

Beacon Hill Byline by Representative Mary Rogeness

October 29, 1998

### **State of the Town**

Last week's Beacon Hill Byline talked about a walk in the Monson woods. This week, in extreme contrast, the subject is municipal finance. Here is a glimpse at the fiscal picture of Longmeadow and the state's participation therein.

After the past weeks of instability in the stock markets, with extreme volatility resulting in daily dips and spikes of hundreds of points on the Dow, it is comforting to look briefly at the stability of our town's finances. We know through reports from our town officials that Longmeadow will set a tax rate well below the increase of 2.5 percent allowed through Proposition 2½.

In summary, the town's free cash has reached the level of \$2.29 million. That account, combined with the fiscal restraint exercised by the town in budgeting, allows Longmeadow to utilize \$275,000 of free cash to absorb part of the budget needs. The town estimates that our taxes will increase by only 1.25 percent.

What a difference from the '80's, the years I worked in town government as a school committee member. In those years, every town department was required to cut the budget, pare and cut again in order to present a balanced budget to the town. The present budget stability is a tribute to the restraint of our town departments and officials, and it is also a tribute to the assistance that arrives from Boston.

The legislature helps primarily with infusions of new assistance from education reform and changes to the lottery aid formula.

Education reform enacted in 1994 challenges each school district to maintain school expenditures at a certain level. In return for that maintenance effort, the state now provides new school assistance each year of \$100 per pupil. That increase provides \$280,000 of new state funding.

The new lottery money comes from a legislative commitment to send all lottery profits to the cities and towns. The lottery was established to benefit municipalities, but it was so successful that after several years, state government capped the amount of money to be distributed to the cities and towns, claiming the extra income for the state.

Several years ago, the legislature embarked on a five-year phase-out of the cap, and that phase-out provides \$100,000 of new money to be budgeted for town expenditures. Combined with the new school aid, the state adds \$380,000 to the bottom line. Local receipts have also increased.

Longmeadow serves as a model of fiscal responsibility, and its strong balance sheet is replicated in towns throughout the state. Massachusetts Taxpayers Foundation published a new analysis of town budgets that tracks factors of municipal finance from local revenue to local aid to free cash. The document has eight charts showing different aspects of municipal finance, and only one of those charts shows a decline. That is the chart that tracks Proposition 2½ override attempts. A decline in that statistic, of course, reinforces the fiscal health of the towns.

In a time of stock market instability and global uncertainty, it is good to know that our town and our state are on sound financial footing. A new report from the Department of Revenue shows state receipts for the first quarter that are 11 percent higher than last year, higher than the best estimate of economists. That report indicates continued growth in local aid and ensures that the town will enter the new century as soundly as it exits the old.

Thanks, Longmeadow, for a job well done.