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# Association of Town Finance Committees

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## Newsletter December 2010

### President's Letter by Kim Roy, Halifax Capital Committee Member

As the newly elected President of the Association of Town Finance Committees, I would like to take this time to thank all of you for your dedicated service to your communities and to wish you a wonderful holiday season.

The last few years have certainly been challenging times to serve on Finance Committees. Most of us are faced with structural deficits. Reductions in revenues, coupled with increases in operating expenses, make it difficult to maintain services at acceptable levels. Sometimes it feels like making a recipe without the major ingredient being available. It can be a frustrating process, but as long as we keep the taxpayers' well being in our minds, we will make the right decisions.

Communication with all departments, boards and committees is so crucial when facing these tough financial times. In my town of Halifax, we begin each budget season with a kickoff meeting to discuss the outlook for the upcoming budget. If there is a deficit, we strategize as a group on ways to close the gap. With many, great ideas are born. Everyone becomes part of the process and it truly feels like a team. To finance committee members the word "revenue" is a favorite word. When "revenue" fails us, "communication" becomes our lifeline.

We have been told for the past two years that the 2012 budget would be the most burdensome one yet. With one-time federal stimulus funds gone, the state will mostly likely be forced to make further reductions in state aid. The Governor's budget will not be published until the end of January. At a Local Government Advisory Council meeting in November Secretary of Administration and Finance Jay Gonzalez would not speculate as to what percentage cut to expect. He would only say that 2012 would be a "very challenging year."

Although Massachusetts ranks second in the United States for economic growth, it will be some time before we start to feel the rebound. Most of us are not looking forward to the process, but we will all get through it and be stronger for it.

I would like to thank all of you who attended our Annual meeting this October. Many of the topics that are chosen for our workshops come from both the evaluation forms, as well as ideas that our members give us throughout the year. I would like to thank Denise Baker, our Senior Member Services Coordinator, for everything that she does. Without her support and guidance we would never be able to coordinate this very important meeting.

As your ATFC governing board, we are here to serve you. In the next month or so we will begin to coordinate our 2011 spring seminars. We would like to provide you with workshops that you would be interested in attending. Please contact Denise Baker at the MMA to give us some of your ideas.

Another educational opportunity this January is the MMA's Annual Meeting. As always, this year includes some great workshops and speakers. This year we are happy to have both Cokie Roberts and Doug Flutie as two of our speakers. Please visit the MMA website for the registration form. Meetings like these are helpful not only for the workshops, but also for the networking with other town and city officials. The colleagues that I have met through the MMA have been invaluable to me for their knowledge and friendship. I hope that you will attend.

### ATFC Governing Board

Joanne Marden, Andover; Allan Tosti, Arlington; Pat Brusch, Belmont; Mary McBride, Billerica; Bruce Button, Concord; Paul Joyce, Dedham; Martin Crowley, East Bridgewater; Kimberly Roy,

Halifax; Jennifer Gonzalez, Holbrook; Richard Creem, Needham; Ira Miller, Sharon; Cinder McNerney, Swampscott; Staff: MMA Senior Member Services Coordinator Denise Baker

## **Report: Soaring health costs have swallowed state funding for schools**

Soaring costs for school employee health care coverage have drained school budgets and undermined the historic bargain that was central to education reform in Massachusetts in 1993, according to a report released today by the Boston Foundation and Massachusetts Business Alliance for Education.

These health cost increases have crowded out funding for other portions of the school budget that directly affect students, according to the report, "School Funding Reality: A Bargain Not Kept."

Health care costs in school budgets grew by \$1 billion from 2000 to 2007, \$300 million more than the increase in state Chapter 70 aid, according to the report

Every school district in Massachusetts – rich or poor – has been adversely affected, as resources intended to strengthen learning in the classroom – money for textbooks, professional training and additional teachers, in particular – have been absorbed in recent years by health care costs, according to the Boston Foundation and the MBAE.

"Controlling the overall cost of health care in Massachusetts is now the ultimate education issue," the report states.

Gains made as a result of the state's increased aid to the poorest districts in the early years of education reform have largely been nullified in the past decade, and per-pupil spending for students in those districts today stands significantly below spending levels for students in the state's wealthiest districts, the report finds.

The report's conclusions are the result of new research conducted by Ed Moscovitch, an economist and one of the authors of the original Chapter 70 state funding formula for school budgets.

Boston Foundation President Paul Grogan said the report "puts into clear and compelling focus what many have suspected for some time: that our good-faith efforts to close the achievement gap are being erased by the cost of health care."

Linda Noonan, executive director of the Massachusetts Business Alliance for Education, said, "Our significant investment in education since 1993, and the gains in student achievement that followed, are at risk due to the uncontrolled costs of employee health care."

Inflation, driven in significant part by the increase in health care costs and not reimbursed by the school funding formula, created a school funding shortfall of \$1.2 billion a year

statewide by 2007, and has grown to almost \$1.7 billion for the current school year, according to the report.

Citing two expenditures that most directly affect student learning, the report finds that spending on books fell by more than 50 percent from 2000 to 2007, and spending for teacher training fell by almost 25 percent.

The student/teacher ratio is also significantly less favorable in 2007 than it was in 1996.

The Massachusetts Education Reform Act of 1993 represented a "grand bargain" – high standards for student learning and accountability for performance in exchange for adequate and equitable funding.

The report examines the funding side of the bargain, the foundation budget, which was the new law's definition of what constituted adequate funding. The foundation budget set class-size goals and spending goals for professional development and instructional materials. It included an adjustment for inflation and changes in enrollment.

The foundation budget reflected a wide agreement among education and political leaders, with broad support from the business community, that economic resources would always have an important impact on a district's ability to close the achievement gap, and it provided the extra support for urban districts with large concentrations of low-income and minority students.

In return, districts agreed to be held accountable for the performance of their students to a single, consistent standard of performance.

The impact of health care spending on school districts also forms part of a bigger story about soaring costs and what it has meant across the board for spending and economic investment in Massachusetts. According to the report, health care has consumed fully two-thirds of all increases in state spending between 2000 and 2010, crowding out investment in a host of areas of general interest, but taking a special toll on education, which was seeking to compensate for past deficits.

Cumulatively, the gap between costs and needs across all districts in Massachusetts has grown to almost \$1.7 billion by the 2010, according to the report. Any attempt to close this gap would require both local resources and increased state aid.

Because of their greater resources, the state's wealthiest districts are already, on average, spending at the "true"

foundation level, which means foundation level adjusted for the real cost of inflation. Moscovitch estimates it would cost somewhere between \$800 million and \$1 billion a year in increased state aid to raise the foundation budget by \$1.7 billion, enough to close the new and widening gap.

The report concludes that controlling the cost of health care in Massachusetts is now the ultimate education issue. Without a

change in the trend, it appears impossible for the Commonwealth to keep all districts at true foundation levels. Even new resources provided to education cannot hope to cover the trends that show health care costs continuing to soar.

To download a full copy of the report, go to [www.mma.org](http://www.mma.org).

### **Over 160 Members Attend the Annual Meeting**

More than 160 finance committee members from across the state attended the Annual Meeting of the Association of Town Finance Committees on Oct. 23 in Franklin.

The opening panel focused on health insurance costs. Melrose Mayor Rob Dolan discussed his city's experience with the Group Insurance Commission; Cambridge Personnel Director Michael Gardner spoke about cost containment and collective bargaining; and Franklin Human Resources Director Stephanie McNeil discussed her town's use of an insurance advisory group.

The meeting featured six educational sessions:

- New to the Finance Committee: Budgeting 101
- School Budgeting Basics
- One Town, One Team: What Is the Role of the Finance Committee?
- The "Other" Insurance

- The New Open Meeting Law
- Reducing Municipal Budgets: The Hidden Cost of Cuts

The materials from all of these sessions are available at [www.mma.org](http://www.mma.org).

The luncheon speaker was Massachusetts Taxpayers Foundation President Michael Widmer, who focused on the state's fiscal climate and the foundation's recent report about the potential impact of ballot Question 3, titled "State Finances: Heading Over a Cliff?" (Q. 3 was defeated in the Nov. 2 election)

ATFC members elected the association's 2011 Governing Board during the meeting. The members are:

### **2010 Handbooks Available**

The 2010 edition of The Finance Committee Handbook is now available. It was distributed at the annual meeting in October and is being sent out to members on a continuing basis now.

If you've paid your ATFC dues and have not received your copies, please call Denise Baker at the MMA to request your copies.

Every member of each committee receives a handbook (CD) as part of your membership dues.

The new handbook contains changes to M.G.L. including Open Meeting Law as well as changes to other policies affecting how finance committees operate.

### **Spring Workshops - Where and What?**

The association is again planning to hold regional spring workshops. We've had great success over the past couple of years with feedback from members about location and the topic of the session. If you and your neighboring finance committee peers have an issue you'd like to learn more about, we would love to hear from you.

We plan to hold one meeting at the MMA office in Boston during the lunch hour. These sessions have attracted a large number of members who work in the area. We'll hold at least 2 other workshops so let us know what you think and we'll work with you.

Contact Denise Baker at 800-882-1498 or [dbaker@mma.org](mailto:dbaker@mma.org).

### **Membership Dues to Remain Level in Fiscal Year 2011**

The ATFC governing board voted this month to hold membership dues for FY11 at the same rate as FY10. The dues notice you receive in July will not include an increase.

The association appreciates your continued membership and support.

## **MMA Annual Meeting, January 21-22, 2011**

Time is running out to register for the MMA Annual Meeting & Trade Show, to be held Jan. 21 and 22 in Boston.

The MMA Annual Meeting is a rich environment for idea exchange and problem-solving. Local leaders have numerous opportunities to discuss the challenges they face and to learn what their peers are doing to move forward in a difficult economy.

Highlights of the meeting are the 30 information-packed workshops (see related story), and the lineup of inspiring speakers, including ABC and National Public Radio commentator Cokie Roberts, who will deliver the keynote address, and Navy SEAL Eric Greitens, a Rhodes Scholar, humanitarian worker, and champion boxer who founded a nonprofit dedicated to the development of the next generation of American leaders.

Doug Flutie, a Natick resident known for his stellar football career and his work to help families who have children with autism, will speak on Friday night. Comedian Jimmy Tingle will perform during the Saturday evening banquet.

The MMA Annual Meeting & Trade Show, to be held at the Hynes Convention Center in Boston, is the largest regular gathering of municipal officials in the state. The 2010 event was attended by more than 1,100 local leaders and featured more than 225 exhibitors at the Trade Show.

The MMA website ([www.mma.org](http://www.mma.org)) is the best source of up-to-date information about the Annual Meeting schedule, registration, workshops, speakers, the Trade Show, annual awards and the MMA Annual Business Meeting. Attendees can also find complete information about getting to the Annual Meeting, parking, and accommodations.

Registration fees have been held at the same level for the past seven years in order to encourage all members to attend. The advance registration rate (by Jan. 14) is \$140 for members and business partners and \$250 for other government entities. There will be an additional charge for onsite registration.

The program registration form should be returned to the MMA by mail or fax. Registrations cannot be accepted over the phone.

Reservations are also being accepted for the Women Elected Municipal Officials Leadership Luncheon on Friday, Jan. 21, as well as the Friday and Saturday evening dinners.

Those who plan to stay in Boston while attending the MMA Annual Meeting are advised to make reservations at the host hotel, the Sheraton Boston, as soon as possible.

The MMA has secured a special rate for meeting attendees: \$155 for single occupancy or \$165 for double occupancy. The reduced rate is only available until Jan. 6, or until all the rooms set aside

for the MMA have been filled. The reduced-rate rooms are expected to sell out quickly, and reservations are accepted on a first-come, first-served basis.

For accommodations, call the Sheraton Boston Hotel at (800) 325-3535 or register online through the MMA website. A special link can be found in the Hotel, Directions and Parking area of the Annual Meeting section.

### **Full Listing of Workshops:**

*Friday, Jan. 21, 2-3:30 p.m.*

- Are PILOTs With Nonprofits Workable in Your Community?
- Best Practices for the Top Recurring Municipal Problems
- Capitalizing on the White House's "Let's Move" Anti-Obesity Campaign
- Community Partnerships: Creative Ways to Maximize Resources for Your Community
- Labor Law Update
- Sharing Public Health Services
- Small Site Development: Resources and Best Practices
- State and Local Economic and Budget Outlook
- Tales to the Top: Becoming a Town Manager
- Waste to Energy: One Person's Trash Is Another's Treasure

*Friday, Jan. 21, 3:45-5:150 p.m.*

- An Environmental Success Story: The MWRA's 25-Year Journey
- Budget Basics for Cities and Towns
- Cable and Telecommunications Update
- Federal Health Reform Update: What It Means to Local Government
- Innovative Zoning Strategies to Advance Housing and Mixed-Use Development
- New Resources for Community Rail Trails
- Protecting Our Cultural Heritage
- Transitioning Government: Elected to Appointed
- Understanding 111F and 111M: What You Need to Know
- Update on the New Open Meeting Law

*Saturday, Jan. 22, 2-3:30 p.m.*

- Developing a Wellness Program for Police Departments
- Effective Strategies for Leading Your Community Forward
- Location, Location, Location: Siting and Developing Wind and Solar Projects
- Making Headway in Sharing Public Safety Services
- Mayor, Manager, Large or Small: Performance Management in Local Government
- Municipal Law Update
- Navigating Through Stormwater Regulations
- Paving the Way for Public Works Mutual Aid Agreements
- The Hidden Costs of Cuts: Reducing Municipal Budgets
- Winning the Economic Development Battle Using Smart Permitting