

Budget Coordinating Group Minutes

Date: March 3, 2011
 Location: First Floor Meeting Room, Town Hall
 Start time: 8:35 am
 End time: 9:44 am

Attendance (mark if present):

Doug Slaughter, Finance Committee	x
Andy Steinberg, Finance Committee - Co-Chair	x
Chris Hoffmann, Library Trustees	x
Pat Holland, Library Trustees	x
Rick Hood, School Committee	x
Irv Rhodes, School Committee	
Stephanie O'Keeffe, Select Board - Co-Chair	x
Alisa Brewer, Select Board	x
Rob Detweiler, Director of Finance & Operations - Schools	
Maria Geryk, Superintendent of Schools	x
Tevis Kimball, Library Director	
John Musante, Town Manager	x
Sandy Pooler, Finance Director	x

Documents and other exhibits used at meeting:

1. Financial Projections update and worksheet
2. Town Manager's proposed budget, summary (January 14, 2011)
3. Amherst Public Schools, budget with supporting information
4. Amherst Regional Schools, budget with supporting information
5. Amherst Public Schools, proposed additions and reductions to level services budget (2 documents)
6. Amherst Regional Schools, proposed additions and reductions to level services budget

Summary of Discussion on each subject:

Musante and Pooler presented revised financial projections. The Finance Committee Preliminary Guidelines were developed with an estimate that total state aid would decrease in FY 12 by 12.5% from FY 11. The Committee also assumed that there would be a \$300,000 deficit, which it hoped would be eliminated by additional revenue. That has happened. The initial projection assumed an 8% increase in the county retirement assessment. The new projected increase is 2.1%, which reduces a required expense by \$150,000. The assessor reports updated values from utilities, particularly WMECO, which increases the property tax estimate from new growth by \$150,000. A remaining critical question is whether the legislature will pass a budget that decreases state aid by the amount proposed by Governor Patrick. The legislature has been more silent than usual about what is likely for the budget, but concern has been expressed that some of the Governor's assumptions are not realistic.

Pooler recommended that we assume that the final budget will reduce state aid by \$1 million less than the amount used in November by the Finance Committee, which is less revenue (\$500,000) than would result from the Governor's recommended budget. Since the Preliminary Guidelines were a "worst case", we should consider how to recommend the use of an additional \$1 million above the amount that the Finance Committee assumed in November when issuing the Preliminary Guidelines. He included a work sheet to allocate the funds above the original assumed total revenue.

Steinberg cautioned that we need to know what we will do if the budget passed by the House in April does not reduce state aid by \$1 million less than assumed in November. If the reduction is less, it's not a significant challenge. If the reduction is greater, more cuts will then be required to budgets or we would need to use reserves, which will compound our problem in developing an FY 13 budget. Musante suggested that there can be a second work sheet allocating an additional \$500,000 should there be a smaller reduction in state aid than the new working presumption.

Musante reported on the proposed municipal budget and process. His budget included additions and restorations totaling \$393,471 and requested that this amount be funded. The Select Board will discuss the list at its next meeting.

Geryk first presented the elementary school budget and pointed out the increases or stability in the needs of students that present great demands, students qualifying for free or reduced lunch, ELL, and special education. She also explained that there are changes in the estimates for retiree health obligations that decrease the amount first presumed for elementary schools but increase the amount for the region. The net request is that the elementary schools need \$445,000 more than the amount in the preliminary guidelines to provide essential programs. She made a similar presentation for the Region and indicated that the need is \$200,000 more than the preliminary guidelines amount, which would increase the Amherst assessment by \$150,000 from the November projection.

Hoffman and Holland reported that the Trustees voted on March 1 to support a budget greater than the MAR level, but have not determined the amount above MAR. Staff will develop a specific list of reductions for the next Trustee meeting, which will enable them to determine a specific amount. If the amount is presumed to be the additional \$8,000 required by the state for a MAR level budget, the additional operating budget needs total \$996,471, close to the total of the additional revenue to allocate.

There was discussion about the needs for additional capital, reserves, and reduction of the tax levy. O'Keefe stated that the tax override would have been \$415,000 less, had we factored in the concession by the teachers. JCPC members present talked about the unmet need, and tentatively suggested that the capital budget be increased by \$250,000. The JCPC will discuss this at its next meeting, on March 4. For discussion purposes, the Group is considering allocating \$415,000 for reserves and discussed the OPEB obligation.

Decisions made/actions taken:

Summary Points

At our March 3rd meeting, the members of the Budget Coordinating Group agreed that the following points would be conveyed to our home boards and committees:

- 1) That a current best estimate suggests our revenue shortfall for FY12 will be \$1 million less than the “worst-case scenario” projections put forth in the preliminary Finance Committee guidelines. Rather than facing net State Aid reductions of \$1.7 million, we now anticipate \$0.7 million. This is not “extra money;” this is a smaller cut than anticipated, but it is still a cut.
- 2) That the Schools, Library and Town have a collective responsibility to work with the Finance Committee to recommend a sound budget and financial plan. There are competing needs for that \$1 million we no longer expect to need to cut, involving the funding of programs and services, and investment in infrastructure and financial stability. Current request scenarios (subject to change) are as follows:

Elementary School Budget	\$445,000
Regional Schools Budget	\$150,000
Town Budget	\$393,471
Library Budget	\$8,000
Capital Budget	\$250,000
Reserves	\$415,000
Untaxed Levy Capacity	\$415,000

- 3) That to address the fact that needs greatly exceed anticipated revenue, and to acknowledge the potential for revenue to exceed current estimates, each budget area is requested to divide their request totals into two categories, for consideration at the March 17th meeting:
 - a) Tier 1: Top funding priorities, should State Aid reductions be \$1 million less than projections (= we are \$1 million better off than our worst-case scenario)
 - b) Tier 2: Secondary funding priorities, should State Aid Reductions be \$1.5 million less than projections (= we are \$1.5 million better off than our worst-case scenario)
- 4) That we ask that careful consideration be given to the financial implications of Tier 1 and Tier 2 requests in FY13.

- 5) That to be prudent, we must also acknowledge that circumstances could change, and our State Aid reductions may be greater than the best estimate discussed at this meeting. Hence, we will discuss recommendations for addressing that gap: cuts, use of reserves, or a combination of the two.

Member preparing minutes: Andrew Steinberg