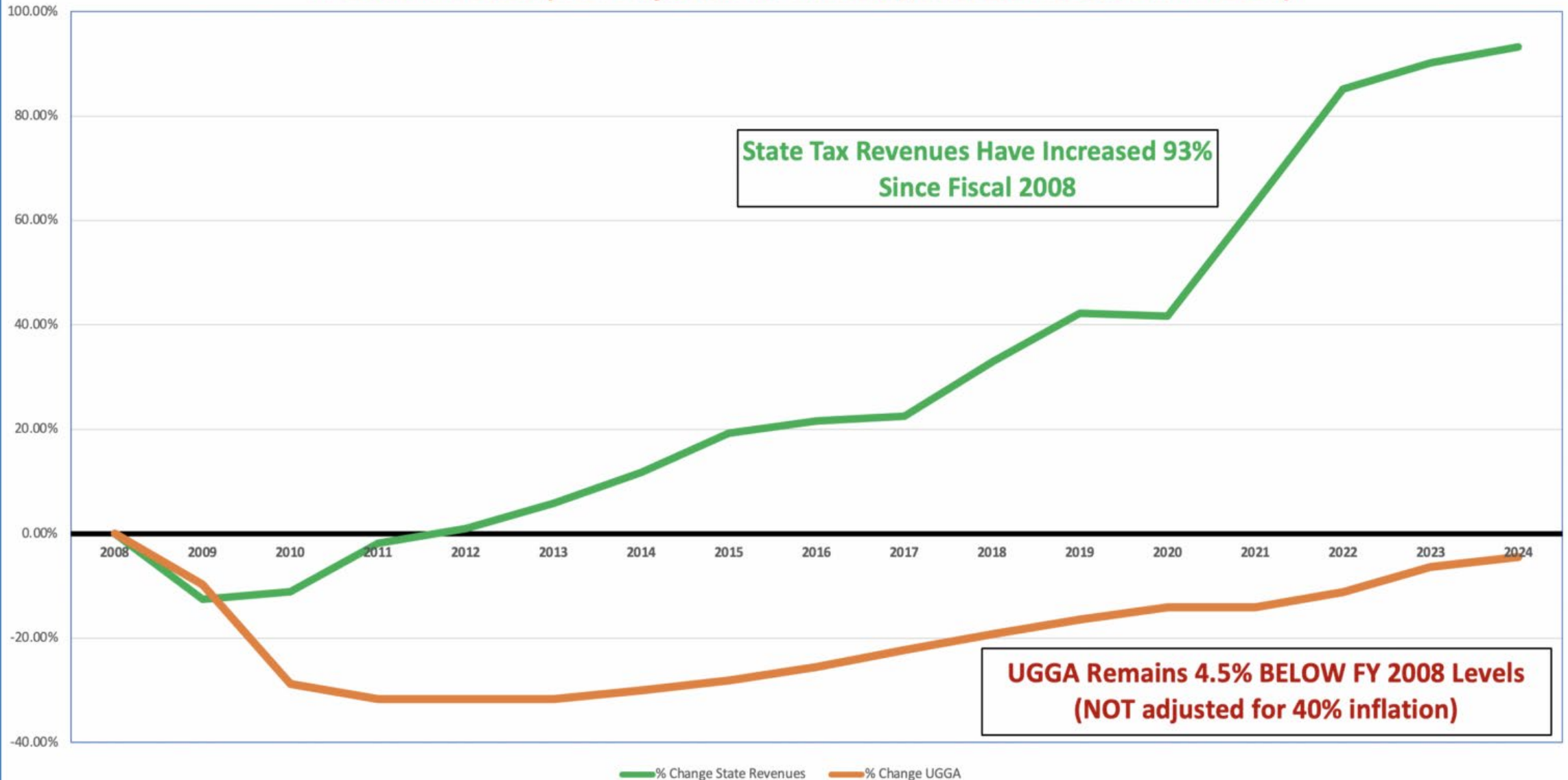
FY2026 BUDGET - CHALLENGES

- Early budget cycle – unknown state aid
- Prop 2 ½ limitations / lowest new growth since 2013
- 17% increase in health insurance premiums; Town to assume 65% of premium cost on July 1, 2025 (per PEC Agreement)
- 15% increase in property insurance premium; 10% increase in workers comp premium and all additional lines
- 15% increase in natural gas expenses
- Growing structural deficit in the operating budget; challenge to meet service level expectations of the community

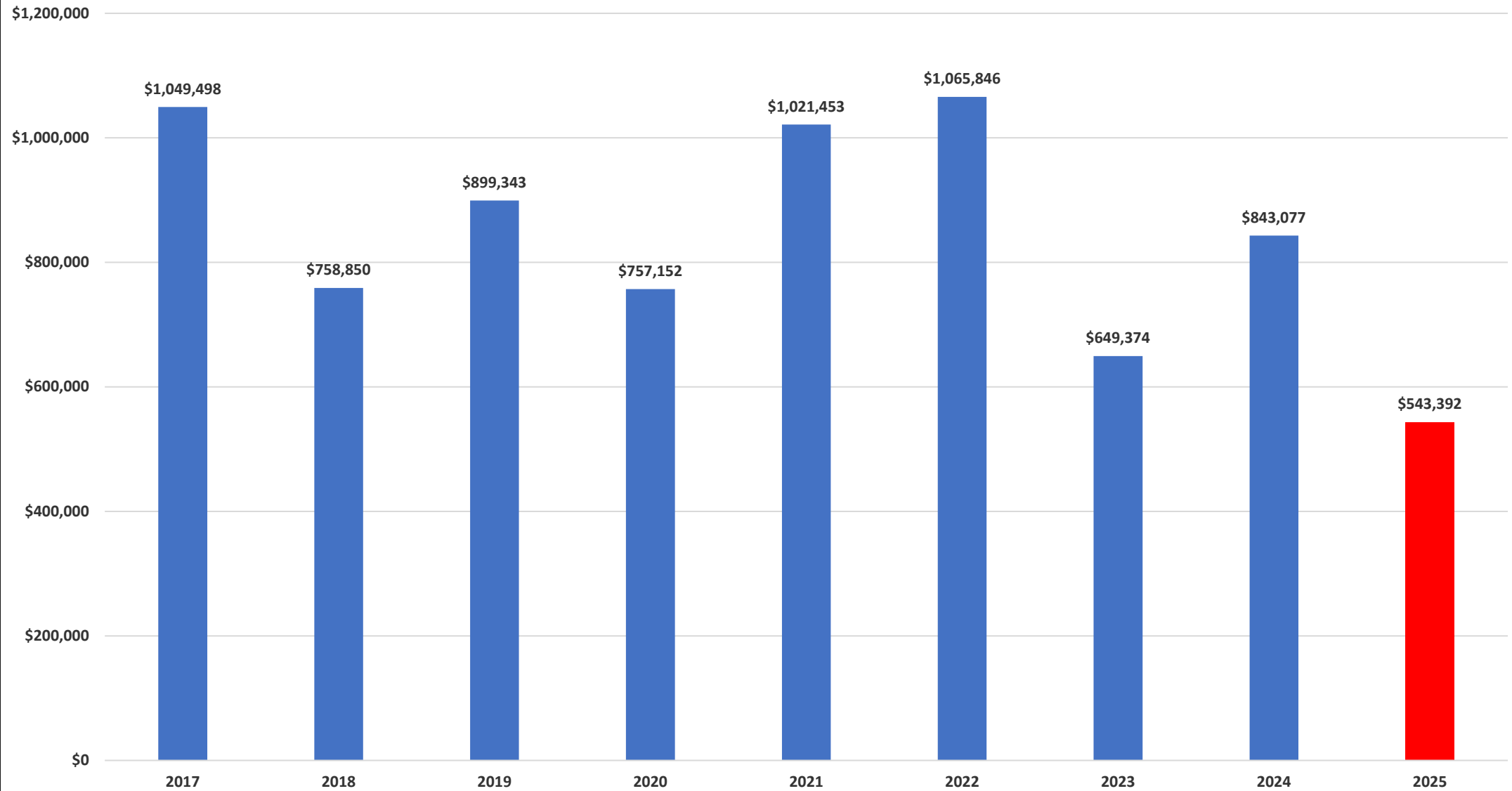
General Fund Revenue	FY2025	FY2026	Increase / (Decrease)	% Change
Levy	\$66,774,365	\$68,685,772	\$1,911,407	2.86%
State Aid				
General Government	\$2,705,929	\$2,777,974	\$72,045	2.66%
Education	\$16,162,082	\$16,393,927	\$231,845	1.45%
Local Receipts	\$7,828,963	\$8,010,000	\$181,037	2.31%
Indirect Cost Reimbursements	\$1,929,170	\$1,950,789	\$21,619	1.12%
Available Funds				
L&P Surplus	\$225,000	\$225,000	\$0	0.00%
Free Cash (Operating)	\$0	\$325,403	\$325,403	
Overlay Surplus	\$278,000	\$0	(\$278,000)	-100.00%
Health Ins. Stabilization	\$0	\$400,000	\$400,000	
Total Operating Revenue:	\$95,903,509	\$98,768,865	\$2,865,356	2.99%

State Tax Revenue Growth v. UGGA Growth

FY 2008 - FY 2024 (NOT Adjusted for Inflation, with 2% increase in FY 2024)



Total New Growth Applied to Levy Limit: FY2017 - FY2025



Local Receipts

- Estimated receipts of \$8,010,000 for FY2026
- Increase of \$181,037 or 2.31% for FY2026
- Motor Vehicle Excise Tax
 - 2023 actual: \$2,986,477
 - 2024 actual: \$3,380,155 (13% increase)
 - 2026 estimate: \$3,070,000
- Positive trends in meals excise and building permit fees

General Fund Expenses	FY2025	FY2026	Increase / (Decrease)	% Change
Education				
Hudson Public Schools	\$44,279,710	\$45,386,702	\$1,106,993	2.50%
Assabet Assessment	\$2,973,072	\$3,151,456	\$187,384	6.00%
General Government				
Departments	\$18,935,631	\$19,512,086	\$576,455	3.04%
Health & Life Insurance	\$5,525,000	\$6,546,100	\$1,021,100	18.48%
Medicare	\$811,512	\$827,742	\$16,230	2.00%
General Insurance	\$594,457	\$1,191,287	\$596,830	100.40%
Pension Assessment	\$7,920,764	\$7,938,868	\$18,104	0.23%
Debt Service				
Principal	\$3,521,000	\$2,958,000	(\$563,000)	-15.99%
Interest	\$1,190,906	\$1,533,216	\$342,310	28.74%
Other Debt Service (Assabet)	\$358,607	\$347,387	(\$11,220)	-3.13%
Town Meeting				
Articles	\$25,000	\$0	(\$25,000)	-100.00%
Stabilization Fund	\$0	\$0	\$0	0.00%
Reserve Fund	\$100,000	\$0	(\$100,000)	-100.00%
Charges				
Tax Title	\$30,000	\$30,000	\$0	0.00%
Cherry Sheet Offsets	\$1,432,909	\$1,434,607	\$1,698	0.12%
Cherry Sheet Assessments	\$7,044,458	\$7,346,602	\$302,144	4.29%
Overlay Reserve	\$882,750	\$564,810	(\$317,940)	-36.02%
Total Operating Expenses:	\$95,903,509	\$98,768,865	\$2,865,356	2.99%

Proposition 2 ½ Override

- Statute (G.L., Ch. 59, Sec. 21C) allows a permanent increase in the Levy Limit
- Two-step process: contingent budget (“B”) and successful ballot question at the annual town election (May 12, 2025)
- Budget “B”, if both hurdles are cleared, will:
 - Increase HPS appropriation by \$3.3M to \$48,686,702
 - Restore Town-side Budget “A” reductions of \$323,175
 - Eliminate reliance of \$325,403 in Free Cash to balance the operating budget
 - **Total Proposition 2 ½ Override Request: \$3,950,000**

Proposition 2 ½ Override (cont.)

➤ Form of ballot question:

“Shall the Town of Hudson be allowed to assess an additional \$3,950,000 in real estate and personal property taxes for the purpose of funding school and municipal operations for the fiscal year beginning July first two thousand twenty five?”

Yes _____ No _____

- If successful, the adjustment in the levy will be made when the FY2026 tax rate is set (December 2025). Third quarter tax bills for FY2026 will capture the impact.



THANK YOU



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