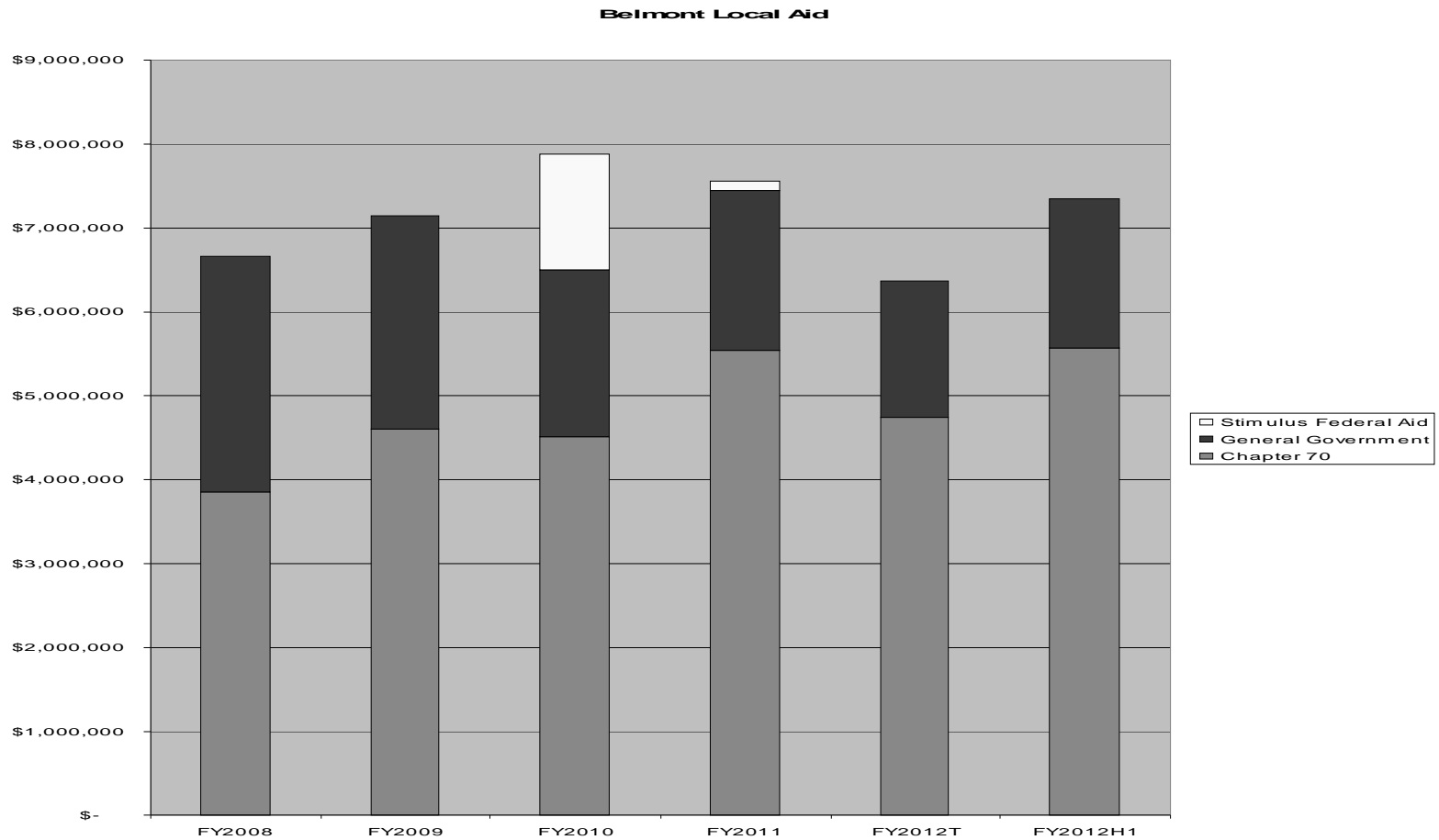


Local Aid and Legislation

Belmont Board of Selectman
February 7, 2012

Local Aid Outlook

Belmont has done well with local aid through the recession.

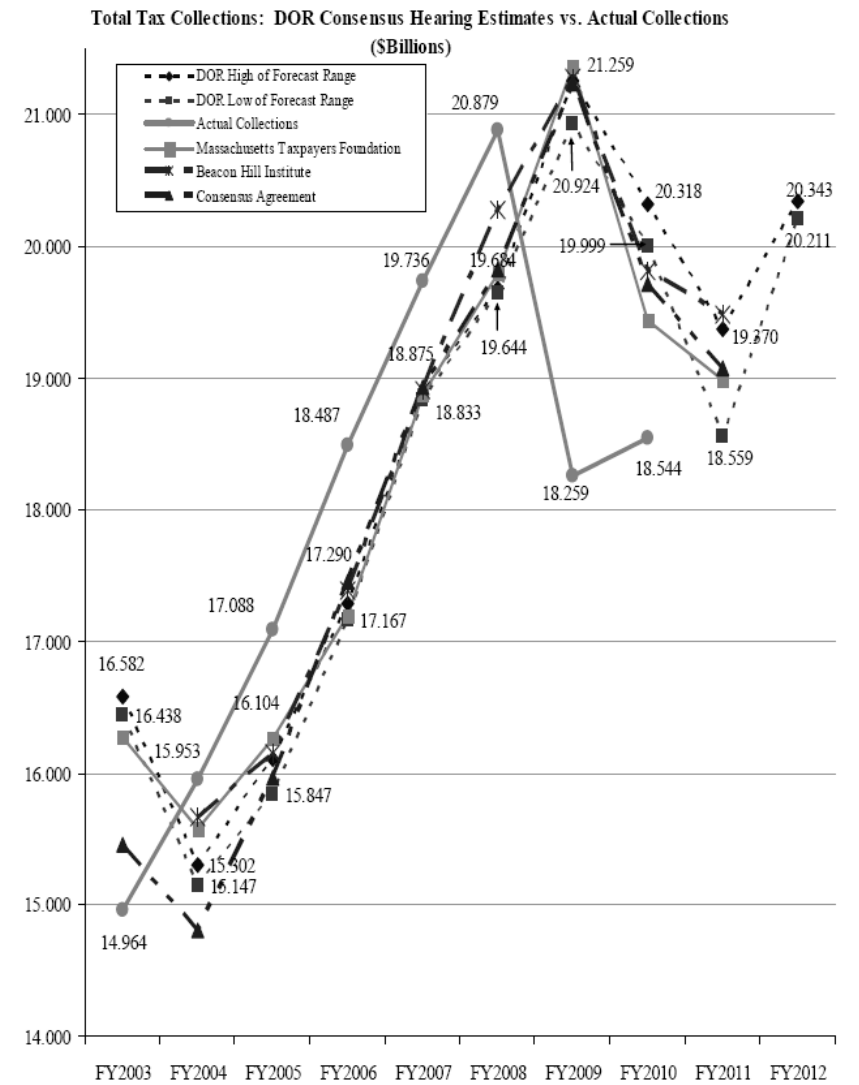


The Governor's proposal is almost \$1,000,000 above assumed.

Governor's Proposed FY2012 Total Local Aid (Chapter 70 and UGGA)	\$7,343,027
Local Aid assumed in FY2012 budget process (Chapter 70 and UGGA))	\$6,357,000
Difference	\$976,027

NOTE: Special Education Circuit Breaker roughly even net of federal funds.

Don't take it to the bank.



Source: DOR Briefing Book, 2012: http://www.mass.gov/Ador/docs/dor/Stats/Briefing%20Book/FY2012_CRE_briefingbook.pdf

Don't take it to the bank.

- Holding Medicaid to no increase while adding another 4.6% increase in membership.
- Taking another \$200 million from the already-depleted stabilization fund.
- Closing two prisons by reforming sentencing.
- Complete reform of the bar advocacy programs that provides legal services for indigent defendants.

Don't take it to the bank.

	Millions \$ in FY11 HWM	% Change FY08 to 11
State Agencies	\$9,580	-7.8%
Debt	\$1,863	-3.3%
Health Care	\$10,971	22.8%
Local Aid	\$5,101	-8.7%
Belmont Total	\$84	4.4%
Belmont Salaries Only	\$43	10.1%

Sources: <http://willbrownsberger.com/index.php/local-aid-reference-data/local-aid-in-state-budget-perspective>
http://www.town.belmont.ma.us/Public_Documents/BelmontMA_Admin/FY12Budget/FY12%20Budget%20cover%20letter%20&%20misc%20charts.pdf

Don't take it to the bank.

“[I]n the house budget . . . there's going to be no discussion about any new taxes, no new fees, anything that looks like a tax will not be in the house budget.”

Speaker DeLeo to Jon Keller as reported in State House News, January 31

Legislation

We passed seven bills addressing Belmont specific issues in 2009-10.

- House 4389, An Act Validating a Certain Vote Taken by the Town of Belmont (now Chapter 191 of the Acts of 2009)
- House 4901, An Act Relative to Quarterly Tax Billing in the town of Belmont (now Chapter 367 of the Acts of 2010)
- House 4416, An Act Relative to the Position of Police Chief in the town of Belmont (now Chapter 376 of the Acts of 2010)
- House 4414, An Act Authorizing Recall Elections in Belmont (now Chapter 381 of the Acts of 2010)
- House 4223, An Act Relative to the other Post Employment Benefits Trust Fund of the town of Belmont (now Chapter 382 of the Acts of 2010)
- House 5024, An Act Authorizing the town of Belmont to Grant Licenses for the Sale of All Alcoholic Beverages to be Drunk on the Premises of Certain Restaurants (now Chapter 388 of the Acts of 2010)
- House 701, For legislation to acquire the silver maple forest for the Department of Conservation and Recreation upon receipt of sufficient local contributions toward said acquisition (passed by both branches, but not signed by Governor – compromise letter instead.

Thanks to the town administration for collaboration in getting these bills passed!

There are concerns about risks in public pension planning – 8.25%?

S&P 500 – 1928 to 2004 (most of the gains come in the post-war era)	10.3%
Annual state pension fund returns since 1985 pension reforms	9.36%
Annual state pension funds return since 2000	3.70%
S&P500 – 2000 to 2007 (peak to peak)	~0%

Sources: <http://www.mapension.com/Publications/Annual/PRITCAFR2010.pdf>,
<http://www.standardandpoors.com/indices/sp-500/en/us/?indexId=spusa-500-usdof--p-us-l--> , http://www2.standardandpoors.com/spf/html/media/SP_TimeLine_2006.html

There are concerns about fairness of public employee benefits.

Private employees with defined benefit pension plans	20%
Private employees with defined benefit plans based on terminal earnings	7%
Social Security benefits compared to public pension benefits for typical history	44%
Men 65-74 with any form of corporate retirement (DB or DC plan, 401(k), etc.)	26%
Private firms offering post employment health	11%

Sources: See <http://willbrownsberger.com/index.php/archives/5499>

Movement is likely on pensions . . .

- Further curtailment of abuses, at least
- Deeper reforms possible
 - Reduce investment risk to future generations
 - Reduce the sharp contrast between public and private benefits (social security)
 - Reduce the unfairnesses among different groups of public employees

. . . unlikely that this will help in FY2012.

. . . and on municipal managers
powers to health costs . . .

- Allow entry in to GIC without collective bargaining
- Allow design changes consistent with GIC policy without collective bargaining
- Share savings with employees at the time of transition

. . . this may turn out to help Belmont
in future years.

There is also discussion of limiting post-retirement health benefits.

- Cosponsored legislation to make employee contribution proportional to length of service.
- Debate about degree of retroactivity
 - Constitutional limitations apply more clearly to pension benefits than to health.
 - Fairness limits limit application to existing retirees and people close to retirement

Control of special education costs is on the radar screen.

- Teacher participation on the Board of Education – bring a frontline perspective.
- Commission to consider if oversight and compliance burdens in special education can be reduced without reducing quality.

We need to open ourselves to new ways of educating kids

- District schools were authorized to form virtual innovation schools in Education Reform of 2010.
- Have filed bill authorizing creation of virtual charter schools.
 - May partner with districts
 - Funding based on school choice formula (not charter formula)

Virtual education may help meet unmet needs . . .

- AP and special interests.
- Kids confined to home.
- Kids uncomfortable in classroom settings.
- Kids who need remedial help.
- Kids who want to work during the day.
- Kids with special schedules – athletes.

. . . the conversation about how is just getting started here, but is well underway nationally.

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