

State Aid

In the fiscal year ending June 30, 2001, the Town of Concord received \$4.3 million of general unrestricted funds from the State through various formula accounts. Total State aid represented about 9.3% of the Town's General Fund budget resources that year. Over the next two budget years, the State cut aid to local government significantly as part of measures taken to balance the State budget. The FY05 and FY06 budgets saw small increases in State aid to Concord.

In FY07, State aid jumped almost \$475,000; a relatively small State budget increase in the payment for State-owned lands affected Concord favorably due to the considerable extent of state property in Concord; the legislature ended the diversion of a portion of lottery proceeds into the State's General Fund, a diversion that had started in FY03; and the State increased the minimum guaranteed State aid per pupil for Chapter 70 education

aid. These State decisions were not known until after the 2006 Town Meeting when the State legislature completed its actions on the FY07 State budget. This unexpected revenue led to setting of the Town's FY07 property tax rate December 2006 a full percentage point below what had been projected at the 2006 Town Meeting.

For FY08, the Guideline budget adopted by the Finance Committee in November initially projected \$3,976,419 for State aid, reflecting a decrease from the current budget due solely to the end of a 10-year school building assistance payment on a 1997 Peabody School project. No increases were projected for any of the principal State aid accounts. Projected State aid was expected to remain below the FY01 level both in dollar and percent of budget terms.

The FY08 State budget proposed by the Governor February 26 represents a State aid increase of

about \$150,000 for Concord. The Finance Committee has reviewed the specific proposals and has concluded that the Town can safely incorporate this new number into its FY08 plan. While legislative action on the State budget is not expected before June, the Committee thinks that this modest 4% State aid increase proposed for Concord will survive the State budget process relatively intact.

Statewide in FY06, the most recent year for which data has been compiled, a little less than one-fifth of the total State budget was distributed as aid to the cities and towns, about \$4.1 billion. On average, this represented 24% of local budgets – a much higher share than Concord receives. Statewide, 53% of local revenue came from the property tax. In Concord, that year, 85% of the local budget was supported by the property tax.

The status of FY08 estimates for the Town is shown below.

State Aid
FY05 and FY06 actual, FY07 budget and FY08 estimated

| Account | Actual FY05 | Actual FY06 | Budget FY07 | Estimated FY08 | FY07-08 Difference |
|--------------------------------|--------------------|--------------------|--------------------|-------------------|-----------------------|
| Chapter 70 school aid | \$1,542,930 | \$1,641,558 | \$1,788,314 | \$1,878,314 | \$90,000 |
| Additional assistance | 383,959 | 383,959 | 383,959 | 383,959 | \$0 |
| Lottery | 817,244 | 905,186 | 1,045,180 | 1,059,887 | \$14,707 |
| School construction | 148,618 | 148,618 | 148,618 | 0 | (\$148,618) |
| Police career incentive | 141,396 | 142,813 | 154,142 | 141,861 | (\$12,281) |
| State-owned land and buildings | 300,286 | 370,131 | 546,166 | 610,209 | \$64,043 |
| Additional distribution | 60,044 | 0 | 0 | 0 | \$0 |
| all other | 35,445 | 59,509 | 56,397 | 51,674 | (\$4,723) |
| TOTAL | \$3,429,922 | \$3,651,774 | \$4,122,776 | 4,125,904 | \$3,128 |