

Amherst Finance Committee Minutes
Thursday, March 13, 2014
First Floor Meeting Room, Town Hall

The meeting was called to order at 7:03 p.m.

Attendance: Kay Moran (Vice Chair), Anurag Sharma, Andrew Steinberg (Chair), Sarah Swartz, Marylou Theilman, Janice Ratner (absent), Douglas Slaughter (absent)

Others attending: Sandy Pooler, Amherst Finance Director; Claire McGinnis, Amherst Treasurer/Collector; Robert Pam, Jones Library Trustee; Joan Temkin, Acting Director Amherst Area Chamber of Commerce; Matthew Cunningham-Cook, Special Town Meeting Article Petitioner; Amherst Media

Introduction to Finance Committee and Process/Responsibility

Introductions were made after which Steinberg explained the responsibility of the Finance Committee (FC), which is to consider matters that have a financial impact on the Town. The process used by FC to make recommendations to Town Meeting also was explained.

Special Town Meeting (March 19) Article

Steinberg sent an email to the administrators in the Town, Schools and Library requesting how an increase of the minimum wage to \$11 and \$15 an hour would impact their budgets. In addition, they were asked how many employees were paid under those amounts. Responses were received from all, as well as from local businesses and the Amherst Area Chamber of Commerce. All agreed that it would impact budgets, which would go up.

The petitioner, Cunningham-Cook, said that he had talked with several small businesses and based on that, he would consider exempting employers with fewer than 50 employees. He stated that the main focus of the petition was UMass, Amherst and Hampshire Colleges, and the Town. Although he stated thousands of undergraduates at UMass would benefit, he did not have any actual data to support his statement as to how many students would benefit from an increase in the minimum wage. It was pointed out that The Center for Extended Care and The Arbors have 300 or more employees and to some degree rely on Medicare rates whose reimbursements are limited, and as such, would provide a hardship for them. Questions arose as to whether UMass actually could be included, and the petitioner said that as a Home Rule petition, this Article would apply to them. Although the Article does not appear to give any flexibility for the Legislature to change the language, concerns continued to be expressed about UMass and whether it would definitely be required to raise the rate, since there was no verification of the statement. Steinberg stated that this is a complicated issue as it is not known how many Town residents are poor and who would benefit. In addition, he was not sure that gathering the data was within the purview of the FC.

The time frame was too short for Town Counsel to provide an opinion on this Article. Until Wednesday, Steinberg was not aware of the exemption for employers with less than 50 employees. This evening the FC heard a willingness to expand the number to 350 since the focus was on the University, the Colleges and the Town, but Cunningham-Cook made no specific proposal to change the wording of the motion under the article.

Pooler distributed a handout, *Impact of Increasing the Minimum Wage, showing the impact on the Town budget, as well as the Library and Schools. (See handout for estimated costs.) Costs would go up not only for those employees receiving the increased minimum wage, but there would be a “trickle up” effect for those employees on pay scales who would be near or at the level of the increased minimum wage. Overall, the total impact may be higher than estimated at this time. In which case, there may have to be a reduction in programs and employees.

Steinberg reported that the MA Senate is proposing a minimum wage of \$11 per hour in two stages ending in 2016. The MA House is proposing \$10.50 an hour by 2016 and indexed to the cost of living. President Obama is proposing raising the federal minimum wage to \$10.10 per hour. POTUS is proposing \$10.10 per hour. It was pointed out that the Legislature probably would not be inclined to support this home rule resolution.

The petitioner suggested using revenue bonds to pay for the Town’s wage increases. Pooler said that bonds cannot be used to pay salaries and there is a limit on how much a Town can raise its property taxes. Temkin stated that there would be a disastrous effect on the economic health of the business community and would be far reaching if this resolution only applies to Amherst. It could impact Amherst’s new growth for mixed-use buildings in terms of employers.

Although there are two other communities on the West Coast that have implemented a higher minimum wage, one is an extremely large metropolitan area and the other also is in a large but unique area, neither of which even remotely resembles Amherst.

In addition to businesses already mentioned, it was noted that there are some farmers who hire over 50 employees. Agencies who hire various home care health providers and interns could also be affected.

Sharma suggested that in some cases more data and analysis are needed to make decisions.

After the lengthy discussion, **Moran moved and Swartz seconded the following:
Move: that the FC not recommend Article 1 of the Special Town Meeting of
March 19, 2014. Unanimous Vote: 5-- 2 Absent**

Annual Town Meeting petition Articles, initial discussion and consideration of process

Steinberg said that while no Articles will be discussed at this time, the FC should consider what information/data is needed to make decisions on the Articles. In addition to information/data, it was suggested that the FC set time lines on the Agenda to adequately discuss each Article and to ensure that the use of time is efficient.

Sharma suggested that the FC get different points of view, along with numbers, in order to synthesize the information for TM. Moran stated that the FC has a limited charge: financial impact on the Town, good or bad. The philosophical discussion will continue.

Moran will assign the 7 Articles, 2 each, to FC members to develop questions relating to information pertaining to the financial impact on the Town. Members are to send the questions to Pooler and Moran ASAP since the FC will begin discussion of Articles on March 20.

Fiscal Year 2015 budget development

a. Community Services

Veteran Services will be discussed at the March 20 meeting.

b. General Government

The Select Board and Manager's Office budget are basically the same with increases only in salary and benefits.

It was suggested that revenue sources from intermunicipal agreements be identified in a consistent manner throughout the budget so that they can easily be identified. In addition to being consistent, all of them listed on a separate page, for easy reference, would be helpful.

c. Debt Service

Pooler distributed an updated *FY15 General Fund Debt Schedule with the actual figures for next year and which replaces page 15 in the Manager's Proposed Budget. The FY15 total amount of \$2,038,170 will be supported by \$1,856,897 from taxation and \$181,273 from the Community Preservation Act (CPA) funds. Earlier this month the Town sold bonds worth \$3.3 million. The total debt amount has been reduced from the original total on page 15 of the Manager's Budget. In part, it is reduced because the Regional School Committee is delaying bonding for several completed capital projects so that they will not show up on its debt schedule until FY16 in order to reduce its FY15 budget to accommodate the needs of the Hill Towns. This means Amherst's FY 15 assessment for Regional School debt is also reduced.

New information affecting budget, review financial projections

Pooler distributed the *MMA Act Now Legislative Alert, news that the Legislature plans to increase Unrestricted General Government Aid (UGGA) for FY15 by \$25 million for a 2.7% increase over FY14. Amherst is expected to receive \$200,000.

With addition revenue, the Joint Capital Planning Committee (JCPC) would prefer that the extra revenue be used to increase the percentage of the tax levy to 7.5% for capital items, which would fund all the items requested by the departments. The original budget was for \$3,130,466, and now the proposed amount is \$3,354,021. Remaining revenues becomes Free Cash. The Budget Coordinating Group (BCG) will meet on April 17 and also will have input.

The Manager is seeking to fund the Economic Development Director from outside funding sources.

The Manager and Select Board want a separate Article for funding Social Services which would come from Free Cash with the intent of weaning it away from the budget, with the various agencies encouraged to do more fund raising. Grant money may also be available in future years.

Member reports – liaisons and committees

Moran reported that the School Department is applying for a \$1,000,000 state grant through the Massachusetts School Building Authority for a feasibility study to address renovating Wildwood School. Since the boiler would be part of the renovation, it has been removed from the JCPC list. If the grant is awarded, the state will fund \$600,000 toward the renovation.

Theilman reported that the Regional School Committee approved its original budget as presented at the Four Town meeting. There was a lengthy discussion about what impact a no vote, by the Shutesbury Town Meeting on the Regional Agreement’s Assessment Formula, would have on the services provided by the schools. Although the Formula is in the Regional Agreement, by State Law this alternative method must be approved every year by all four towns. Reverting to the Statutory Formula would lower Shutesbury’s assessment in FY15 and would increase both Leverett and Amherst’s. However, if Amherst held to the 2.7% increase requested in Finance Committee Guidelines, the cuts would be draconian. School Committee members pointed out that over the years each of the towns has had the higher percentage increase depending on the number of students their town had in the secondary schools that year.

Pooler reported that Mangano, Assistant Director of Finance for the schools, has reviewed the numbers for Charter School enrollment and reimbursement rate over the last several years. Based on Charter School enrollments in previous years, he believes the problem will be resolved.

Minutes of previous meetings

None

Next Meeting and Agenda

Thursday, March 20
Veterans Services/Town Commemorations
Petition Articles

Topics not reasonably anticipated by the chair 48 hours in advance of meeting

None

Handouts and Documents used at the meeting

- *Memo dated 3-13-14 on Impact of Increasing the Minimum Wage, from Sandy Pooler and Deborah Radway to the Town Manager, Finance Committee and Select Board
- *FY15 General Fund Debt Schedule
- *MMA Act Now Legislative Alert

Adjourned

The meeting adjourned at 9:30pm pm.

Submitted by:
Marylou Theilman, Acting Clerk