

December 2, 2002

**The Budget Process: The Town-Side Budgets
Third in a Series of Commentaries by the Finance Committee**

On November 18 the Finance Committee attended the meeting of the Board of Selectmen to hear a preliminary presentation of the town-side FY'04 budgets, both the base budget and the budget recommended by the Selectmen.

As our previous commentaries have explained, the base budget for discretionary spending at the present time is a level-funded budget. This means that the discretionary budgets on the town-side have been capped at a 0% increase over the current fiscal year, FY 2003. The Finance Committee reached this figure based upon a review of our revenue projections for FY'04. The revenue picture for FY'04 is extremely uncertain. On the one hand, state funding has been cut gradually over the past two years and, as the State tries to deal with its own budget deficit, we expect deeper cuts in many facets of state aid for FY'04. On the other hand, certain non-discretionary expenditures may rise by smaller increments than we have estimated. Given this uncertainty, the Finance Committee believes prudent planning requires fairly conservative revenue estimates. As we work through the budget process, new developments regarding either revenues or non-discretionary costs will allow us to further adjust base budget allocations.

A level-funded budget is very difficult to prepare because it must accommodate the increases mandated under collective bargaining agreements. Even though the total budget does not go up, salaries go up by approximately 3%. Since a large proportion of our budgets are personnel expenses, personnel cuts must be made to reach a level-funded budget. The process of developing a level-funded budget requires the budget agencies to evaluate which are core services for the Town and which are not absolutely essential. We understand that there will inevitably be disappointment, and perhaps disagreement, about the town services lost and retained in such a budget scenario. However, in these economic times, the Town has no alternative without seeking an override.

The Selectboard presented a FY'04 base budget that included the following reductions in services in order to stay within the mandated level-budget amount.

- Eliminate One Patrol Officer
- Eliminate Assistant COA Director (part-time)
- Eliminate Assistant Town Clerk (part-time)
- Reduce DPW Secretary from full to part-time
- Eliminate Sunday Library Hours, with corresponding reduction of book budget
- Reduce Reference Librarian Hours by 3

The Selectboard also presented their "recommended" budget for FY'04. This budget represents their current thinking as to those services most important for the Town. This budget would essentially restore the services cut in the base budget, and proposes to add the following services:

- Traffic Enforcement – add one additional safety officer, which will also increase flexibility and help reduce overtime
- Enhanced Call Fire Service
- Public Safety Regional Response Team – improved ability to respond to disasters & terrorist threats with regional support
- Land Use Technical Support – support for boards including Conservation & Planning Department

The Selectboard's recommended town operating budget is 3.9% higher than last year's.

In addition to the discussion of the budgets, the Finance Committee and Selectmen briefly revisited two strategic objectives, progress on which the FinCom believes is essential to the Town's well-being, particularly in these difficult economic times.

- **Tax Relief:** The first of these is tax-relief for those citizens for whom the increases in property taxes are an untenable burden. The tax relief measures passed by the Town last year are currently stalled in the state legislature, with little prospect of immediate passage. The careful consideration of additional or alternative measures needs to be on-going to keep tax-relief moving forward.
- **Additional Revenue Sources:** Another critical long-term issue concerns the need for and feasibility of additional revenue sources for the Town. Some discussion of this began at the State of the Town Meeting, and other ideas come forward periodically. Among those under consideration now include commuter parking fees and trash fees at the Transfer Station. Additional ideas might include further development of Lincoln's extremely limited commercial base, or parking fees at access points to popular Conservation properties, such as Mount Misery.

The next key steps in the development of the FY04 budget are listed below. Please consider attending some or all of the meetings, to learn more about what is driving our budgets and participate in the discussion. Please also make your thoughts known to us at the Finance Committee's mail box on the town website (www.lincolntown.org) or by more conventional means.

- On Thursday, December 12, the Finance Committee and the K-8 School Committee will meet to review K-8's proposed base and recommended budgets. The Finance Committee hopes to focus on the policy choices which underlie K-8's proposed expenditures, particularly in view of the preliminary findings and recommendations of the K-8 Task Force.
- On Thursday, January 9, the Finance Committee will meet with the Lincoln-Sudbury School Committee to review the high school's proposed base and recommended budgets. The Finance Committee is meeting regularly with the high school and the Sudbury Finance Committee to help coordinate the two towns' approaches to the LS budget requests.
- On Thursday, January 16, the Finance Committee will hold its final budget meeting prior to sending the FY'04 Financial Section of the Warrant to the printers. This meeting is the culmination of the budget development process. It is

at this meeting, after months of review and deliberation on the proposals of individual cost centers, that the Finance Committee will finalize its recommendation on the combined base budgets and on the necessity, size and composition of any override budget to be presented at Town Meeting.

The Lincoln Finance Committee

Susan Brooks, Co-Chair

Paul Giese, Co-Chair

Mary Cancian

Pat Phillipps

John Robinson

Al Schmertzler

Robert Steinbrook