

Timeline:

- **10/3:** Review FY12 Guidelines, consider whether to keep, revise or delete; consider new guideline suggestions
- **10/17:** Review Working Draft, consider whether changes necessary per 10/13 Four Boards meeting info; consider new guideline suggestions; hear comment from public and consider revising accordingly
- **10/24:** Review Working Draft, consider if further addition or revision necessary; Finalize and approve either now or 11/7

Below are the FY12 Guidelines we will use as a starting point for the FY13 discussion, with some modification based on our preliminary 9/26 meeting, my suggested revisions, and with new dates for less confusion. Red is added or changed text or comment, strike-out is recommended deletion

OVERALL PHILOSOPHY FOR FY13: Fiscal sustainability continues to be the budget goal, so FY13 revenue and expenditure plans must be viewed in a multi-year context. The Select Board recognizes that further reductions in service scope across many or all departments will be necessary to balance the FY13 budget, and we consider broad reductions across departments preferable to elimination of any specific program categories. We consider intense evaluation of the current range of municipal services and their delivery methods to be critical for making decisions with the highest budget impact and lowest citizen impact. *We would like to see prioritized staffing needs (per the FY12 Town Manager Performance Goal #9) begin to be reflected in the recommended FY13 budget.* We are again willing to consider distribution of cuts across the Town, School and Library budgets in other than the traditional “equal” distribution, if we believe the identified gains and losses would better serve the community. We recognize the necessity of including long-term obligations, such as the enormous cost of retiree health care, as part of our fiscal sustainability planning, and we look forward to recommendations in this challenging area as we go forward.

PRIORITIZATION AND FEEDBACK: ~~Following two particularly challenging years of identifying core services, cutting back to that core and working to protect it going forward, the current (FY11) budget represents the best approximation of minimally acceptable service levels for our community. Facing this fourth year of reductions in State Aid, on the heels of our carefully crafted and successful override last spring, the Select Board needs to be able to weigh in on the cuts that will be necessary to balance the FY12 budget. We no longer have the luxury of identifying beforehand particular programs or service sectors for either protection or acceptable reduction, because that approach is too broad for this stage of now annual budget cutting. We need an opportunity to respond to the Town Manager’s recommendations. To ensure the budget is one we can support at Town Meeting, it must reflect our best estimate of the community’s priorities in current circumstances, with due consideration given to what would be kept or lost at different levels of levy capacity and overall available revenues. (Needs re-write for FY13)~~ The Select Board supports continuing the model of the Town Manager presenting a prioritized list of expenditures at different revenue levels, *with rationale for his priority rankings*, allowing the Select Board and community to consider the recommended prioritization and relative necessity.

EXPENSE REDUCTION: The Select Board continues to support appropriate regionalization and reorganization when such initiatives would reduce costs and realize efficiencies. We also continue to support reassigning services outside of the general fund where responsible, and with due consideration

of the implications of funding loss, mindful of sections B-4 and B-8 of the Town's "Financial Management Policies & Objectives."* We recognize that without new revenue, broad-based cuts to programs and services are necessary. We consider the negotiation of labor contracts that the Town can afford and sustain to be of highest priority, and we recognize and appreciate the statement from the Finance Committee's Report to the 2011 Annual Town Meeting: "Total salaries and benefits as a percentage of total budget has continued to increase, a warning sign." That amount currently exceeds 60%, and is due primarily to escalating health care costs.

ECONOMIC DEVELOPMENT: We recognize that our most reliable revenue source is property tax, and that growing our property tax base in net-positive ways is critical. We strongly support pursuing responsible and appropriate expansion of our commercial sector, which currently stands at X%. We strongly support pursuing residential sector growth through private student housing, senior housing and mixed-use development. We strongly support solar power generation and other green initiatives. It is important to clearly articulate to the Select Board and the wider community the cost-benefit analysis of such pursuits, as well as their consistency with the Master Plan.

OTHER NEW REVENUE: We continue to support the pursuit of new revenue through expanded arrangements with the University and Colleges. Where possible and practical, we support consideration of new service fees and increasing existing ones. We also continue to support advocating for State legislation that improves local taxation options, increases aid to Amherst, or mitigates onerous mandated costs. Additionally, we support advocating for increased State revenues, such as more progressive taxation including higher income tax, in order to increase funds available for local aid to all communities. These positions are consistent with sections B-9 and B-10 of the Town's "Financial Management Policies & Objectives."*

CAPITAL: The Select Board recognizes the perils of inadequate investment in capital improvements, and remains committed to trying to incrementally increase the percentage of the property tax levy allocated to capital over time to achieve a goal of 10%, per section C-7 of the Town's "Financial Management Policies & Objectives."* But we believe that the extenuating circumstances of the current financial situation will likely not allow for any increase this year. Additionally, we believe prudence requires that there be no decrease from the FY12 percentage. The Select Board continues to support funding capital investments by means other than the capital budget where possible, including through the use of Community Preservation Act funds, through shared purchasing and ownership with other towns or entities, and through bonding or borrowing for large long-term projects.

RESERVES: The Select Board opposes reserve use to fund ongoing expenses. We support careful and strategic reserve use only as a bridge to either anticipated revenue or a planned expense reduction. We support maintaining a responsible reserve balance, as outlined in section B-3 of the Town's "Financial Management Policies & Objectives."*

* Town of Amherst "Financial Management Policies & Objectives," adopted January 2008; this document is available on the FY13 Budget page of the Town web site.