

Budget Coordinating Group  
Minutes  
March 25, 2010

Location: Town Room, Town Hall

Attendance: Rob Detweiler, Patricia Holland, Chris Hoffman, Bonnie Isman, Farshid Hajir, Maria Geryk, Doug Slaughter, John Musante, Stephanie O’Keeffe (co-chair), Larry Shaffer, Andy Steinberg (co-chair)

Others present: Walter Wolnik

Agenda:

1. Designate note taker
2. Review and adopt agenda
3. Comments from public
4. Update: Where we are now
  - a. Reactions to the election outcome
  - b. What we learned or can learn from the process and the voters
5. Revised budget totals for the four operating budgets (30 minutes)
6. Process for the development of final budgets for Finance Committee and Town Meeting
7. Future BCG challenges and goals
8. Minutes: meetings of January 21, 26, 28, February 10 and March 6
9. Next Meeting
10. Adjourn by 1:00 p.m.

The meeting convened at 11:42 am and was chaired by Stephanie O’Keeffe

Update: Where we are now. O’Keeffe began the discussion by observing that the BCG should be proud of its solid recommendation, upon which the citizens group could build a successful campaign. Holland and Isman reported on the March 24 library staff which was “upbeat” because of the election outcome. Hajir noted that 58% “yes” is a strong endorsement. Musante thanked the co-chairs for organizing the process and keeping the BCG on task. He also recognized that the collaboration is a good model for Amherst. Hajir urged that we keep each other informed about efforts going forward and thanked everyone involved on behalf of the region, which is the largest beneficiary of the override.

Detweiler said that the Summary Points provided focus for the BCG. Steinberg said that he was initially concerned that a committee that operates by consensus might not work for a process of this complexity, but it did. Hajir recognized the importance of keeping our constituent boards and committees informed about the BCG process and expressed personal regret that he didn’t do more to encourage discussion at the Regional School Committee. Steinberg said that the Finance Committee benefitted from the revised budget calendar process and that the BCG worked together to determine the amounts needed from an override for each of the functional areas. Holland agreed that the earlier budgets were helpful. O’Keeffe suggested that we establish a budget calendar again next year. Musante said it would be more logical to have budgets in February, but the Town Government Act does not provide that flexibility for the Town Manager’s budget.

Revised budget totals for the four operating budgets and Finance Committee/Town Meeting Process. Musante distributed a spreadsheet that provided new budget amounts for the four major functions (schools, regional schools, library, and municipal) with the additional tax revenue from the override and consistent with policies previously agreed by the BCG. The projections reflected wage negotiations for the schools. The net result is that in FY 2011, we should be able to establish a tax levy of \$509,123 less than the new limit. He emphasized that this can still change as we get better information about actual revenue from the new meals and increased lodging taxes, which are affected by the volatile economy and state aid. O’Keeffe emphasized our need to be careful and responsible about using this buffer.

Musante said that we should know what we need from taxation before the fall Special Town Meeting and that the BCG should have a role. Slaughter urged that the BCG and the constituent Boards and Committees need to convey a consistent message about budget policy at the Annual Town Meeting. Detweiler agreed that we cannot break the trust of this process. O’Keeffe asked whether the Town Meeting consideration of the budget should be delayed. Shaffer said there is no reason that is known to do so.

Future BCG challenges and goals. Steinberg talked about projections for FY’s 12 and 13 and emphasized the need that all of us work to achieve the revenue projections and adhere to the spending projections from January. Musante said that municipal union contracts all expire on June 30. The schools have one more year in the current contract.

Musante reported on his meeting with Representative Kulik, the state 2011 budget process, and the status of provisions of the municipal relief bill. (See the Summary Points, below, for more information).

Minutes and next meetings. The BCG agreed to meet briefly before Town Meeting starts and again after Town Meeting. The next Budget Coordinating Group meetings will be on April 29 and June 24, both at 11:30 am.

After discussing the Summary Points for this meeting and agreeing to accept amended minutes for the Meetings of January 21, January 28 and February 10, the meeting adjourned at 12:43 pm.

#### Summary Points:

- That two elements of the BCG’s process have been particularly beneficial – the coordinated and accelerated budget calendar and the meeting summary points. In order to continue and strengthen both elements for the future:
  - We will create and recommend a coordinated budget calendar for FY12 in September, taking into account the particular timing needs of the Town, Schools and Libraries. (The override ballot language deadline necessitated a particularly early and onerous budget deadline this year, but that was an unusual circumstance.)
  - We recommend that home committees feature BCG Updates as recurring agenda items, so the summary points can be shared formally, and so input can be gathered and reported back to BCG. Additionally, BCG Co-Chairs might make presentations to the home committees early in the budget process, and as necessary, to further facilitate information sharing and coordination across budget sectors.

- That preliminary projections suggest that employee compensation concessions and current State Aid estimates allow for reducing the amount needed from the approved \$1,680,441 levy limit override by \$509,123 for FY11. Potential requests for tapping that excess capacity were noted, including shortfalls in other projected revenues and requests for additional spending at Town Meeting, and thus:
  - We emphasized the need to stay true to BCG’s oft-repeated and reaffirmed intentions (supporting reduced taxation rather than increased spending for positive developments in State Aid, COLAs, etc.) and noted that our override recommendation would have been for a smaller amount, had we had the compensation concession and State Aid information earlier.
  - We agreed that any consideration to support or recommend use of that excess capacity in FY11 – either for the spring budget creation and Town Meeting process, or for budget reconciliations in the fall – should be done with extreme care and thoughtful deliberation, out of respect for BCG’s stated intentions, and for the voters to whom those were communicated.
  
- That our override recommendation was made in the context of budget sustainability for FY12 and FY13 (with fiscal years beyond that being too uncertain for meaningful projections,) and thus we have a responsibility to support, recommend and implement budgets which comport with that (per 1/28/10 BCG document – “Financial Projections – General Fund,”) requiring strict expense constraint and aggressive pursuit of (non-property tax) revenues.
  
- That home committees should be made aware of the following legislative updates, as reported by John Musante. All are encouraged to pay attention to the evolving status of these initiatives and to advocate with our legislators accordingly:
  - The House Ways and Means budget will come out in mid-April, followed by a week of amendments, with voting and debate to occur the last week of April. The Senate takes up the budget in May.
  - The House Ways and Means Committee is considering the Governor’s proposed Municipal Relief Bill, which includes: a proposal to extend the funding schedule for pension liability to 2040, which would be helpful to municipal budgets; a local option early-retirement incentive that might interest some cities but isn’t considered relevant for Amherst; a proposal to pro-rate health insurance contribution percentages for part-time employees (new hires only; existing ones would be grandfathered) which would benefit the Schools, since they have many part-timers.
  - Rep. Stephen Kulik is sponsoring a bill to allow municipalities to do health insurance plan design outside of the collective bargaining process, which the State already has the authority to do. This could create significant budget savings for municipalities, and has the support of the Massachusetts Municipal Association, Massachusetts Taxpayers Foundation and others.

Respectfully submitted,  
Andy Steinberg, Finance Committee