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Gary Christenson, Mayor

To: Amanda Linehan, City Council President
Carey McDonald, Chair of Finance Committee

From: Mayor Gary Christenson

Date: December 9, 2025

Re: Proposition 2 1/2 Override Proposal

This memo is in follow-up to the Malden City Council Finance Committee meeting held on Tuesday, December 2nd. It is my hope that by providing this memo in advance it will give the City Council an opportunity to review and be prepared for the discussion this evening.

At the meeting held on December 2nd, Councillor Winslow put forth a proposal that we consider adding two additional options (for a total of 3) for residents to choose from when voting on a Proposition 2 1/2 override. The proposal by Councillor Winslow was in response to feedback we received from some of our residents at the recent public forum asking that they be given the option to support their City with more than the 'bare minimum,' a gesture that can only be described as selfless.

The initial proposal I sent to the City Council was for an override of \$5.4 million, an amount designed, in combination with expected GIC savings, to structurally balance the current year's budget (FY26). The goal was simply to provide us with a better foundation heading into the next budget, while acknowledging that much uncertainty and new headwinds lie ahead. We subsequently found out that the structural deficit was \$1.6 million greater than we anticipated as the after the fact calculation of our compliance with Net School Spending (NSS) requirements on public education showed that we came up short for FY26. It is worth noting that the FY26 compliance with the NSS calculation won't be known until after the fiscal year is over and reporting complete, therefore at this time we can only work with what we know, which is being compliant with NSS through FY2025.

Councillor Winslow's December 2nd proposal can be summarized as follows:

Option	Override Amount	Desired End Goal
1	\$5,400,000	Structurally balanced FY26 budget when combined with GIC savings.
2	\$7,000,000	Structurally balanced FY26 budget when combined with GIC and now known NSS shortfall.
3	\$9,000,000	Investment in infrastructure plus structurally balanced FY26 budget

General Feedback on Options

The concept of providing options has become more familiar to our residents with the most recent override campaign in our neighboring city of Melrose, where residents were given three options to choose from. In Stoneham, where voters will vote today, residents will have two options to choose from. While the concept of options has merit, it is important that they be used responsibly and sparingly.

Headwinds and Future Challenges

Perhaps the most difficult thing about this entire exercise is the fact that even as we craft proposals and attempt to create a more certain future for our city, the most significant factors that will drive our FY27 budget are both unknown at this time and largely out of our control. In particular, the aid we will receive from the state for education in the last year of the Student Opportunity Act, the requirement that will be placed upon us to fund the local share of education, and the direction that health insurance costs take as we pursue a conversion to the GIC are all unknown and represent potential multimillion dollar swings to our budget. That will play out each year into the future and when combined with other inflationary driven pressures, it makes our desire to map out a multi-year plan with certainty noble but unrealistic.

Challenges with a Third Option

The potential to add a second option is both straight forward and easy for us to communicate with our residents. In fact, a second option as proposed by Councillor Winslow merely achieves what we set out to achieve with the first option, that is a structurally balanced budget for FY26. We can effectively communicate that the second option is intended to fund all services at the current level, and that the first option would likely require budget cuts to accompany a successful override to achieve a structurally balanced budget based upon the variables that exist today.

I understand the desire for a third option that represents a chance for residents to invest not just in the current service levels but to also opt for funding for additional investment in areas where we currently fall short. I am also proud to live in a community where people have raised their hand to ask that we give them that choice. However, my concerns with a third option are multifold.

First and foremost is my concern that while we have residents that are willing and able to support an additional investment in Malden, we have others for whom even the initial request represents a great burden. While the comparisons to Melrose for some purposes have merit, it cannot be ignored that our typical taxpayer earns significantly

less than a typical Melrose taxpayer, and therefore the burden of a tax increase is greater.

I am concerned that any ask that promises additional services or investments given the uncertainties ahead may lead to voters feeling misled when budgets are developed, and other variables have changed. Put another way, I do not believe we can commit today to how any future revenue dollars are to be spent given the pure volume of unknowns at the federal, state and local levels.

It is important that we do not send the message that the education formula flaws can be overcome by asking our residents to give more year after year. There is a need for affordable communities like Malden with a mix of property types at different price levels and reasonable taxes. We are asking for an override for basic services to allow time for our State Legislative Delegation to address the inequities in the formula and for us to develop additional revenue growth strategies. I believe asking for anything beyond the absolute bare level necessary to get to that point sends an inconsistent message.

Finally, and perhaps most importantly, while we ask our residents to give more, I also hear from many of them that they expect to see us make some tough decisions today, tomorrow and into the future to do our part to meet this moment. The first two options are consistent with that message, while a third may feel like we are looking to solve all our challenges with this override.

Conclusion

I am committed to support expanding the override ballot question to two options such that one option structurally balances our FY26 budget, and the second option at \$7.0 million provides just that while taking into account the need to fund the Net School Spending deficit. This would be in addition to the original \$5.4 million option that we've discussed to date. We then will need to work hard to couple these options with new revenue growth in other areas, a long-term fix to education funding, and a willingness to make other tough decisions to continue to fund our priorities each year.