

Finance Committee Minutes

Approved 3/5/09

Meeting Date February 28, 2009

CALL TO ORDER

The Meeting was called to order at 9:10 AM in the Middle School Library.

COMMITTEE MEMBERS IN ATTENDANCE

Brian Morton (Chair), Andy Steinberg, Kay Moran (Vice Chair), Marilyn Blaustein, Doug Slaughter, Marylou Theilman,

STAFF AND OTHERS IN ATTENDANCE

Stan Rosenberg, State Senator; Ellen Story, State Representative; Larry Shaffer, Amherst Town Manager; John Musante, Amherst Assistant Town Manager/Finance Director; Maria Geryk, interim School Superintendent; Rob Detweiler, School Finance Director; Members of Select boards, Finance Committees, School Committees from Amherst, Leverett, Pelham and Shutesbury, members of the public

AGENDA

1. Four – Town Discussion of Regional Budget

COMMITTEE ACTIONS

- None

DISCUSSION

Legislative Update

Stan Rosenberg told us that the federal stimulus package includes about \$800 million for K-12 and higher education targeted to maintain funding levels at the 2006 levels.

Depending on how the state allocates the funding it could maintain chapter 70 at more recent levels. An analysis of the entire stimulus package is ongoing and should provide useable information to municipalities by the end of March. He also outlined the state's budget situation as it relates to Ch 70 and municipalities in general. Tax collections are down significantly at the state level, worse than during either of the two most recent recessions.

The Governor's budget level funds Chapter 70 but cuts other local aid accounts thus the local portion of education funding over and above Chapter 70 is at risk as it competes with other municipal service needs. Revenue enhancing options to help cities and towns are still on the table but no action has been taken yet. The Municipal Relief Commission that Stan serves on has endorsed roughly 100 of the 165 proposals that were brought to it for consideration including closing portions of the tele com tax loop-hole, increasing the

meals tax and providing a local option meals tax, and increasing the hotel/motel tax including an expansion of scope. The proposal was ready to be introduced just prior to the previous Speaker's exit and the new Speaker needs to be brought on board and then bring it to the floor for debate.

Municipal relief in regard to health insurance is also in the package. The state would set standards, based on performance of the State GIC program, for local health funds to meet to be eligible to remain independent. Those that do not meet the performance standard will be strongly encouraged to join the GIC. Underperforming communities that choose not to join could be subject to state aid reductions.

The state would still really like to see an overall reduction in the total number of school districts statewide, but has backed off a little on the 5,000-student standard in favor of allowing a little more local flexibility.

Ellen Story stated that increases in existing taxes eventually will have to become part of the discussion but that in the current climate will be very difficult to shepherd through the legislative process. Stan said that the gasoline tax increase is running into opposition across western areas, and that now is not the time to propose increasing the income tax or to propose a graduated income tax, (defeated multiple times before).

Regional Budget

The Regional budget has been prepared to meet the Amherst Finance Committee's preliminary guideline of last November that asked for an increase of no more than 3½ % in the Regional Assessment to Amherst. They have also prepared lower level budgets to meet the BCG request for budgets that illustrate the "worst case" scenario that would result if the governor's \$2.8 million reduction in local aid to Amherst becomes final and no alternative funding options come to fruition, and they prepared one scenario midway between. Within the budget that meets the Amherst preliminary guideline, there were several items questioned that Rob Detweiler provided answers to including;

- The increase in health insurance above the +3% rate increase is due to several individuals and families joining the plans during FY 09 after the budget was approved that are now rolled in to the FY 10 budget
- The large increase in retirement was due to the fact that the FY 09 assessment was paid with money left in the FY 08 budget so 0 was actually paid in 09 as a result.
- Legal services has increased to reflect actual levels in recent years
- A significant increase in a Sped Bridges program results from 9 additional students requiring the service, nearly doubling the program size and requiring 3 additional FTE positions.
- Charter School reimbursements are down because the state has changed the way the reimbursements are applied. Currently the Schools have to estimate the total number of students and budget for that total. For FY 10, the schools will only have to budget for the known number and the state will cover anything over that known number.

Pelham Leverett and Shutesbury built their budgets based on our preliminary guideline of a 3½% assessment increase for Amherst. Apparently communications breakdowns

occurred that resulted in their belief that those were our final guidelines and the memo we wrote and sent out on Feb 10 to update all of our budget entities on the status of our guidelines did not get to the SB's and FC's of the other towns and even a School Committee member from Shutesbury had not seen it.

Representatives from Pelham Leverett and Shutesbury all indicated that they were prepared to fund the region at the Tier 1 level which meets our November Guideline of a 3 ½ % increase for Amherst, and only Pelham indicated they might be willing to fund at a lower level.

Rob asked if any towns were considering delaying Town Meeting or consideration of operating budgets. Pelham indicated they would likely delay considering operating budgets until June, Leverett and Shutesbury indicated they were ready to move forward, and Larry indicated that he would prefer to have Amherst wait as long as we can in order to get the best information we can to present to Town Meeting.

Everyone agreed that we should have another four-town meeting in 1 month. Hopefully, we will have more definitive information from the state on possible revenue enhancement options, direction in terms of what stimulus money will be available for us, and any stipulations that may accompany it.

Adjournment

Adjourned at 11:15 AM

Respectfully submitted
Brian Morton
Acting Clerk