

FINANCE COMMITTEE MEETING MINUTES  
UPSTAIRS MEETING ROOM  
1 AVENUE A, TURNERS FALLS, MA  
WEDNESDAY, AUGUST 22, 2018  
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The Chair opens the meeting

- Meeting was opened at 6:00 PM in the Upstairs Meeting Room
- **Finance Committee members present:** John Hanold, Fred Bowman, Greg Garrison, Michael Naughton, and Richard Widmer. Jen Audley and Chris Menegoni were absent.
- **Others present:** Town Administrator Steve Ellis and Town Accountant Carolyn Olsen.
- The Finance Committee Chair announced that the meeting is being recorded by MCCI and asked if anyone else was recording the meeting. No one else was recording the meeting.

**Minutes**

At the last meeting, Mr. Naughton asked that we present an article at the fall Special Town Meeting to transfer Free Cash to the Town Capital Stabilization Fund to compensate for an annual transfer intended, but not requested, as part of the Fiscal Year 2019 budget. While the amount of \$37,811 was discussed at the meeting, the correct amount is \$40,150.

Finance Committee Moved:

To approve the minutes of August 8, 2018.

Vote:   5   In Favor        0   Opposed        0   Abstained

**Letter from the Civic Leaders/Civic Engagement Committee**

After the endorsement of the previous version of the letter, the committee worked on creating a data sheet and revising the language. The state calculates an “ability to pay” for education. That amount is capped for some communities. The result is that some towns like Montague are paying 100% of their “ability to pay” while other towns are paying significantly less. The revised letter will be sent to legislators, local officials and the media. The intent of the letter is to showcase the inequities and ask that something be done to fix the situation, but it does not recommend a specific solution.

Finance Committee Moved:

To endorse the revised letter from the Civic Engagement Committee.

Vote:   5   In Favor        0   Opposed        0   Abstained

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## **Review Current Stipends**

### **Reports from discussion with town staff:**

Mr. Bowman talked to the Town Clerk about the responsibilities of the Board of Registrars. The Town Clerk is also a Registrar, and acts as the clerk to the board. The Board of Registrars is responsible for developing both the street lists and voting lists. The registrars also visit each precinct during voting and certify the final votes. A lot of the work is done throughout the year rather than only at elections, and some of the work is done by the Town Clerk's office. Some of the information presented is different than what Mr. Hanold understood from a previous conversation with the Assistant Town Clerk. A Board of Registrars member will be invited to the next meeting to clarify their activities.

Mr. Widmer presented his matrix of information based on previous discussions. The matrix presented a list of stipend positions, grouped as receiving honorarium or time-based compensation, with columns for the FY2018 amounts and FY19 revised amounts. The FY19 column suggested 4 increases: The Selectboard Chair from \$2,040 to \$2,500, Selectboard members from \$2,040 to \$2,200, the Board of Assessors Chair from \$1,500 to \$1,800, and the Emergency Management Director from \$5,490 to \$5,600. It was noted that this did not incorporate the last meeting's vote to pay the Chairs 10% more than the members.

Mr. Hanold independently prepared a proposal with recommendations for FY20. This proposal provided: The 10% increase to the Chair stipends, 80% of the Selectboard stipend amounts to the Board of Health, 70% of the Selectboard stipends to the Board of Assessors (which calculates to \$1,428, so they were held harmless at \$1,500), no increases for the Moderator or Clerk to the Board of Registrars, \$150 per election to the other Registrars, and a 2% increase to the remaining annual stipends. Additionally, Mr. Hanold made the annual amounts of all stipends paid monthly divisible by twelve. Mr. Hanold noted that the total cost of his suggested changes is about \$1,200. Mr. Ellis suggested that the annual stipends be returned to round number so both employees and the public could more easily see increases and comparisons between stipends. Mr. Hanold asked if there were other proposals. There were no other specific proposals, although Mr. Widmer suggested that all stipends be paid in lump sums at the end of the year, so that they could be enjoyed as a more significant act of appreciation.

### **Permit Software**

It was previously suggested that the annual support for the CitizenServe permit software be allocated among department budgets on a per-license basis rather than budgeting the

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complete cost in the Shared budget. FY2020 will be the first year that the software will be fully operational for the entire year.

Mr. Ellis suggested allocating the cost by use, specifically by permits issued. Mr. Naughton said that allocating the cost by user was a simple way to include the costs where they were generated.

Finance Committee Moved:

To request CitizenServe support be budgeted in each department, allocated by user licenses for each department.

Vote:   5   In Favor        0   Opposed        0   Abstained

**Inventory Reports** – no additional information requested.

**Next Meeting Date:** September 5, 2018

**Topics not anticipated within in the 48 hour posting requirements –**

There will be a Special Town Meeting on October 10, 2018.

Mr. Hanold asked if current meeting time still works, or if it would work to move up the meeting. Mr. Ellis noted that moving the meeting earlier during budget season would be very helpful. The meeting time will remain at 6 PM for now, and will be re-visited as we approach budget season.

**Meeting adjourned at 7:49 PM**

**List of Documents and Exhibits:**

- Minutes of August 8, 2018
- Mr. Widmer's matrix
- Mr. Hanold's stipend suggestions
- Open Letter to Legislators

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An Open Letter from Gill-Montague Civic Leaders:  
Chapter 70 Funding Formula Disproportionately Taxes Poorer Communities

In its search for ways to increase education funding, particularly for poorer and rural districts, the legislature should consider making changes to fix a glaring inequity in the current system, namely the provision that forces poorer towns to pay into the system at a higher rate so that wealthier towns may pay at a lower one.

Elementary and secondary public education in Massachusetts is funded under legislation referred to as Chapter 70. That law establishes "foundation budgets" for each town that represent the minimum expenditures considered necessary to provide an adequate education for our children. The law further provides that, on a state-wide basis, the towns shall provide "local contributions" equaling 59% of those foundation budgets, and the state shall provide the rest.

The Chapter 70 formula is complicated, but in broad outline it calculates local contributions for every town by applying one percentage number (similar to a tax rate) to the town's property wealth and another percentage number to its income wealth. These percentages are calibrated so that, statewide, the total property wealth and income wealth contributions are equal, and together they add up to the 59% requirement. Since the same percentages are applied to the two wealth figures of every town in the state, there is an equitable distribution of local burden for public education costs based on the wealth of the towns of the Commonwealth. (In this letter, we call the amount so calculated the "initially calculated local contribution".) So far so good.

However, Chapter 70 has a further provision that limits (or "caps") each town's actual local contribution to 82.5% of the town's foundation budget. This means that whatever the earlier calculation shows, no town's local contribution can be greater than the cap, and any excess is simply ignored. As one would expect, it is generally the towns with larger property and income wealth whose initially calculated local contributions exceed the 82.5% cap. The result in FY19 is that 148 towns (out of 351) contribute at lower percentage rates than towns with lower wealth figures that do not reach the 82.5% cap. Since the total of local contributions in the state must equal 59% of the state-wide foundation budget, the reduced contributions from towns affected by the cap must be offset by increased contributions from towns that are not affected. Thus, the original percentage figures have to be raised, but the raise only affects those towns which do not meet the 82.5% cap. This results in a clear subsidy of the affluent by the less affluent.

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As an example, consider the towns of Greenfield and Weston. In FY2019, each is educating roughly 2,000 students and has a foundation budget of a little over \$20 million. Greenfield's initially calculated local contribution (based on its wealth assessment), before application of the cap, is just over \$10 million. Weston's initially calculated local contribution (also based on its wealth assessment) is more than \$83 million. In the end, Weston's actual local contribution is less than \$18 million due principally to operation of the 82.5% cap, which means it is contributing barely 21% of its initially calculated local contribution. Because Greenfield has a much lower wealth assessment and thus is not affected by the cap, its actual local contribution is 100% of its initially calculated contribution. Poorer towns pay the full rate; wealthier towns do not.

It should be noted that if there were no cap on local contributions, many of the more affluent towns would be required to contribute above and beyond their own foundation budgets, and they would thus help fund the public education costs of other towns. This is not possible under the current law because there is no mechanism for collecting and distributing the portion of a town's local contribution that exceeds its foundation budget. However, the magnitude of the inequity built into the current law is indicated by the fact that, for FY19, the difference between the initially calculated local contributions of towns benefitting from the 82.5% cap, and the smaller amount they actually are being required to pay due largely to the cap, totals for all such towns about \$1.778 billion, as shown by the data sheets accompanying this letter. Given that the statewide local contribution target is about \$6.2 billion, this is truly a huge amount of local contribution to be shifted away from those towns. And to repeat, this is money that must still be found, and it is currently raised principally from those towns not affected by the cap. If there were no cap and wealthy towns in fact paid 100% of their initially calculated local contribution into the system, as less affluent communities do now, a burden of many hundreds of millions of dollars would be lifted from those less affluent towns.

The unfairness and inequity in the current system are obvious. We should reject a system that collects funds for public purposes on a basis that requires economically disadvantaged communities to pay disproportionately more than their wealthiest counterparts. As citizens, we can and do debate the uses to which our public funds are put, and we certainly don't always agree. But once the decisions have been made, all of us owe it to our fellow citizens to step up and pay our fair share. When it is discovered that this, in fact, is not happening to a very large degree, our legislators and the governor should work diligently to rectify the situation as quickly as possible.