

Beacon Hill Byline by Mary Rogeness

March 16, 2008

Promises of Local Aid

Last week gave Longmeadow a good news-bad news message from Boston.

The good news is that the legislature adopted a resolution that offers an assured level of state aid for the year ahead.

The bad news is that the state aid will not include any of the lottery aid that was lost five years ago. The Republican attempt to restore that money was defeated at Wednesday's legislative session.

Here's the good news story: Longmeadow will have \$1,739,831 in unrestricted local aid, the same amount we received this year. Our school aid will be \$4,429,510, an increase of \$190,000 over last year. These are the same amounts proposed in the budget that was released in January by the governor.

I'm glad that we have the guarantee of state funding. The difference this year between the governor's and legislature's budgets comes from a change in the source of local aid money, not from dollar amounts. Lottery profits are \$124 million lower than expected, so Gov. Patrick relied on casino-licensing dollars to provide level funding of local aid. Legislative supporters and opponents of casinos criticized that strategy as a use of phantom funds, and use general revenues.

The resolution is a disappointment to me because the legislature in recent years has provided more local aid than the governor. Revenue projections generally rise over the months between the executive and legislative budgets. That increase has happened again this year, but it did not bring with it an increase in local aid.

Now for the bad news: I have been working with other Republican legislators and local officials in Longmeadow and many other towns to free up extra money as a one-time payment from the state. As previous Bylines have said, the state capped lottery payments to municipalities from 2004 to 2006. Over those years, \$450 million of lottery proceeds were diverted from their historical local aid purpose to balance the state budget. In retrospect, the state did not need the extra money. In fact, its stabilization or "rainy day" account has grown each year, while local reserves have decreased over that same time frame. Now the state, through the legislature, will not share its good fortune with local governments.

More than 100 local officials from throughout the state endorsed our proposal at a State House press conference last month. Last week we proposed to amend the local aid resolution by adding a one-time payment to municipalities of \$150 million, but the motion was defeated by a vote of 26 to 124.

Longmeadow must now develop its \$51 million budget, \$3 million higher than last year, with no increase in unrestricted (lottery) local aid, and additional school support of only \$190,000.

Although I have described good news – bad news situation, it is apparent that the long term outlook is more bad than good. Every community in the state is stuck with the same amount of unrestricted local aid for three years, even though municipalities receive varying amounts of school aid. You can be sure that local expenditures are *not* level funded over that time period.

The legislature has offered some fiscal relief by inviting municipalities to join the state's health insurance and pension plans. Now we must get to work searching for more ways to avert a developing crisis in local finance.