

FINANCE

FINANCE COMMITTEE



Back from left: Patrica Nelson, Karle Packard, Paul McGinn, Mark Garvey, Daniel Cassidy, Richard Giles, Triveni Upadhyay, Phillip Swain. Front from left: John Hutchins, Terri Ackerman, Janet Rothbrock; Recorder, June Rzepczynski, Linda Miller, Wendy Rovelli, Chair. Not pictured: Scott Randall, Malysa Simard

The Finance Committee consists of fifteen members who are appointed by the Town Moderator to represent a diversity of ages, genders, precincts, financial circumstances and professional backgrounds. Each member is appointed for a three-year term, with five terms expiring each year at the close of the Annual Town Meeting. No member shall serve concurrently as an officer of the Town or as a member of any board of the Town. The Finance Committee has served the Town as an overseer of the Town's financial matters and advisor to the Town Meeting since its creation at the 1922 Town Meeting.

The Town's Bylaws require that when the warrant for a Town Meeting contains any article where an appropriation or expenditure of money or the disposition of any property of the Town may be made, the Finance Committee shall consider such article or articles after holding one or more public hearings and shall report its recommendations to the Town Meeting in print. These recommendations are included in The Report of the Finance Committee of the Town of Concord, which is issued each spring in advance of the Annual Town Meeting. This report also includes a Five-Year Projection of Tax Burden on Citizens. The Committee first produced this projection in April 2012, and has continued to refine the model to simulate the impact of various assumptions on

both the current guideline recommendations and future tax levy increases.

In addition, it is the Finance Committee's charge to consider any or all municipal questions for the purpose of making reports or recommendations to the Town, including: carrying out special studies of Town services, programs and facilities; approving or disapproving the transfer of moneys from the Reserve Fund; and making recommendations to the Town regarding the transfer of any amount of public money previously appropriated to any other use authorized by law. Finance Committee members also observe other Town committees and follow issues of financial importance to the Town, contributing to financial oversight by asking questions of the appropriate bodies regarding the financial analyses being conducted.

FY16 Operating Budget Guidelines

Every fall, the Concord Finance Committee considers the upcoming spending needs of our Town Departments, and School Districts in order to set operating budget guidelines for the following fiscal year. These guidelines are meant to inform and advise the Town and School administrations, the Board of Selectmen and the School Committees as to what the Finance Committee believes are the appropriate levels of spending. Salary requirements, regular capital spending, operating expenses and other budget drivers are all considered.

The Finance Committee evaluates these needs against a variety of other considerations. What is the economic outlook, especially for our state and town? What is the likely availability of resources other than property taxes (such as, State aid, other local taxes and new property growth in Town)? What is the recent trend in the overall levy and property taxes assessed on existing taxpayers and what is projected to be the impact on taxes of budget increases in the coming year and for five years forward? What is the additional impact of already-approved, excluded debt on taxpayers? What unfunded liabilities does the Town have and what funding schedule is established to meet these liabilities? What are the effects of shifting demographics - between Concord and Carlisle regarding relative assessments by the Regional School District, re-

garding enrollment changes within the Concord Public Schools, and regarding needs for new or enhanced Town services? How do different categories of households - by income group or household age - perceive Concord's "affordability"? How do Concord tax bills and spending levels compare with those in other reference communities? How do they compare with growth rates and levels of household income?

Trying to find the right balance for the times is a complex process. Members of the Finance Committee research, debate, interview, invite feedback and seek consensus -- within the Committee, with the budgeting entities and ultimately with the Town's citizens.

Over the last ten years, the rate of increase in Concord's property taxes has been declining, particularly as the effects of the national recession were felt locally. For the period of FY06 – FY10, the average taxes levied on existing taxpayers rose 3.78% per year, while the increases for FY11 through FY15 averaged 1.87% per year. However, recent increases suggest this trend is beginning to reverse, with the FY15 rate at 3.20% and the FY16 rate projected to increase 3.72% (based on the FY15 Operating Budget Guideline and related assumptions). The Board of Selectmen, Town Manager, School Committees and Superintendent of Schools work collaboratively with the Finance Committee to reach consensus on budgets without impairing any important Town services or the quality of public education in Concord.

The Finance Committee issued its FY15 guidelines on November, as required by our Town Bylaw. Those guidelines provide for modest growth in operating budgets for the Town, Concord Public Schools and the Concord-Carlisle Regional School District. The guidelines recognize, among other things, anticipated changes in student enrollment, costs associated with special education, student transportation, staffing and support associated with the new educator evaluation system and resources to support increased demand for town services. The 4.15% increase in operating budgets contemplated by the guideline would result in a forecasted 3.72% overall increase in the property tax in FY16 for existing taxpayers, inclusive of the debt service on excluded debt. The total levy projected for FY16 remains well within the Proposition 2½ levy limit.

Looking ahead, the Committee foresees a number of upcoming demands for fiscal resources. The burden of the

debt service for the high school building project began to impact taxpayers in FY14 and will peak in FY18. Other possible future expenditures have been identified, though the details to address these needs are not yet fully defined. These include possible shifts in Concord's assessment for CCHS costs due to changes in enrollment ratios, construction of a new school bus transportation facility, replacement of our aging bus (which have been deferred in recent years), and remediation of the old landfill site under the present CCHS student parking lot. Utility and other public works infrastructure decisions are on the horizon. The Finance Committee's five-year projection will be updated as new information is received with respect to these factors, along with operating needs and projected resources, to provide up-to-date projections of the current and future tax impacts to existing citizens.

TAX FAIRNESS COMMITTEE



From left: Jonathan Keyes, Jim Phelps, Reinier Beenmkes, Walter Birge, Chair; Nancy Cronin, John Mannheim

The Tax Fairness Committee (TFC) is the direct descendent of the Local Option Local Income Tax Committee (LOLIT). Concord's proposed legislation on a local income tax, approved for filing by the 2012 Town Meeting, did not pass the legislature in 2013 due to it being considered unconstitutional. Therefore, in January 2014, the Board of Selectmen reappointed that Committee as the Tax Fairness Committee with a more general goal of developing methods of ensuring the fair allocation of the property tax and encouraging economic diversity among the citizens of Concord.

The TFC reviewed various alternatives including a senior property tax exemption based on a special act for the Town of Sudbury using most of the qualifications of the State income tax circuit breaker; acceptance of the Residential Exemption, an option allowed under State law