

2020 BudCom Study Committee



**TOWN OF
BROOKLINE, NEW HAMPSHIRE**
P.O. BOX 360 – 1 Main Street
Brookline, NH 03033-0360
<http://www.brooklinenh.us>

Eric Pauer – Chair and Resident-At-Large

Matthew Mailloux – Vice Chair and Finance Committee

Gaylord Sledge – Secretary and Resident-At-Large

Karen Jew – Brookline School Board

Drew Kellner – Selectboard

Committee Website: <https://www.brooklinenh.us/budcom-study-committee>

Committee Email: budcomstudy@brooklinenh.us

Charter and Process

- Committee Charter
 - Per 2020 Town Warrant Article, investigate establishment of Official Budget Committee (RSA 32:14), including purpose, feasibility, advantages, disadvantages
 - Deliver recommendations to Selectboard by October 1, 2020
- 16 Committee meetings held May through October
- Committee website on Brooklinenh.us, meeting minutes / products
- Consulted with NHDRA, NHMA, NHSBA, NHDOE, UNH
- Inputs from Peer Towns
 - Official Budget Committees (BudComs)
 - Brentwood, Chester, Dixville, Fremont, Hollis, Sandown
 - Advisory Budget (Finance) Committees
 - Henniker, Milford, New Ipswich*, Rindge, Wilton * = was official until (2018)

Finance Committee (Advisory) – Current

Selectboard / Brookline School Board

- Prepares operating budget and warrant articles for town or school district
- Conducts public hearings, delivers budgets for town or school district
- Provides recommendations on all warrant articles for town or school district
- Brookline School Board only: 8% tax cap – total proposed school district spending must be no higher than 8% from previous year's school district appropriations

Finance Committee

- Advises on both operating budgets and all monetary warrant articles
- Advises at public hearings
- Provides advisory recommendations on all monetary warrant articles

Budget Committee (Official) – If Approved

Selectboard / Brookline School Board

- Prepares warrant articles, except operating budget, for town or school district
- Attends public hearings for town or school district
- Provides recommendations on all warrant articles for town or school district

Budget Committee

- Prepares and recommends both operating budgets (town and school district)
- Provides recommendations on all monetary warrant articles (town and school district)
- Conducts public hearings, delivers budgets (town and school district)
- School District only: 8% tax cap – total proposed school district spending must be no higher than 8% from previous year's school district appropriations

Budget Committee (Official) – If Approved

Additional Authorities

Budget Committee

- Appointed Budget Committee Members (RSA 32:15 I(b))
 - Annually, Selectboard and School Board each appoint a member to serve on BudCom
 - Budget Committee Structure: N elected members + 2 appointed members (N = 3...12)
- 10% Rule (RSA 32:18)
 - Town and School District meetings shall not increase appropriations more than 10% above total appropriations recommended by the Budget Committee
 - Provision exists to override “10% Rule” for bond warrant articles (RSA 32:18-a)
- Review of Expenditures (RSA 32:22)
 - Budget Committee shall periodically review all expenditures versus appropriations
 - These reviews assist the Budget Committee in determining whether the budget is meeting the needs of the town or school district

Advisory Committee versus Official Budget Committee – Quantitative Analysis

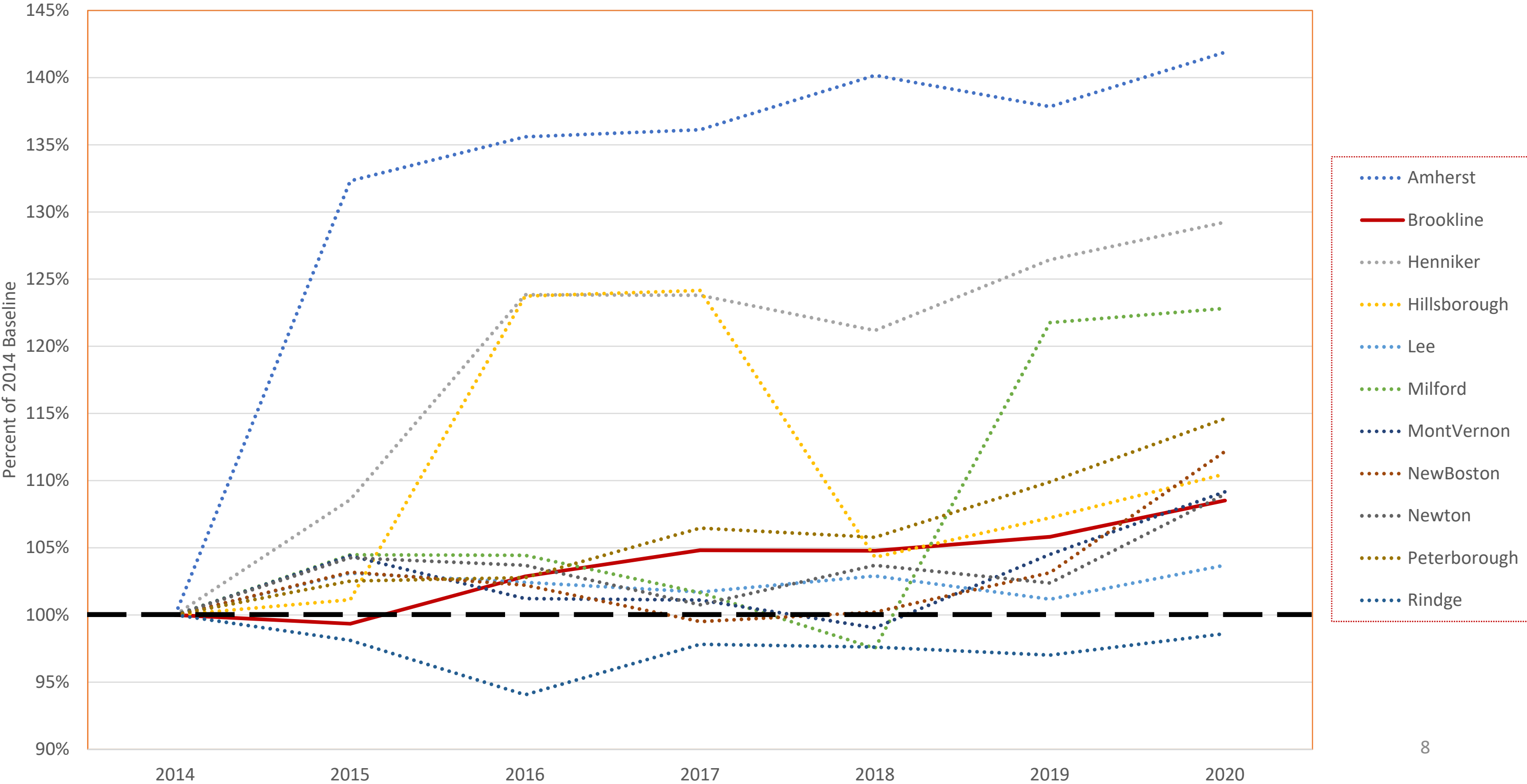
Town / School Operating Budget Comparisons

Description of Quantitative Analysis

- Compared budgets to identify peer towns and peer school districts
- Mix between those with advisory versus official budget committees
- Compiled town population data and budget history for last 5 years
 - Identified and pulled same information for peer towns (24)
- Compiled school enrollment data and budget history for last 5 years
 - Identified and pulled same information for peer school districts (26)
- Baseline: 2014 actual operating budget appropriations from town or school district meeting
- Examined proposed operating budgets for 2015 to 2020 (6 budget years)
 - Applied CPI-U index to normalize budgets for percentage change
 - Town: Adjusted for inflation and town population
 - School: Adjusted for inflation and pupil enrollment population

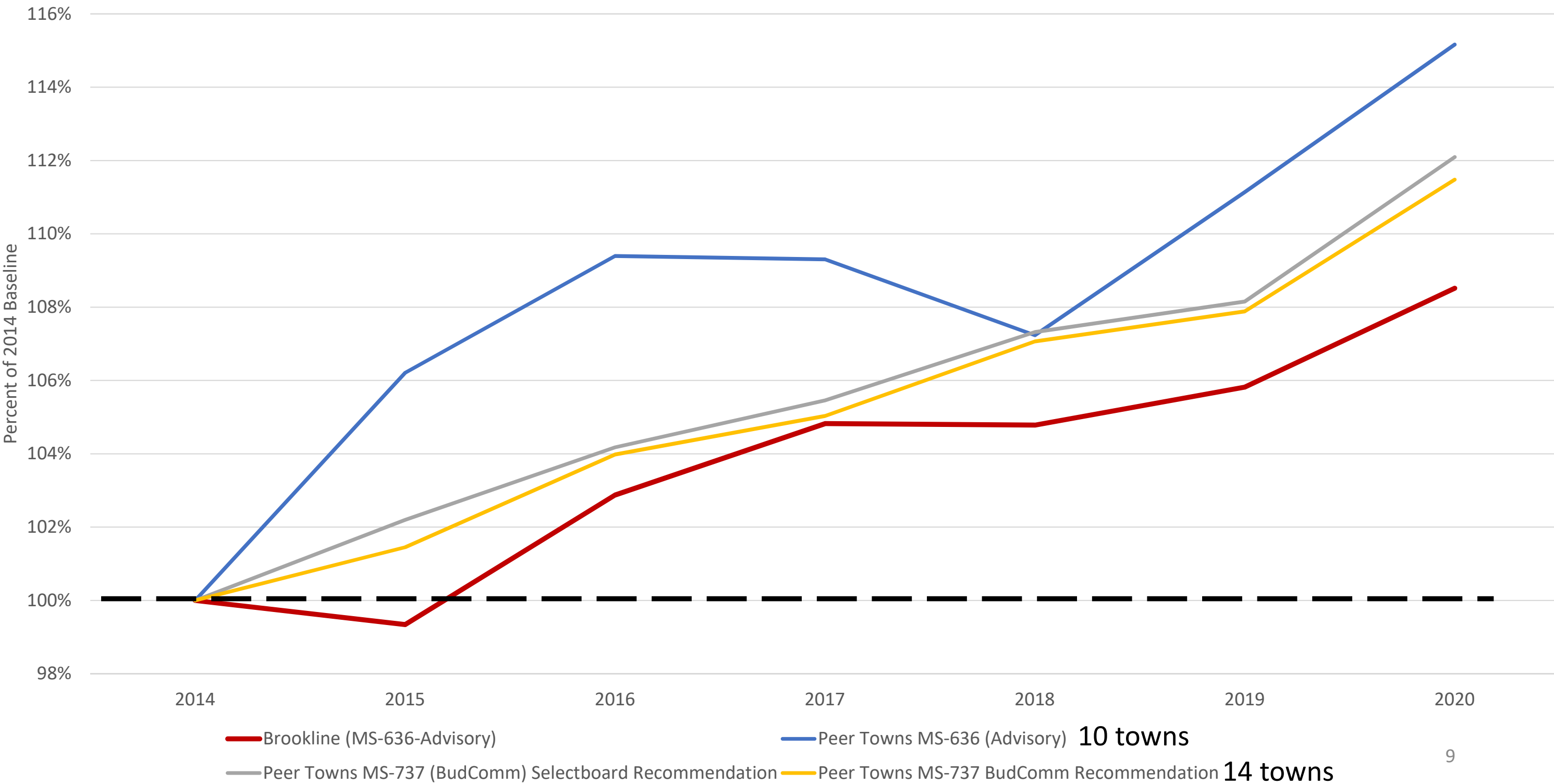
Peer Town Operating Budgets with Same Budget Process
(Adjusted for inflation and population change 2014-2020)

TOWNS



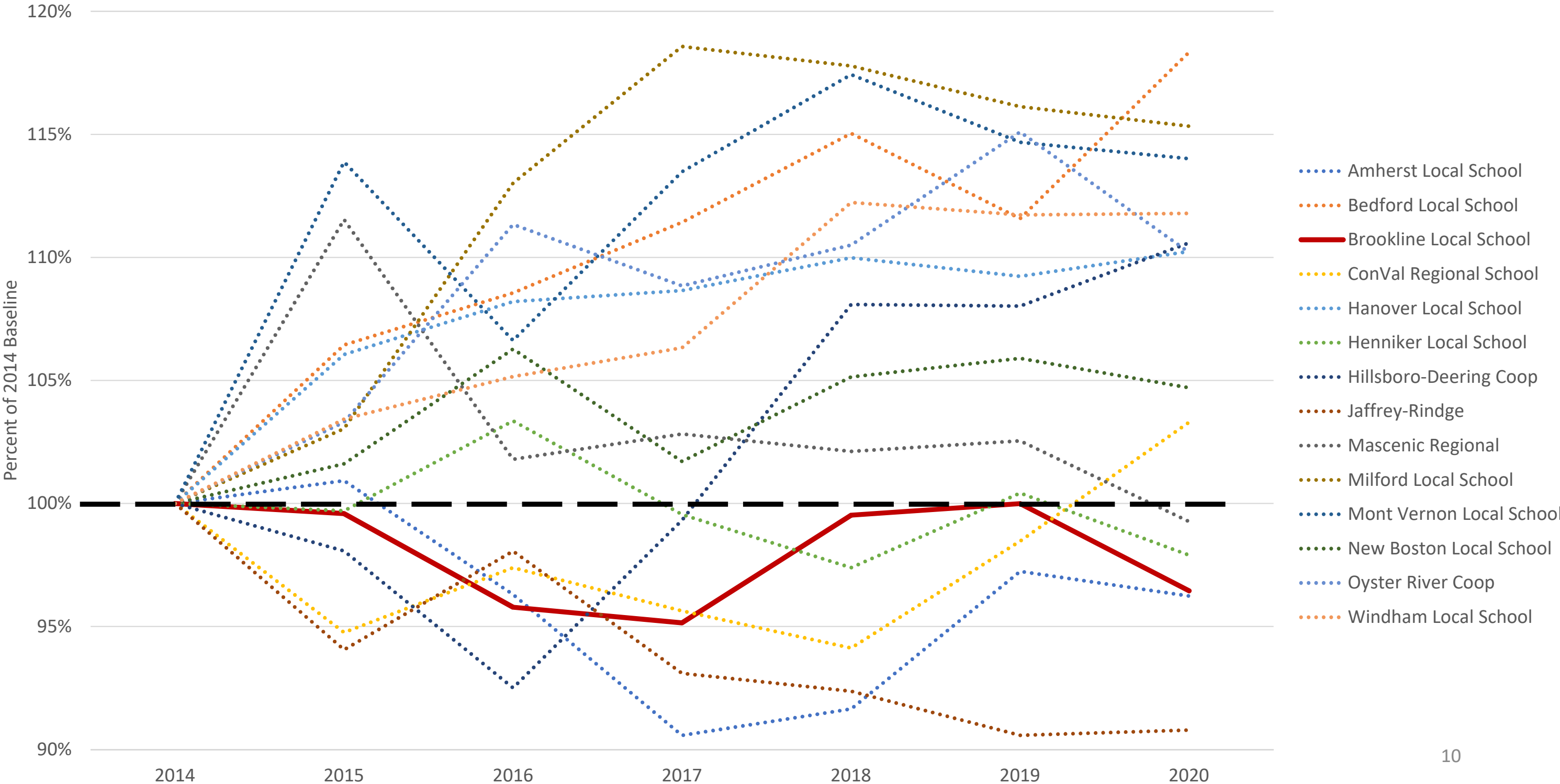
Average Annual Percentage Change in Town Operating Budgets by Type of Budget Process
(Adjusted for inflation and population change 2014-2020)

TOWNS



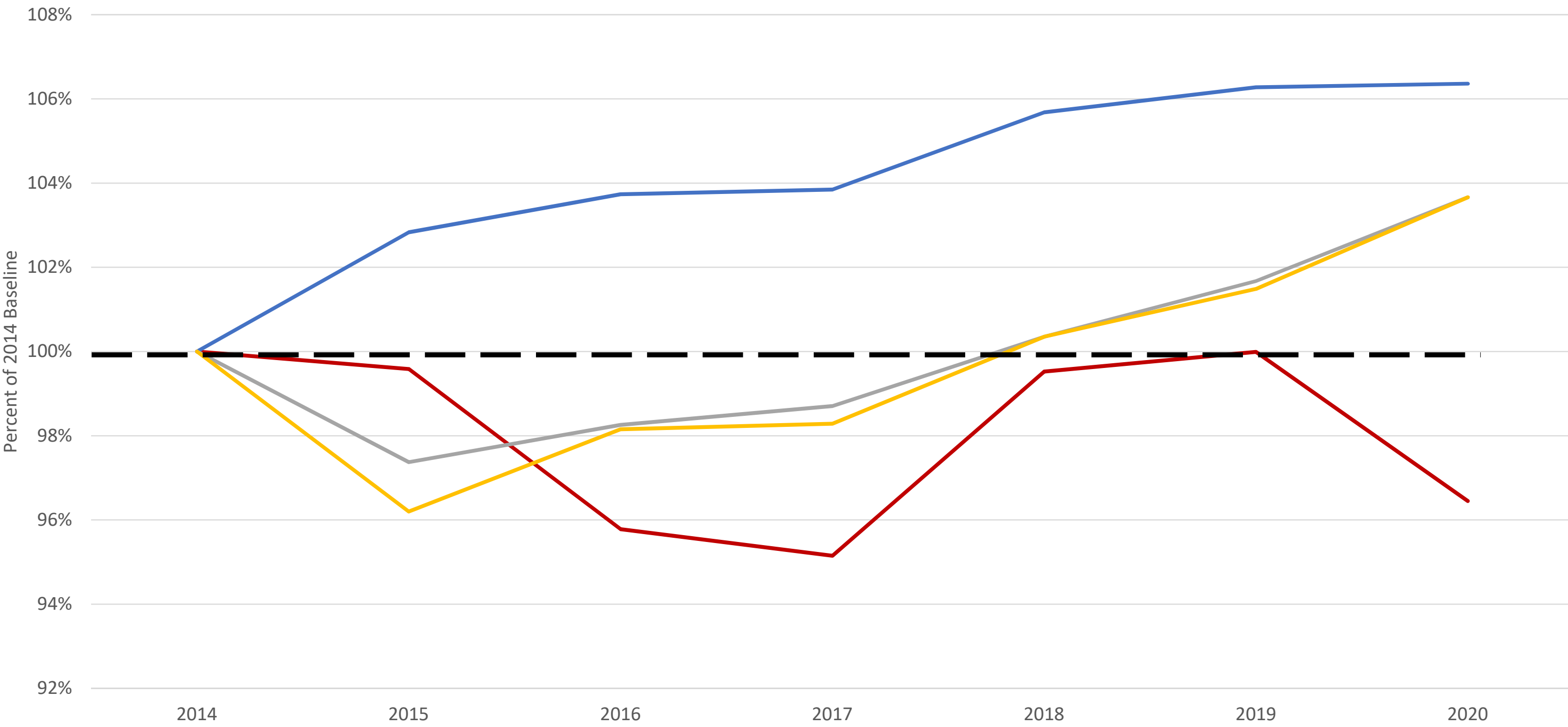
Peer School District Operating Budgets with the Same Budget Process (Adjusted for inflation and enrollment 2014-2020)

SCHOOLS



Average Annual Percentage Change in School District Operating Budgets by Type of Budget Process
(Adjusted for inflation and enrollment 2014-2020)

SCHOOLS



13 school districts
14 school districts

Brookline (MS-26-Advisory) Peer Towns MS-26 (Advisory) Peer Towns MS-27 (BudComm) Selectboard Recommendation Peer Towns MS-27 BudComm Recommendation

Quantitative Conclusions

- There is no clear quantitative evidence the structure of the budget process affects the overall change in town or school district operating budgets over the study period
- The data suggests that the form of budget committee, whether official or unofficial is not an indicator of better control of overall operating budget increases
- Compared to peer towns and school districts that use the same budget process, Brookline has seen slower increases in operating budget appropriations over the study period.

Advisory Committee versus Official Budget Committee – Qualitative Analysis

Peer Town Discussions and Observations

Summary comments from towns with Advisory Committees

- Henniker, Milford, New Ipswich, Rindge
- Happy with Advisory Committee structure and recommended against Official (Statutory) Budget Committee
 - Primarily feedback from Finance Directors who had experience working with both committee types
- View on Official Budget Committee
 - Can be disruptive if the relationship with Selectboard/School Board is poor
 - Can be agenda-driven (1 case where town voted to abolish statutory budget committee after it proposed to drastically cut a department's funding)
- Checks and balances of Official Budget Committee not seen as a concern, as voters have the final decision

Summary comments from towns with Official Budget Committees

- Brentwood, Chester, Danville, Fremont, Hollis, Sandown
- Happy with and advocates for Official Budget Committee structure
- Few experienced 10% rule
- Most had good working relationship with Selectboard/School Board
- Most were able to attract candidates to serve, but noted some difficulty at times (especially with larger committee size)
- Towns who had problems in the past with volunteers noted participation rates increased following a major event/negative experience
- Few seemed to be reviewing expenditures as legally required
- Some work to manage “tax-base adjusted” tax effort over time so tax burden rises with inflation without impacting services (excludes items outside of town control)
- Viewed community outreach/education on the budget process as part of the role

Qualitative Conclusions

- An official budget committee provides a separation of responsibilities between budget appropriation (Official Budget Committee) and budget expenditure (Selectboard and School Board)
- Recommended board size is 5 elected members plus a representative from the Selectboard and the School Board (annually appointed)
 - There is no correlation between town size and the size of the Budget Committee
- Relationships with the Selectboard and School Board is key
- Recruiting is mixed depending on town participation
- A budget committee does not have the ability to control spending within an authorized budget
- There is varied review of actual expenditures throughout the year

Pros and Cons of Adopting an Official Budget Committee

- Pros

- Separates responsibility of appropriations and expenditures
- Sole focus committee with a structure could allow better management of tax effort across town and local school district
- Requires review of expenditures of town and local school district
- 10% rule provides guardrail to protect taxpayers from large increases

- Cons

- Increases seats required to be filled by volunteer residents
- A poor relationship with Selectboard/School Board can create challenges
- 10% rule can result in conflict

Suggestions if voters adopt an Official Budget Committee

- 5 elected members-at-large plus appointed representatives, one each from Selectboard and School Board
 - Best practice, helps with continuity and institutional knowledge
 - All current finance committee members asked to serve initially to provide continuity
 - Identify other candidates before town meeting for nomination
- Establish expenditure review schedule, so obligation is not forgotten
- Prioritize relationship/strong communication with Selectboard and School Board—important for success (Partnership)

Recommendation to Selectboard

- The BudCom Study Committee has delivered the final report
 - Sufficient data is included for an informed vote on the issue of adopting an Official Budget Committee or continuing with an advisory Finance Committee
- Recommend the Selectboard place following warrant articles on 2021 Town Meeting warrant
- Recommend all three affected boards provide voters with their recommendation: Selectboard, School Board, Finance Committee
 - *The BudCom Study Committee does not take a position for or against the establishment of an Official Budget Committee*
- Warrant Article A: Question to establish BudCom per RSA 32:14
- Warrant Article B (contingent on approval of “A”):
 - Recommend Membership consisting of 5 members-at-large (RSA 32:15 I(a))
 - Recommend Election of BudCom Members (method in RSA 32:15 III)
 - Recommend Election to initial one-year terms
 - Accomplished at town meeting (by means other than official ballot) (RSA 32:15 III)

Backup Information

Resources Consulted

- New Hampshire Municipal Association (NHMA)
- New Hampshire Department of Revenue Administration (NHDRA)
- New Hampshire School Board Association (NHSBA)
- New Hampshire Department of Education (NHDOE)
- U.S. Census
- University of New Hampshire (UNH)
- Bureau of Labor Statistics
- BudComs and Finance Committees of NH Peer Towns and School Districts

Peer Towns Defined

Amherst	Auburn	Brentwood	Candia	Chester
Danville	Fremont	Greenland	Henniker	Hillsborough
Hollis	Hopkinton	Brookline	Jaffrey	Lee
Milford	Mont Vernon	New Boston	New Ipswich	Newton
Nottingham	Peterborough	Rindge	Sandown	Wilton

Peer Town Population Estimates

	US Census	Population Estimate from US Census Bureau								
Peer Towns	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Amherst	11,201	11,244	11,272	11,274	11,299	11,295	11,317	11,313	11,310	11,393
Auburn	4,953	4,996	5,083	5,153	5,228	5,297	5,363	5,456	5,526	5,582
Brentwood	4,486	4,499	4,624	4,668	4,744	4,714	4,635	4,625	4,522	4,518
Brookline	4,991	5,033	5,051	5,087	5,164	5,223	5,285	5,343	5,399	5,453
Candia	3,909	3,907	3,921	3,928	3,929	3,918	3,916	3,935	3,942	3,959
Chester	4,768	4,777	4,827	4,804	4,887	4,943	5,033	5,126	5,241	5,270
Danville	4,387	4,399	4,456	4,452	4,464	4,459	4,463	4,526	4,540	4,556
Fremont	4,283	4,302	4,342	4,419	4,524	4,604	4,663	4,723	4,709	4,710
Greenland	3,549	3,586	3,647	3,720	3,802	3,869	3,901	4,040	4,119	4,120
Henniker	4,836	4,809	4,790	4,854	4,927	4,935	4,946	4,908	4,999	5,018
Hillsborough	6,011	6,015	6,014	6,001	6,013	6,006	6,011	6,004	5,997	6,002
Hollis	7,684	7,729	7,741	7,759	7,813	7,839	7,884	7,902	7,932	8,006
Hopkinton	5,589	5,591	5,599	5,604	5,620	5,640	5,653	5,707	5,738	5,761
Jaffrey	5,457	5,435	5,423	5,394	5,355	5,319	5,279	5,262	5,277	5,277
Lee	4,330	4,356	4,358	4,377	4,409	4,409	4,431	4,486	4,516	4,569
Milford	15,115	15,165	15,198	15,189	15,359	15,372	15,445	15,549	15,937	16,411
MontVernon	2,409	2,435	2,455	2,474	2,498	2,518	2,549	2,573	2,592	2,659
NewBoston	5,321	5,380	5,394	5,418	5,472	5,511	5,609	5,735	5,826	5,899
Newlpswich	5,099	5,130	5,153	5,159	5,182	5,234	5,281	5,310	5,351	5,393
Newton	4,603	4,671	4,718	4,754	4,821	4,883	4,919	4,943	4,943	4,928
Nottingham	4,785	4,828	4,863	4,882	4,916	4,952	5,012	5,065	5,107	5,136
Peterborough	6,284	6,322	6,426	6,428	6,455	6,459	6,551	6,616	6,682	6,688
Rindge	6,014	5,946	5,887	5,919	5,890	5,908	6,180	6,040	6,048	6,090
Sandown	5,986	6,062	6,129	6,182	6,240	6,288	6,300	6,394	6,424	6,547
Wilton	3,677	3,692	3,696	3,691	3,707	3,719	3,730	3,739	3,761	3,789

Peer School Districts Defined

Amherst Local School	Auburn Local School	Bedford Local School	Bow Local School
Brentwood Local School	Candia Local School	Chester Local School	ConVal Regional School
Fremont Local School	Greenland Local School	Hanover Local School	Henniker Local School
Hillsboro-Deering Coop	Brookline Local School		Hollis Local School
Hopkinton Local School	Jaffrey-Rindge	Mascenic Regional	Milford Local School
Mont Vernon Local School	New Boston Local School	Nottingham Local School	Oyster River Coop
Sanborn Regional School	Timberlane Regional	Wilton-Lyndeborough Regional School	Windham Local School

Peer District Student Enrollment Data

	District Enrollment (reported as of October 1/start of school year)					
School District	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Amherst Local School	612	624	673	672	681	685
Auburn Local School	567	586	601	606	618	644
Bedford Local School	2208	2251	2243	2207	2265	2187
Bow Local School	415	424	480	519	529	541
Brentwood Local School	336	328	317	311	308	303
Brookline Local School	571	558	553	550	573	574
Candia Local School	352	329	324	297	298	284
Chester Local School	521	533	524	501	495	499
ConVal Regional School	819	797	799	797	790	782
Fremont Local School	423	446	432	411	406	392
Greenland Local School	398	391	395	414	413	419
Hanover Local School	482	470	464	460	458	489
Henniker Local School	407	389	402	409	406	422
Hillsboro-Deering Coop	525	555	531	486	482	486
Hollis Local School	645	642	654	666	673	640
Hopkinton Local School	475	468	492	515	527	513
Jaffrey-Rindge	728	699	708	697	699	711
Mascenic Regional	409	421	416	422	408	425
Milford Local School	1028	966	926	925	940	963
Mont Vernon Local School	187	192	178	185	189	201
New Boston Local School	547	525	566	554	556	570
Nottingham Local School	504	515	525	508	503	526
Oyster River Coop	700	667	693	695	681	705
Sanborn Regional School	684	658	637	622	617	614
Timberlane Regional	1585	1553	1546	1609	1555	1564
Wilton-Lyndeborough Regional School	278	271	266	264	278	290
Windham Local School	2043	2042	2039	2040	2014	2017

Consumer Price Index – Northeast Urban (CPI-U)

Year	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	252.463	251.045	251.233	252.413	252.506	253.598	253.555	253.833	253.185	253.154	252.730	251.781	250.519
2015	252.185	250.016	250.619	251.451	251.760	252.770	253.626	253.405	252.903	252.922	252.504	252.573	251.670
2016	254.850	251.739	252.250	252.854	254.270	255.023	255.471	255.386	255.545	256.085	256.605	256.541	256.427
2017	259.538	258.073	258.768	258.510	259.165	259.386	259.335	258.833	259.508	260.875	260.580	260.630	260.791
2018	265.139	262.188	263.260	263.556	264.669	265.840	265.950	265.830	266.425	266.709	266.464	265.487	265.286
2019	269.392	266.109	266.706	268.025	269.070	269.744	270.133	270.381	270.548	270.563	270.348	270.643	270.429
2020 (YTD)	272.318	272.316	273.080	272.531	271.325	271.345	272.283	273.347					

If Official Budget Committee is approved – How to establish terms and initial members

- 32:15 II. If the meeting decides that members-at-large are to be appointed, the staggering of terms shall begin that same year, with 1/3 of such members chosen to hold office for one year, 1/3 for 2 years, and 1/3 for 3 years, and each year thereafter 1/3 shall be chosen for terms of 3 years and until their successors are appointed and qualified. If the number of members-at-large is not divisible by 3, the division shall be as even as possible over the 3 years. All such appointments shall be made within 30 days after the annual meeting.
- 32:15 III. If the meeting decides members-at-large are to be elected, the meeting shall either elect the initial members for one-year terms by means other than by official ballot, or shall authorize the moderator to appoint members to serve until the next annual meeting, as provided in RSA 669:17. Elections for staggered terms, as described in paragraph II, shall not begin until that next annual meeting, and shall be by official ballot if the municipality has adopted the official ballot system, as set forth in RSA 669.
- Hypothetical approval at 2021 town meeting – elect 5 members to serve for 1 year, elected (by means other than official ballot) or appointment by moderator
 - Initial terms, then 3 year terms
 - Member 1: 2022-2025 (3 years), 2025-2028 (3 years), ...
 - Member 2: 2022-2025 (3 years), 2025-2028 (3 years), ...
 - Member 3: 2022-2024 (2 years), 2024-2027 (3 years), ...
 - Member 4: 2022-2024 (2 years), 2024-2027 (3 years), ...
 - Member 5: 2022-2023 (1 year), 2023-2026 (3 years), ...
 - Terms runs from March (after town meeting) to March (town meeting)