

TOWN OF GILL

M A S S A C H U S E T T S



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SELECTBOARD & FINANCE COMMITTEE MEETING MINUTES May 10, 2018

Called to Order: The Selectboard and Finance Committee meetings were called to order at 7:05 PM.

Selectboard Members Present: Randy Crochier, John Ward, Greg Snedeker Members Absent: None

Finance Committee Members Present: Claire Chang, Tupper Brown, Ronnie LaChance, Timmie Smith, Peter Turban, and Sandy Brown (7:14 PM) Members Absent: None

Others Present: Ray Purington, Administrative Assistant

The Finance Committee welcomed new member Peter Turban.

Review of Minutes: John made a motion, seconded by Greg, to approve the minutes of 2/26/18, 4/23/18, and 4/25/18. The vote was unanimous in the affirmative. John made a motion, seconded by Randy, to approve the minutes of 3/12/18. The motion was approved by a vote 2-0, with Greg abstaining from the vote.

Tupper made a motion, seconded by Ronnie, to adopt the Selectboard minutes of 4/23/18 and 4/25/18 in lieu of Finance Committee minutes for the same dates. The motion was approved by a vote of 3-0, with Tupper and Peter abstaining from the vote. Tupper made a motion, seconded by Ronnie, to adopt the Selectboard minutes of 2/26/18 and 3/12/18 in lieu of Finance Committee minutes for the same dates. The motion was approved by a vote of 4-0, with Peter abstaining from the vote.

Sandy Brown joined the meeting at 7:14 PM.

Review of FY19 Budget Requests:

1.02 Selectboard: The revised FY19 budget request for the Selectboard was distributed, with a reduced budget of \$11,525, which is \$345 less than the original budget. The savings comes from reducing the number of printed copies of annual reports from 175 to 150. Timmie made a motion, seconded by Ronnie, to approve the revised budget request. The motion was approved by a vote of 6-0.

1.07 Treasurer: Treasurer Ronnie LaChance presented her FY19 budget request of \$30,415, a \$530 increase over FY18. The increase is due to an increase in legal fees for tax taking proceedings against several properties that are significantly behind on property taxes. Tupper made a motion, seconded by Sandy, to approve the budget request. The motion was approved by a vote of 5-0, with Ronnie abstaining from the vote. The Selectboard approved the request by consensus.

Sandy Brown disclosed she is the Town's representative to the Franklin County Technical School Committee. Timmie Smith disclosed she is a member of the Finance Committee and a member of the Gill-Montague Regional School Committee.

1.08 Tax Collector: Tax Collector Ronnie LaChance presented her FY19 budget request of \$33,569, a \$1,002 increase over FY18. The majority of the requested increase, \$880, is for a part-time assistant to help out during peak periods when property taxes, motor vehicle excise, and sewer bills are due. The request is for 80 hours over the course of the year, at \$11 per hour. After discussion it was decided by consensus to remove the \$880 from the Tax Collector's request with the understanding the assistance will be available from the proposed Administrative Clerk position, if approved by Town Meeting. The budget request will be updated and revisited at the May 16th meeting.

6.4 Energy Bond: A revised budget for the Energy Bond was distributed, showing the performance audit with Siemens has been cancelled and will not be an expense in FY19 or future years. A review of actual energy

consumption at the Gill Elementary School shows the GMRSD is realizing very little in savings from the energy conservation measures done by Siemens in the 2011 project. There was an initial discussion of ending the practice of paying for the Energy Bond by clawing back the purported energy savings (as reported by annual calculations by Siemens) from the GMRSD. The source of funding for the Energy Bond will be revisited at a future meeting. Tupper made a motion, seconded by Sandy, to approve the amount of the FY19 Energy Bond budget. The motion was approved by a vote of 6-0. The Selectboard approved the request by consensus.

Civic Leaders Letter: An editorial piece titled “Chapter 70 Funding Formula Taxes Poorer Communities” was reviewed. The document was written by Michael Naughton, Tupper Brown, Greg Snedeker, and Joanne Blier as members of the GMRSD’s Civic Leaders group. The editorial describes an inequity built into the Chapter 70 formula for distributing state aid for education, whereby wealthier cities and towns receive aid at the expense of poorer cities and towns. The Civic Leaders group is hoping to have the School Committee and Selectboards and Finance Committees of Gill and Montague endorse the piece. Once finished, it will be sent to the Boston Globe and all state legislators.

During discussion it was pointed out the unfairness of the current situation is comparable to a 5% tax on all income up to \$1 million, and no tax on income over that amount. If state aid is meant to help educate all students in the state, then the aid should be given to those who financially need it.

Randy made a motion, seconded by John, to accept, approve, and endorse the Chapter 70 editorial. The vote was unanimous in the affirmative. Tupper made a motion, seconded by Sandy, to accept, approve, and endorse the Chapter 70 editorial. The vote was unanimous in the affirmative. Greg and Tupper will convey the Selectboard and Finance Committee endorsements to the Civic Leaders group.

8.0 Education: A 4/3/18 revision to the Education budget was distributed. The overall dollar amounts of the GMRSD and Tech assessments have not changed, but the Tech’s assessment for its capital project was combined with the operating assessment.

The Selectboard decided by consensus to forego a special meeting on May 22nd to reorganize after the Town Election on the 21st. Reorganization will take place at their regular meeting on May 29th.

Adjournment: The Selectboard and Finance Committee adjourned their meetings at 8:30 PM.

Minutes respectfully submitted by Ray Purington, Administrative Assistant.

Signed copy on file. Approved on 06/25/2018

Greg Snedeker, Selectboard Clerk

Adopted by the Finance Committee in lieu of separate Finance Committee minutes on 06/25/2018 .

Chapter 70 Funding Formula Taxes Poorer Communities

In their search for ways to increase education funding, particularly for poorer and rural districts, the legislature should consider eliminating -- or at least reducing -- 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 and school district 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 the same, 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 relative wealth of the towns of the Commonwealth. So far so good.

However, Chapter 70 has a further provision that limits (or "caps") each town's 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. This in effect means that more than 140 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 wealthier towns must be offset by increased contributions from less wealthy towns. Thus, the original percentages 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.

As an example, consider the towns of Greenfield and Weston. In FY2018, each is educating roughly 2,000 students and has a foundation budget of a little over \$20 million. However, while Greenfield's calculated local contribution is just over \$10 million, Weston's is more than \$78 million. In the end, Weston's contribution of more than \$17 million to its foundation budget is less than 25% of its calculated local contribution, while Greenfield's contribution is close to 100%. 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 richer 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 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 FY18, if there were no cap whatever on local contributions and instead there were a process for collecting and redistributing all excess local contributions calculated on a purely equitable basis, towns currently benefiting from the 82.5% cap would contribute approximately \$1.7 billion more to the system, resulting in towns not benefitting from that cap being relieved of that burden. Given that the statewide local contribution target is about \$6.1 billion, this is truly a huge degree of inequality placed by Chapter 70 on less affluent towns and their taxpayers.

Although there is no redistribution mechanism that would allow for the total removal of the cap on local contributions, the current system will allow increasing the cap to 100% of a town's foundation budget. If that change were accomplished, only those towns for which the wealth-based calculation indicated a local contribution above 100% of their foundation budgets would receive favored treatment. This would not entirely cure the deep inequity built into the Chapter 70 law, but it would result in a substantial improvement: for FY18, it would have reduced the additional burden assumed by less affluent towns by about \$550 million.

It should be noted that to the extent a town's local contribution is decreased by the application of a cap in the formula, its school districts' Chapter 70 funding from the state is increased. Thus, we have the school districts of wealthy towns receiving Chapter 70 aid which they would not receive if the Chapter 70 system were administered more equitably. A 100% cap would eliminate this subsidy to wealthier towns.

The unfairness and inequity in the current system are obvious. We as Americans and citizens of a highly progressive state should reject a government mandated system that collects funds for public purposes on a basis that requires poor people to pay disproportionately more than rich people. We can conceive of no rationale or justification for the current system that would stand up to the daylight of public scrutiny. 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, rich and poor, owe it to our fellow citizens to step up and pay our fair share. When it is discovered that that, in fact, is not happening, our legislators and the governor should have no choice but to rectify the situation as quickly as possible.