

FINANCE

FINANCE COMMITTEE



Front from left: Radha Jalan, Patricia Nelson, Wendy Rovelli, Pamela Hill, Triveni Upadhyay, Lynn Salinger, Chair; Rear: John Hutchins, Robert Mandeville, Mark Garvey. Not pictured: Charles Blair, Bruce Button, David Kramer, Alexandra Kuchar, Paul McGinn, Thomas Piper

The Finance Committee consists of fifteen members who are appointed by the Town Moderator to represent a diversity of ages, 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 Annual Town Meeting.

The Town's Bylaws require that when the warrant for a Town Meeting contains any article where 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.

It is the Finance Committee's charge to consider, as well, 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. In addition, 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.

At the Special Town Meeting of November 7, 2011, the voters approved a warrant article requesting the Finance Committee provide a Five-Year Projection of Tax Burden on Citizens. The Committee included this presentation in its 2012 Report of the Finance Committee and plans to update this information annually.

Concord Finance Committee issues FY14 operating budget guidelines

Every fall, the Concord Finance Committee considers the upcoming spending needs of our Town and Schools in order to set operating budget increase guidelines. These guidelines are meant to advise the Town and schools on appropriate levels of spending increase. Salary requirements, regular capital spending, operating expenses, and other budget drivers are all considered. The Finance Committee issued its FY2014 guidelines on November 30, as required by our Town's Bylaws.

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 (e.g., State aid, other local taxes, and new property growth in Town)? What recent trends have characterized 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 five years forward? What is the additional impact of already-approved, excluded debt on taxpayers? What are the effects of shifting demographics – between Concord and Carlisle, regarding relative assessments by the Regional School District, and within Concord,

regarding enrollment changes for the Concord Public Schools and demand for other Town services? How do different categories of households – by income group or household age – perceive Concord’s “affordability”? How do Concord’s 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 Concord’s property tax increases has been declining, particularly as the effects of the national recession were felt locally. Whereas from FY 2002 to 2007, taxes levied on existing taxpayers rose on average 6% per year, increases from 2007 to 2013 averaged 2.6% per year; more recently, from 2010 to 2013, taxes on existing taxpayers rose just 1.8% per year. The Board of Selectmen, Town Manager, School Committees, and Superintendent work collaboratively with the Finance Committee to avoid drastic changes in Town and School services.

This year, the Finance Committee has issued guidelines that provide for modest growth in operating budgets for the Town and both our K-8 and 9-12 school districts. An increase of 3.87% in operating budgets suggests that the property tax increase in FY14 for existing taxpayers will be 4.00%, inclusive of the debt exclusion. The resulting total levy remains within the Proposition 2 ½ 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 will begin to impact taxpayers in FY14 and increase for several years thereafter. Other possible future spending needs have been identified, though some of their parameters are not yet defined. These include shifts in Concord’s assessment for high school costs due to shifting enrollment ratios, as well as possible needs to construct a school bus transportation depot, replace athletic facilities, remediate an old landfill site under the present CCHS student parking lot, and increase our annual contribution toward the Town’s unfunded

liability for health insurance benefits for the Town’s retirees. The Fire Department is conducting a strategic plan for emergency medical services that may lead to investment down the road. Other public works infrastructure decisions are on the horizon. The Finance Committee’s five-year projection will be updated in light of these factors in order to provide citizens with new information.

LOCAL OPTION LOCAL INCOME TAX COMMITTEE



Seated from Left: Donato Bracco, Jonathan Keyes, Chair; Nancy Cronin, Vice Chair. Standing from left: Paul Horwitz, Reimier Beeuwkes, Pat Sinnott. Not pictured: Walter Birge, John Mannheim

The simple concept behind the Committee’s work for the past 4 years remains constant: reduce the residential real estate tax by roughly half and replace those funds with a local income tax. The latter would be a roughly 2% surcharge on a resident’s income as reported on the State income tax return. It would be collected by the State and remitted to the Town. This would not be a new tax, but a redistribution of an existing tax, with the purpose of preserving economic diversity.

Unfortunately the proposal involves an income tax, not a real estate tax, so the proposal is clouded by the issue of constitutionality. As reported last year, our effort to seek an advisory opinion from the Supreme Judicial Court was not successful. Nor was our submission of enabling legislation, H. 3375, which was “heard” in the legislature in March of 2011 and subsequently relegated to “study” (i.e., killed).