

Warwick 2025 Annual Town Meeting Summary and Explanations

Greetings, Friends and Neighbors,

Welcome to this information session which was designed to help you better understand the Fiscal Year 2026 budget and the articles you will be voting on at our Annual Town Meeting being held at the Warwick Community School on Monday May 5, 2025, at 7:00 pm. We look forward to your questions and will do our best to answer them.

Sincerely,

Warwick Finance Committee – Diana Noble, Gregory Brodski, Laurette Crane, Olivier Flagollet, and Jill Delisle.

With support from David Young, Town Coordinator

Understanding the FY26 Warwick Budget and Tax Impact

The Town of Warwick's FY26 budget reflects a 7% increase, but the rising costs are largely outside the Town's control and not a result of local spending growth. Several structural, financial, and policy-related factors are combining to shift more cost burden directly onto taxpayers. (Budget Line 421)

1. Health Insurance, Wages, and Financial Operations

- Health premiums for active employees have risen 18%, driven by national trends and pricey weight loss prescription drug costs, (Budget Line 405)
- Town wages have a 2.5% COLA (matching Social Security),
- Police compensation is up 10%, and the Treasurer's salary raised by \$5,000 to meet regional norms. (Budget Lines 152, 53)

The Tax Collector expense budget has risen to reflect increases in supplies and expenses as well as an increase in the portion of the accounting software assigned to this department. (Budget Line 68).

FY26 reflected a structural change in how the Town handles its financial operations. Warwick transitioned away from using **Marcum LLP**, a respected national accounting firm known for quality service but high cost, to an **individual consultant** model for accounting. This is the **first budget year** that recognizes the savings in the budget, now entering its second year in practice. The move reflects a focus on cost savings while maintaining strong fiscal oversight. (Budget Line 31)

Additionally, as a consequence of establishing our own school district, the Town is now required to **conduct an annual audit** of the school district's finances. However, we are **not required to audit the entire town annually**, allowing us to maintain a longer audit cycle for general municipal operations. The school district audit adds a modest **\$4,000 cost**, and in years when we do not audit the full town, this is the only audit-related expenditure. (Warrant Article 15, Budget Line 435)

2. Use of One-Time Free Cash for Capital Investments

At the close of FY24, Warwick certified an unusually high level of unrestricted free cash totaling **\$536,000**. Of this, **\$300,000** came from the Town's equity share following its withdrawal from the former regional school district.

In line with a commitment to use one-time money for long-lasting investments rather than operating expenses, the December 2024 Special Town Meeting appropriated:

- **\$170,000 for solar panels** at the fire station, and
- **\$120,000 for a used heavy-duty plow truck** (the second such replacement in two years).

These capital allocations reflect strategic use of non-recurring funds to reduce future operating costs and improve public infrastructure.

In December 2024 Free Cash was also voted to support children's programs and reducing the levy. Total free cash after the December 2024 Special Town Meeting votes was \$169,646.

3. Tax Rate, Valuation, and Tax Burden Allocation

Warwick's primary revenue source remains **real and personal property taxes**, both of which fall under the state's **Proposition 2½** levy limit. For FY26, although the **tax levy is increasing**, the **tax rate may decline** due to the **state-mandated revaluation** of all properties to 100% of market value. (Budget Lines 509, 510)

According to the Department of Revenue, Warwick's FY25 valuations were approximately 3% below market. In FY26, total assessed property values are expected to exceed **\$120 million**. As valuations rise, the **tax rate must adjust downward** to ensure that the same total levy is raised proportionally. (Budget Lines 528, 510)

The result: Most taxpayers will see an estimated **5.6% increase in their real and personal tax bill**, even if the tax rate drops. A simple way to calculate this is to multiply last year's bill by **1.056**. (Budget Line 509)

This process does **not create new taxes**, but it **redistributes or allocates the tax burden** based on updated market values. Depending on market trends, some property types or locations may see greater increases in assessed value than others.

Additionally, Warwick collects a **motor vehicle excise tax**, set by state law at **\$25 per \$1,000 of vehicle value**. This tax is **not subject to Proposition 2½** and does **not factor into the property tax rate**.

4. Revenue Overview

While property taxes remain the Town's largest revenue source, other revenues help reduce reliance on taxation:

- **State aid and PILOTs:** Warwick receives **unrestricted general government aid** and **payment-in-lieu-of-taxes (PILOT)** reimbursements from the Commonwealth for state-owned land. (Budget Line 477)
- **Solar royalties:** The Town receives approximately **\$30,000 annually** in **net meter hosting royalties** from its participation in solar power agreements. (Budget Line 492)
- **Excise taxes and other local receipts:** The largest component of the "Other Revenues" category—budgeted at **\$100,000**—is the **motor vehicle excise tax**, supplemented by license fees, permits, and departmental receipts. (Budget Line 478)
- **School choice and tuition revenue:** Warwick cannot currently participate in school choice due to a state determination that would obligate the Town to fund secondary tuition—an interpretation Warwick believes is erroneous but cannot risk financially. Instead, the district accepts out-of-state students on a tuition basis when this can be done without added cost.

These revenues are impactful to the budget because, to the extent possible, they offset or reduce the amount we must levy in taxes. In general, when other revenues go up, taxes can go down. In the FY2026 budget the remaining \$169,646 free cash from last year is recognized as revenue to reduce the tax burden. (Budget Line 491)

5. Animal Control Transition

Warwick is making a structural change in how it handles animal control. Following the **resignation of the longtime Animal Control Officer (ACO)**, the Town has elected to **transition dog and animal control responsibilities to the Franklin County Sheriff's Department**. This change places the function more clearly under the umbrella of **law enforcement**, improving response capabilities and professional support. (Budget Line 200)

6. Highway Department Overview

The Highway Department represents Warwick's **second largest budget** after education. The department currently has **three full-time employees** and aims to maintain a four-person operation for optimal coverage and responsiveness. However, hiring has been challenging in recent years, prompting the Town to **substantially increase wages** to remain competitive in a tight labor market.

Administrative functions are supported through **shared office staff**, allowing highway workers to focus more on field operations.

The highway department portion of the town budget is composed of three distinct parts. Line 248, which covers highway expenses, is level funded this year. Line 254, covering highway salaries, reflects a modest increase. The third component is snow and ice removal, found on line 262. This line covers overtime wages for winter work, fuel, road treatment materials, and other costs associated with snow plowing and maintaining road safety during the winter months. In some years, unspent funds from the highway expense or wage lines have helped offset deficits in snow and ice spending. It's not just snowstorms that drive up costs—icing events can be equally expensive. For reference, snow and ice

expenditures over the past three years, not including 2024-2025, were \$102,507, \$173,351 (but made up with other Highway funds), and \$81,272. This year's expenses were \$173,747 for a deficit of \$71,240 (Line 451).

Warwick has been highly successful in securing **state and federal infrastructure grants**, receiving several awards totaling over **\$1 million each** in the past two years for projects including **paving and guardrail upgrades**.

Looking ahead, the Governor of Massachusetts has proposed a **50% increase in Chapter 90 aid**, which provides formula-based road funding to municipalities. The proposed change would also revise the formula to allocate the additional funding **solely on road mileage**—not population. This would make Warwick a **clear winner** given its extensive road network, much through state park and forest and it might happen as it doesn't impact the legacy program awards.

Thanks in part to these outside funding successes and stable operations, the **FY26 Highway Department budget is increasing by less than 2%**. (Budget Line 264)

7. Support for Children's Programming

While the FY26 budget does not introduce many new initiatives, there is continued support for one important area: children's services. Both the Special Town Meeting and Annual Town Meeting voted to fund Warwick's **after school and summer programs for children**.

These programs are budgeted and reported on the **town side** for technical reasons. They **do not qualify as eligible school spending** under Massachusetts regulations, which is precisely why they are operated outside the school budget. However, they continue to be administered in close coordination with the Warwick School District.

These programs have proven especially valuable as they help address **learning loss and social disruption caused by the COVID-19 pandemic**, offering students structured activities, academic support, and positive social engagement beyond the regular school day. (Warrant Article 17, Budget Line 442)

8. Legacy Pioneer District Obligations

Warwick continues to pay its proportional share of retiree health insurance and other OPEB liabilities linked to its former membership in the Pioneer Valley Regional School District. These include:

- Health insurance premiums for retirees,
- Other post-employment benefit obligations under state law and largely retirement system contributions.

These costs would exist whether Warwick remained in the district or not. Withdrawal only made them more visible in the local budget, not avoidable. (Budget Line 366)

9. Charter School Tuition Cost Shift

As students continue to attend charter schools, Warwick must pay the full tuition assessment. Although the state provides initial reimbursement, it phases out quickly:

- Year 1: 100% reimbursement
- Year 2: 60%
- Year 3: 40%
- Year 4: 0%

Each year, the Town pays a larger share of the tuition from its own revenue base, causing a predictable rise in education costs per charter student. (Budget Line 475)

10. Reserves and Contingency Planning

Warwick maintains multiple reserve mechanisms that help the Town respond to uncertainty and avoid reactive budget practices:

- **Reserve Fund:** This fund, controlled by the Finance Committee, has grown steadily and acts as Warwick's primary **contingency resource**. Unlike most appropriations, expenditures from the reserve fund **do not require a vote of Town Meeting**, allowing timely responses to unforeseen needs. Departments are encouraged to **budget leanly**, knowing that the reserve fund acts as a **shared safety valve** for true contingencies. Importantly, the Town does **not penalize departments for not fully spending their budgets**, nor treat unspent funds as evidence of over-budgeting. (Budget Line 28)
- **Stabilization Fund:** Used for longer-term fiscal stability and larger one-time needs, the stabilization fund will be tapped for **\$59,249 in FY26** to pay off the electric school bus. No appropriation to Stabilization is planned in FY26 due to tight budget conditions. The balance in Stabilization will be \$357,463. (Warrant Article 19, Budget Lines 424 & 480)

These reserve practices reflect Warwick's prudent financial management and commitment to long-term planning.

11. Shrinking Public Grant Support

Warwick has benefited from various federal and state grants, but some are now at risk or have already declined:

- The Commonwealth of Massachusetts is expected to backfill some of the lost federal funding, but:
 - There is no certainty about if or how much will be provided,
 - Public (taxpayer-funded) grant sources are often subject to state budget pressures.

At the federal level, the landscape is particularly **uncertain**. Future developments could result in:

- A revival of **general federal revenue sharing**, giving local governments more flexible use of funds, or
- **Federal tax cuts** that reduce or eliminate grant-funded support for municipalities entirely.

This uncertainty makes long-term planning difficult and reinforces the importance of maintaining strong local revenue sources. Warwick must remain adaptable in the face of a shifting state and federal funding landscape, and may over time need to take on a greater share of service funding locally.

Summary

The FY26 budget does not include new programs or spending initiatives, but it does reflect a mix of **required obligations**—such as retiree costs and school assessments—and **valued local investments**, including continued funding for children's programming and competitive wages for staff. From fulfilling commitments to adapting to reduced external support, the Town is working to maintain essential services and community priorities without overburdening taxpayers.

While the tax rate is likely to decrease due to rising property valuations from the state-mandated revaluation process, **most taxpayers should expect approximately a 5.6% increase in their property tax bill**. This reflects the growing cost of services and the need to maintain local operations amid an uncertain funding landscape.

Links for Online Information

[Warrant](#) for May 5 Annual Town Meeting

[Climate Leader Program](#) Warrant Article 21

[First Parish Church explanation](#), Page 10 David's Town Coordinator Report April Newsletter, Warrant Articles 23 – 25

Warwick School and District Budget Hearing [Handout](#) and [Hearing Video](#)