



**TOWN OF HOLLISTON
FINANCE COMMITTEE
703 Washington Street
Holliston, MA 01746**

Finance Committee Position on Article 9 – For Immediate Release May 7, 2021

- The by-law proposal put forward in Article 9 fundamentally changes the way the annual operating budget is developed in Holliston and impacts the budget that will be presented to Town Meeting for approval
- The shift of control could significantly impact your taxes long term, limits oversight, and takes control away from the only board that has no financial interest in the town budget
- The changes in Article 9 would:
 - transfer the entire budget preparation process to the Town Administrator and Select Board and would largely remove the Finance Committee from the process
 - limit the Finance Committee's access to financial information and would handicap our oversight role
 - remove financial checks and balances
 - create an inherent conflict of interest
 - significantly alters the independence and objectivity of the budget process
- **In the words of a former Select Board member: "This is a power grab and has to be called out that way."**
 - See the entire text of his comments on the proposal on page 3

To the Residents of Holliston:

As most of you are aware, the Select Board appointed Governance Committee has brought forward two articles containing by-law changes to be considered at Town Meeting beginning Monday, May 10. The Finance Committee has unanimously voted to recommend that the town vote **NO** on Article 9. Given the importance to the future of Holliston, and the large amount of misinformation surrounding the proposal, the Finance Committee felt it was important for us to expound on our reasons for recommending that the town reject Article 9.

The by-law proposal put forward in Article 9 fundamentally changes the way the annual operating budget is developed in Holliston. Right now, under current statutes, the Finance Committee is responsible for developing and submitting the budget that is presented to Town Meeting for approval. The Finance Committee has always worked closely with the town's full-time financial team (the Town Administrator, Treasurer/Collector, Town Accountant, Principal Assessor, and School Business Manager) to develop revenue and expense projections and formulate budget development guidelines for preparation of budget requests. We meet with every town department to review their budget requests and use all this information to assemble a recommended budget that matches the needs of the town with available financial resources. It is that budget that gets included in the Finance Committee report and that is presented as the omnibus budget for Town Meeting approval each year.

Article 9 transfers the entire budget preparation process to the Town Administrator and Select Board and largely removes the Finance Committee from the process. The Select Board would review **all** budgets and would formulate an omnibus budget. Only at the end of the process would they be required to ask the Finance Committee for recommendations—and they would be free to ignore those recommendations. Rather than having those with the expertise present the budget, the budget presented to Town Meeting for approval would be developed and presented by the Select Board. The Governance Committee has implied that the Finance

Committee's role would be unchanged, but that is not what is contained in the proposed fiscal procedures by-law: "The budget to be acted upon by Town Meeting shall be the budget approved by the Select Board" (section 3), "The Select Board will adopt a proposed budget for the ensuing fiscal year to present to Town Meeting" (section 5). This is a significant change.

The Governance Committee has claimed that power is being transferred to the Town Administrator, not the Select Board. However, the Town Administrator is hired by and reports to the Select Board and is charged with working on their behalf. Thus, the Town Administrator will operate based on the direction of the Select Board, not independently: The 1994 special act that established the position in Holliston states "The Town Administrator shall be responsible for the implementation of all policies, directives, and votes of the board of selectmen." Claiming that the Town Administrator is somehow independent from the Select Board is not only misleading, it also directly conflicts the special act—which by-laws cannot override.

The changes in Article 9 limit the Finance Committee's access to financial information and handicaps our oversight role. Under our current by-laws (section 6 of Article IV), the Finance Committee has the authority to ask town officials for any data relevant to financial decisions. The Governance Committee proposal, in section 4-1, changes that to limit the Finance Committee to records as defined by the "so-called Massachusetts Public Records Law" which contains a long list of information exempted from public disclosure. When examining budgets or any warrant articles with financial components it is essential that the Finance Committee has access to the information needed to make an informed decision. We base our recommendations on the data and financial analysis—basically a "trust but verify" approach. Taking away the "verify" piece would significantly weaken our ability to conduct proper oversight.

The changes in Article 9 remove financial checks and balances and create an inherent conflict of interest. The Finance Committee is elected for the primary purpose of financial oversight—to monitor the town's finances and make recommendations on the best use of your tax dollars. We report only to you, the residents. We are seven members with a range of professional experience who volunteer our time to help our community. Other than a small \$1,525 budget to pay our recording secretary and for membership in the Association of Town Finance Committees we have no financial interest in the budget. We are prohibited by by-law from serving in any other capacity in town government.

The Select Board oversees 35% of the total spending in town (about \$26 million in FY22) and is the second largest spending authority in town (the School Department being first). They have a significant self-interest in the budget and the budget process. If Article 9 passes, the Select Board will have primary control of developing the revenue models and spending plans, and presenting the budget to Town Meeting, as outlined above.

When formulating the omnibus budget there are frequently tradeoffs that must be made to balance the budget when requested budgets exceed the town's funding capacity. The Governance Committee has implied that budgets will be "passed through" without change, but this only applies to the initial submission of budget requests and would be untenable when requests far exceed the capacity to fund them, as frequently happens. Under the proposed by-law (Section 5), adjustments to balance the omnibus budget (negotiated or otherwise) would be made by Select Board, not the Finance Committee, since it is their budget that would be presented to Town Meeting. This includes adjusting the budget for the School Department, the Select Board's primary "competitor" for funds. This is an inherent conflict of interest and is akin to "putting the fox in charge of the hen house." There is no logical argument that creating a by-law that builds in conflict of interest is good governance.

The changes in Article 9 significantly alters the independence and objectivity of the budget process. The Governance Committee has said that because we will still make recommendations that the Finance Committee's independence is preserved. This is misleading. The Select Board has no obligation to accept or follow any recommendations. The proposal requires that the Finance Committee recommendations go to Town Meeting, but that the budget presented does not have to reflect those recommendations.

The Governance Committee has even gone so far as to claim that the Finance Committee “exceeds its statutory authority” (draft ‘fact sheet’, 4/11/21) and is breaking the law in making recommendations to Town Meeting that differ from requests. They have said that modifying requests to balance the budget threatens our independence. Not only is that factually inaccurate (there is no law that says we must recommend whatever is requested), but it demonstrates the outright bias of the Governance Committee. Our objective consideration of all requests, from every department, is what allows the Finance Committee to make these difficult decisions, and making them in no way compromises our independence—we can make these decisions **because** of our independence. Anyone who has ever constructed a balanced budget knows that doing so often requires modifying expenses. Without this flexibility, the only way to balance the budget would be by adding revenue, either by raising taxes or by funding operations from reserves—which is not sustainable and would result in more frequent overrides given the limitations of proposition 2½. Furthermore, any board or department objecting to the Finance Committee recommendation can bring their viewpoint to Town Meeting for consideration. Our recommendations are not final; they are independent, unbiased views based on fiscal reality.

We have heard the Governance Committee reference how capable our new Town Administrator is, and that the town should trust that the Select Board would not act in their own self-interest when developing the budget. To be clear, this is not about any one individual or board. Our new Town Administrator has been doing a good job. But by-laws changes will outlive the current membership of the town’s boards and the current Town Administrator. They should not be created because of personality conflicts and should not be built on the “trust us” theory. The system of balances and checks that exist in government are there specifically to ensure that no one branch of government needs to be “trusted” to do the right thing. The proposal in Article 9 significantly alters the checks and balances that have served Holliston well for decades, and that most recently have helped the town weather the financial storm caused by the pandemic without having to reduce staff or cut service levels.

For these reasons, and others that will be presented at Town Meeting, the Finance Committee voted unanimously to recommend against approval of Article 9.

Even former Select Board members agree with the Finance Committee’s position on this proposal. In a recent conversation with a member of the Finance Committee, former Select Board member and former State Representative John Losch stated: “To weaken the Finance Committee removes the last barrier between the boards that spend money on their own whim and the review of spending proposals. The Finance Committee is intended and now has the authority to review all town spending for both contrasts and coordination. Checks and balances. **The Finance Committee is elected and is now completely remote from other boards.** Many of the boards and departments under the Select Board are appointed—by the Select Board. Since the budgets of those operations are made up by members appointed by the Select Board they are already in lockstep with the Select Board’s agenda. This leaves little if any competitive thinking before the budget would be presented to Town Meeting to be voted on. **This is a power grab and has to be called out that way.** If this is alleged to be bringing our by-laws into conformity with state law, a change is unnecessary because state law dominates. Years ago an attempt to include state law in the by-laws was proposed. It was rejected because it would have meant that every time a state law changed, the town by-laws would have to be changed and reprinted.”

For many years the Finance Committee has served the residents of Holliston as volunteers, doing our best to perform the job you elected us to do. This is a time when the Finance Committee needs your help to preserve our role in developing and presenting the town budget. Please come to Town Meeting on Monday, May 10, (7:30pm, High School Auditorium) and vote **NO on article 9.**