MMA Fiscal Policy Committee

Best Practice Recommendation: Budgeting for Snow and Ice Removal

BEST PRACTICE: Adopt, as a policy or as part of the annual budget process, an experience-based target for snow and ice appropriations and a plan to cover extraordinary expenses for harsh winters. The target could be expressed as a multi-year average of actual expenses or as a percentage of an average that progresses toward the target over time. For extraordinary expenses, a portion of municipal reserves could be set aside and identified as available for this purpose.

Many cities and towns significantly underfund snow and ice removal accounts when adopting their municipal budgets, with the expectation that reserves will be available to cover unbudgeted expenses by year’s end or that a deficit can be carried forward to the next fiscal year. Weather- and storm-related costs are impossible to predict with any certainty, and local officials are understandably reluctant to allocate excessive amounts for snow and ice removal purposes at the expense of other municipal services. There are also disincentives in the deficit carry-forward law that make it difficult to fully fund snow and ice accounts.

Severely underfunded snow and ice accounts, however, carry a fiscal risk. In some years, reserves may not be sufficient to cover major unbudgeted expenses, and significant deficits carried over from previous years may reduce resources that otherwise would be available to fund other services.

In their original fiscal 2014 budgets, cities and towns appropriated $115 million for snow and ice spending. Actual spending totaled nearly $205 million, about $90 million more than originally budgeted, about 78 percent over budget. Of the 311 over-budget municipalities, 148 were over budget by more than 100 percent and 74 by more than 200 percent. One hundred and eleven cities and towns carried forward deficits totaling $39 million in fiscal 2014.

The best practice of adopting an experience-based target for snow and ice appropriations (with a plan to get there over time, if the gap is too large), with a policy on how to plan for and cover extraordinary expenses for harsh winters, would encourage cities and towns to review actual historical snow and ice spending when adopting a budget and to include a reasonable appropriation. This would help avoid unnecessary withdrawals from local reserve accounts and the carry forward of significant deficits into future years.