

AMHERST FINANCE FC MINUTES
Meeting of October 29, 2009

Location:

The meeting was called to order at 7:03p.m. in the First Floor Meeting Room of Town Hall.

Attendance:

Marilyn Blaustein, Phil Jackson, Kay Moran (Vice-Chair), Douglas Slaughter, Andrew Steinberg (Chair), Marylou Theilman

Others Present:

John Musante, Assistant Town Manager/Finance Director; Fred VanDerbeck, Pelham Finance Committee

Agenda:

1. News affecting budget
2. Strategies for revising the FY 2010 budget if there is a rescission of state funding
3. Preliminary budget guidelines for development of FY 2011 budget
4. Special Town Meeting 11/2/09, additional action as appropriate
5. Minutes of October 15, 2009
6. Member reports
7. Next Meeting and Agenda
8. Miscellaneous

Announcements:

Steinberg informed the Finance Committee (FC) that on the suggestion of a member, he had name cards made to enable the viewers to know the members of the FC. He also will let viewers know if and when there will be financial information on the Town's website that they could access and follow the FC's discussion. In addition, it was suggested by a member of the audience that the FC moved its minutes to the last item on the agenda which will be done starting at this meeting.

Slaughter disclosed his conflict of interest as an employee of the schools and recused himself from any discussion pertaining to the Amherst and Amherst Pelham Regional Schools budgets.

Actions:

Special Town Meeting Articles – Review and Vote Recommendations

Voted to Take No Position: 5-1, 1 absent -- Article 9: Medical Offices - Zoning (Planning Board)

Voted to Recommend: 5-0, 1 abstain, 1 absent -- Article 10: Phased Growth Sunset - Zoning (Planning Board)

Deferred Article 2: Transfer of Funds-Unpaid Bills (Finance FC) to before Town Meeting on 11/2/09

Deferred Article 11: Neighborhood Business (B-N) District - Zoning (Planning Board) before Town Meeting on 11/4/09

Deferred Article 12: Depot Center Rezoning (Planning Board) before Town Meeting on 11/4/09

Minutes

The following Minutes were approved as amended:

Voted 5-0, 1 abstain, 1 absent, October 15, 2009

Discussion:

Agenda Item #1- News affecting budget and

Agenda Item #2 - Strategies for revising the FY 2010 budget if there is a rescission of state funding
Musante stated that earlier today the Governor announced the mid year reductions in the State budget as required by law.

State revenue for the current year is down \$600,000,000. The good news is that local Chapter 70 and Unrestricted Government Aid are not affected, that the reduction in state aid and grants are smaller than expected, and that the overall cuts for cities and towns are not as big anticipated. At the present time there is no town by town breakout, although Musante estimates that there will be \$80,000-\$85,000 in state aid cuts to Amherst.

Based on his preliminary review of the reductions, Musante gave a brief overview of how today's announcement might affect the various budgets.

* Regional school transportation funding is reduced by 44% which is approximately \$200,000 for the Regional Schools.

*The Special Education Circuit Breaker account which is intended to reimburse towns for out of district costs is reduced by 5%.

There is a 6.5% reduction in reimbursement for Charter Schools.

*Aid to libraries is reduced by 4% which means approximately \$2,700 for the Jones Library.

*Payment in lieu of taxes is reduced by 39.9% or \$65,000 for Amherst.

*The Quinn Bill is cut by 50% or a \$17,000 loss for Amherst.

To cover their shortfall, the Regional Schools have an E&D fund of \$260,000 which may be used for losses of state revenues. In addition the Regional School Committee could go back to the four towns for additional revenue; however, the process would be cumbersome.

Since the Governor's cuts only were issued today, there is no information from the Jones Library or the Amherst and Amherst Pelham Regional Schools as to how these cuts impact their current year's budgets.

Musante stated that he believes that the state will issue its requirements for covering any deficits before the towns need to set their tax rates. At this fall's Special Town Meeting, under Article 3 Part C, Amherst will plug in its "small gap" amount with approximately \$85,000 from free cash.

In January the Governor will present his budget for FY11.

The Quarterly Budget Reports prepared by Musante allow the town to monitor its expenditures and projections. At the present time there is nothing out of the ordinary indicated in the report.

Agenda Item #3 - Preliminary budget guidelines for development of FY 2011 budget

Steinberg stated that the Select Board has decided to go for an override, but at this time do not know the amount to put on the ballot.

The FC held a lengthy discussion about budget guidelines for FY11 which it will develop and distribute to the Manager and Select Board, Superintendent and School Committee, Library Director and Trustees, the Budget Coordinating Group and the Chairs of the Finance Committees in each of the three regional towns.

Some thoughts (not decisions) from the discussion are as follows:

*A budget cut of 2% was put in the draft budget guidelines as a figure that could be changed.

- *The bottom line for the guidelines should reflect a \$4.6 million shortfall.
- *The level funding budget for the elementary schools should be minus the fronted money from free cash which was used for Mark's Meadow School this year but whose savings will be next year when the school is closed.
- *Grants are not part of level services, and if continued are to be adjusted to the level budget.
- *Level services need to have a dollar amount tied to them since it is difficult to determine level services.
- *Each group needs to establish a framework for core services.
- *Core services were determined last year. This year it is level services.
- *Budget planners need to determine what it would cost to keep what they have now.
- *Budget makers need to define level services.
- *A rationale needs to be provided with a level services budget.
- *Budget makers need to consider economy of scale and restructuring.
- *Budget planners need to look for ways to be cost effective.
- *Budgets need to be bottom line only, with the budget planners determining amounts for level services.
- *Budget planner need to develop a set of assumptions and plan for sufficient money for 5 years.
- *One year at a time is difficult to project making it hard to go beyond that time.
- *Tiers are confusing and should be avoided this year.
- *The budgets need to have three levels: Base %, Level Funding and Level Services.
- *Budgets need to start at a base (to be determined) and need to establish a list of prioritized cuts that go from Base, to Level Funding and to Level Services or the reverse.
- *The town budget is prioritized and the others need to follow the example so that budgets can be compared.
- *A base of a 2% reduction down from this year's budget in all the four budgets would be \$4,000,000 in cuts.
- *A base of a 3% reduction down from this year's budget in all the four budgets would be \$4,700,000 in cuts.
- *A 3% reduction would allow more flexibility for the FC and make budget planners aware that there is a possibility that budgets may go that low.
- *A base figure that is too low may cause pessimism and create morale problems.
- *The worst case scenario may be that state revenues will be cut by more than the 10% anticipated
and require the FC to juggle its money recommendations among departments.
- *A standard format, with detail similar to the Manager's budget and used by all budget makers, would provide a better understanding of the magnitude of the financial problems.
- *This year's guidelines will allow the FC to determine how much it will recommend for each of the four budgets which may or may not be the same depending on the circumstances of each budget.
- *Items 1-5 in the FY11 Budget Guidelines need to be reworked. Items 2, 3, and 5, need to be grouped together and items 1 and 4 need to be together. Item 5 needs to read level "funding" rather than services.
- *The proposed guidelines need to get out early in order to provide the Budget Coordinating Group an opportunity to review and comment.
- *The obligation of the FC is to provide enough information for Town Meeting and the electorate to make informed decisions.
- *Everyone should be prepared for a "No" vote from voters on an Override.

Musante stated that benefits, health insurance and retirement benefits are big factors in the budget. Reining in benefits and Charter School assessments would be helpful. He is hopeful that the state will issue its Cherry Sheets earlier this year. He also noted that in the 28 year

history of Proposition 2 ½ %, in Amherst, there only have been 5 overrides, 4 passed and 1 failed.

Agenda Item #4 - Special Town Meeting 11/2/09, additional action as appropriate
Deferred Article 2: Transfer of Funds-Unpaid Bills (Finance FC) to before Town Meeting on 11/2/09

Agenda Item #6 - Member reports
Steinberg reported that he attended the MA Association of Finance Committees' meeting which was very good. The speakers had a good sense of what was happening in the state.

Agenda Item #7 - Next Meeting and Agenda
The next meeting of the FC is on Monday, 11/02/09 at 6:30pm in the Band Room of the Regional Middle School.

Agenda Items:

- 1) Article 2: Transfer of Funds -Unpaid Bills
- 1) Article 3, Part C: Budget Amendments-Transfer of Funds
- 2) Continuation of Budget Guidelines for development of FY 11 budgets

Adjourned:

The meeting adjourned at 9:30pm.

Submitted by:

Marylou Theilman, Acting Clerk