

BUDGET COORDINATING GROUP
MINUTES – NOVEMBER 5, 2009
First Floor Meeting Room, Town Hall

COMMITTEE MEMBERS IN ATTENDANCE: Andy Churchill, Rob Detweiler, Farshid Hajir, Chris Hoffmann, Patricia Holland, Bonnie Isman, John Musante, Stephanie O’Keeffe, Irv Rhodes, Alberto Rodriguez, Larry Shaffer, Doug Slaughter, Andy Steinberg, Gerry Weiss.

COMMITTEE MEMBERS ABSENT: none

POINTS OF AGREEMENT:

- That the BCG representatives support the Finance Committee’s Preliminary FY11 Budget Guidelines and agree that the details requested will provide clear and valuable information necessary for creating recommendations to bring back to home boards and committees (We recognize that State aid projections are estimates and are a significant variable);
- That BCG is considering options for gathering and presenting key information about Town, School and Library personnel costs, including: trends in overall head count, staffing by functional area, wages and benefits; breakdowns similar to those found in the Town’s Financial Trend Monitoring Report may serve as a model;
- That updated budget calendars will be sent to John Musante in order to be compiled and presented at the November 19th BCG meeting;
- That a Four Towns Meeting will be hosted by the Regional School Committee on Saturday, December 5th from 9:00 a.m. to noon (location to be announced) to share financial information among the budgeting bodies of Amherst, Pelham, Leverett and Shutesbury (All boards should post this meeting accordingly.)

Meeting called to order at 11:35 a.m. by Co-chair Andy Steinberg.

Public Comment: none.

Member Reports:

Musante reported that Town Budget reports are now posted on the Town’s website. The Governor’s mid-year cuts hit funding for the Quinn Bill and PILOT, as well as regional transportation. The Emergency Account at ARHS may be used to cover this year’s cut, but long term state support for regional transportation looks like it is on its way out, said Hajir. Holland reported that Library Trustees have revised their budget calendar.

Shaffer described the process that Town departments will use to prepare their budgets. He has asked for 10% reduction in FY 2011 budget proposals which is likely to result in loss of 22 employees (12% of the workforce). This year he will be more up front with employees about job losses. Steinberg remarked that the Town will continue as a mini-entitlement community under CDGB. He hopes that this can provide some relief to the general fund by absorbing some of the costs for planning and zoning staff.

Churchill asked how the savings related to closing of Marks Meadow School would be factored into budget calculations. Musante and Detweiler have agreed that the borrowing for FY 2010 and the savings for FY 2011 would be “a wash” for budget planning purposes. O’Keeffe asked about using CPA or CDBG funds for more capital projects. Shaffer responded that these are special purpose funds and we have to be careful how they are used. He feels that the Town needs to unload various properties, and it’s time to get them ready.

Finance Committee Preliminary Guidelines.

Copies of the Finance Committee’s Preliminary Guidelines were distributed, and Steinberg explained that the FinCom is approaching guidelines differently this year. The many variables include potential overrides, and we need to discuss what funding is needed at what level.

Shaffer pointed out that #1 “Level Services” funding actually would not be “level”. He will prepare three budgets as requested by the FinCom, mainly focusing on #2 “Estimated Available Funds” and #3 “3% Cut in Budgets”. Musante clarified that #2 means no new revenues for Amherst, and #3 means the loss of approximately another \$500,000. Shaffer indicated that #3 means he must cut \$1.3 million, which means cutting operating budgets up to 10%.

Isman reported that the municipal funding under #1 “Level Services” would meet certification requirements for Massachusetts State Aid to Libraries. This is the budget that the Trustees will support. Due to reductions in other sources of library funding (investments, state aid grants), budget cuts will be magnified under #2 and #3.

Detweiler said that the guidelines for the Elementary Schools seemed clear; however, the picture for the Regional School District is more complex. Amherst has to work with what the other towns can afford and state aid to regions.

Weiss asked for an explanation of the chart attached to the guidelines entitled “Financial Projections-General Fund”. Musante explained that column (1) assumes Revenues for FY 2011 based his current projections and Expenditures that include normal increases in costs for Town, School and Library budgets. There is a funding shortfall of \$4 million in revenues vs. expenditures. Musante then apportioned this decrease to the various budget entities: Town, Elementary Schools, Regional Schools and Libraries based on their current % of the overall budget. Shaffer explained that in order to keep Town expenses down to the level of anticipated revenues, he would have to cut Town budgets by 10%. This might include the loss of 8 police officers.

Musante divided the \$4 million gap as follows: Town -\$1,300,000; Elementary Schools -\$1,700,000; Regional-Amherst share -\$805,000; Library -\$105,000; Capital -\$127,000. Elementary School amount was adjusted by \$489,000 for the closing of Marks Meadow School. Regional funding is based on a cut of 10% in Chapter 70.

A brief uncomfortable silence followed as the numbers hit home. O’Keeffe suggested that some “horse trading” could take place later. Churchill said that so much has already been cut. Steinberg agreed that we are already at “core” services. Rodriguez pointed out that there have been several bad years with budget cuts. Churchill asked about using more reserves in 2011 as Northampton has. Musante disagreed, saying that if it were feasible we would have already spent the reserves. Steinberg felt that we have more

flexibility than was expected prior to the announcement of the Governor's cuts. He asked what it would cost in bonding if there were less reserves.

Hajir felt it was important for the Regional School Committee to have a transparent budget process, not to focus on catastrophe if Amherst doesn't have an override. Hajir said he will distribute the FinCom guidelines to the School Committee members in other towns. Steinberg will also send the guidelines to the Select Boards and Finance Committees in the other towns, as well.

O'Keeffe asked directly, "Do all Boards agree to follow the Finance Committee guidelines for budget preparations?" There was unanimous agreement.

Looking ahead, Hajir pointed out that state aid will still be unknown when it is time for a vote on March 23, 2010. Holland said that the Library Trustees will support a certification budget. She felt they would agree in general to follow the FinCom guidelines and prepare budgets at all levels. O'Keeffe followed up by asking all BCG members to support the Finance Committee's process and to advocate with their home committees to follow the steps and provide information that is requested. Additional proposals might also be proposed. The group seemed supportive; at least no one spoke up to disagree.

Additional information to assist the budget process.

Requests for additional information relate primarily to personnel costs. Town contracts are scheduled to give a 3.5% COLA on 6/30/10 (the last day of FY 2010) which has an impact on next fiscal year. No additional COLA is scheduled for FY 2011. The Fire Department has not had a labor contract for three years. The Town's contracts all expire on 6/30/10. The School's contracts expire in 6/30/11 and call for a 3% COLA in FY 11.

Rhodes asked about the non-union staff, the highest paid people. Hajir replied that there are so few of them that the savings would be very small. Shaffer is working with the Town's Personnel Committee reviewing this issue.

Steinberg brought up the idea that BCG must think about what questions the public would have about salaries. Weiss brought up the ten year compensation study that Musante has distributed. It can be used to respond to questions from the public about an override. Rhodes suggested that we use outside people to study compensation.

After further discussion of the data currently available, O'Keefe asked everyone to look at the 10 year trend charts that Musante has distributed. Rodriguez explained that he is working on a School staffing report, fact checking 5 years of all the financials. The report will include color charts and Braille, if necessary. He wants to have all the information polished so everyone can refer to the correct figures. He and Detweiler will allocate budget cuts to each location and determine the number of employees lost.

Holland asked if all organizations keep track of personnel data differently, and Musante said yes. Holland suggested this could change.

O'Keeffe repeated her request that BCG members figure out specific questions about staffing costs.

Coordinate Calendars.

All calendar updates should be sent to Musante before the next meeting.

Future Meetings: Thursdays at 11:30 a.m. on November 19, December 3, and December 17

Minutes of September 17 and October 15, 2009: action postponed.

Other Business. O’Keeffe reviewed the keys points to be reported back to Boards.

Adjourned at 1:20 p.m.

Succinctly submitted by Bonnie Isman

Approved: December 3, 2009