RECOMMENDATION REGARDING MARCH 23, 2010 OVERRIDE REFERENDUM

The Finance Committee voted 7-0 to support the override.

The Amherst Town Government Act provides that the Finance Committee has the duty to make recommendations to the Town in regard to any financial business of the town. Over the last several years, we have observed a steady degradation of the Town's ability to provide core municipal services. This degradation goes beyond the well-publicized reductions in elementary and regional school budgets. Our exposure to the details and consequences of the systemic deterioration in the Town's financial resources, leads us to unanimously support the $1,680,441override referendum that the Select Board has placed on the March 23, 2010 election ballot upon the recommendation of the Budget Coordinating Group.*

Chronic resource reductions take their toll in subtle, irreversible ways on elements of the municipal infrastructure that are largely out of view. For example, the reduction of five police officer positions in the last two fiscal years coupled with shrinking staff in the dispatch center will affect the Police and Fire Departments emergency response. Public safety is the top priority for any municipality, and this year, without the funds to prevent additional public safety staff reductions, Amherst will end up with a less effective public safety infrastructure.

This is just one example among many. The Jones Library has already experienced the domino effect of reduced budget resources. Lower material budgets lead to higher inter-library loan volume with fewer staff to administer these time consuming requests. As a result, books are shelved later, and more inter-library loan requests are generated, and so on. Additionally, even as the Library relies more heavily on this regional system, its participation is threatened. The Library can only continue to participate in the regional inter-library loan system if it retains certification. The only means to assure certification in future years is with local tax support at the minimum required level. Donations and local endowments do not qualify to meet state regulation requirements of local support. Without this override, we cannot assure that funds will be available to meet future certification requirements.

The Senior Center provides another example of how cuts to critical personnel resources reduce service just as the demand for that service has increased. For the current year, budget cuts forced the elimination of the Center's volunteer coordinator. Without the override, part of an additional position will be eliminated from the Senior Center. This will make it more difficult to place 300 available volunteers efficiently in positions that benefit Amherst's senior community.

In recent years, Amherst has suffered from a chronic gap between expenses and revenues. This continuing budget gap is a long term result of the 1980 Proposition 2½ referendum. Even with careful management, costs for local communities to provide education, libraries, public safety, and other community services increase at an inflation rate greater than 2½ %. The state has enabled local governments to address this challenge with local aid. Unprecedented declines in the State's revenues mean that State Aid to municipalities will not rebound to levels seen in previous years for quite some time. In some sense, Massachusetts' municipal governments find

* The Budget Coordinating Group includes members of the Select Board, School Committee, Library Trustees, and Finance Committee and the chief operating and financial officials of the Town, Schools and Library.

themselves largely on their own when it comes to finding ways to provide the fundamental services required to keep their towns safe and clean with functioning educational systems that can provide the base line service levels for children.

Inflation and expense increases have certainly overtaken the Town's available resources. There has been a lot of public discussion about the wage escalation built into the Town's union contracts with school and municipal employees. Most of the increase in the cost of personnel in the last 9 years is due to the increase in the cost of employee health insurance, which is not unique to the Town. The Town, which manages the health insurance program for its employees and the employees of the schools and library, has done a good job of controlling these costs, which are currently increasing at only a 3% annual rate. During this 9-year period, the average annual increase in total salaries has been 2.9% for the Town, 1.9% for the elementary schools, 2.2% for the regional schools, and 1% for the library. Adjusted for inflation, payrolls in most categories have decreased. During this same period, the total number of Town employees (not including schools and library) has decreased. The Finance Committee is satisfied that appropriate measures have been and continue to be taken to negotiate contracts to reflect the new reality of the current labor market. In the meantime, it should be noted that the Town administrators have worked very hard under exceptional duress to increase efficiencies and maintain a level of services commensurate with the expectations of Amherst's residents. This year, the cuts proposed, even with passage of an override, will reduce service levels below a level deemed to be a "core" level of services. Without the additional revenue from this override, many of the services that survive FY 11 cuts, will depreciate to a point where resurrecting them might be impossible. The Budget Coordinating Group carefully considered the combination of cuts and the additional revenue needed for the next three years and recommended a balanced budget solution comprised of about 65% in cuts to programs, services, and staff and the remaining 35% from new or one-time revenues. With cuts totaling over $7 million in fiscal years 2009, 2010 and projected for 2011, the additional revenue from this override will provide stability for future budgets as other revenues stabilize and new development adds to the Amherst tax base.

Finally, we would like to emphasize that the override, as proposed, will only fund a level of services that is substantially lower than the service levels in the current fiscal year. New cuts will be implemented even if the override passes. Without an override, the Town will operate less efficiently as personnel who are required to keep certain systems working smoothly, are eliminated. Asking families and individuals to add to their tax burden during a period when finances are already strained is an awkward and uncomfortable choice that has been made with careful deliberation. The Finance Committee recommends this exceptional measure because we believe, unanimously, that your local tax dollars have and will be spent very carefully to provide essential services to the community at large.

Marilyn Blaustein 253-5963
Philip Jackson 549-2619
Kay Moran, Vice Chair 549-5767
Bob Saul 253-4069
Douglas Slaughter 253-9920
Andrew Steinberg, Chair 549-6826
Marylou Theilman 253-7980