

Rockingham County Area Selectmen's Meeting
May 24, 2012
MINUTES

The meeting was held at the Kingston Town Hall. Each town in Rockingham County had been contacted and their Selectmen invited to attend. Additionally, each town's state legislative delegation had been invited.

Present at the meeting were N. H. State Senators Jack Barnes and Russell Prescott; N. H. Representatives Kenneth Weyler, James Devine, Kenneth Hawkins, Regina Birdsell and David Welch; Brentwood Selectmen Andy Artimovich, Michael Hubbard and Ken Christiansen; Danville Selectmen Shawn O'Neil and Russ Harding; Epping Selectman Dianne Gilbert; Fremont Selectmen Ann Marie Scribner, Brett Hunter and Greta St. Germain; Newton Selectmen Trisha McCarthy and Charles Melvin; Plaistow Selectman Bob Gray; Raymond Selectman Lee Weldy and Town Manager Craig Wheeler; and Sandown Selectmen Brenda Copp and Steve Brown. Hosting the meeting were Kingston Selectmen Mark Heitz, Peter Broderick and George Korn.

Following a brief social hour, Selectman Broderick called the meeting to order and led the Pledge of Allegiance. He welcomed those in attendance, advising the purpose of the meeting to be a continuation of discussions held at earlier Area Selectmen's Meetings at which concern was raised about state financial decisions that affect local budgets. In particular there is concern that the state will continue to decrease its funding responsibilities, passing on the expense to local governments. Not only the expense, but the timing of the state's notifications of discontinuation of programs or cut backs on funding seem not to consider the fact that once towns have set their annual budgets they aren't able to take on additional expense or absorb cuts in state aid. Mr. Broderick gave as examples cuts in the State's contributions to the employee retirement system and discontinuation of funding for street lights along state highways as illustrative of cost shifting measures that deeply affect local budgets.

Representative Weyler, who chairs the Finance Committee, explained some of the difficulties he faced in trying to minimize the impact to local governments of a cap on state spending, set at an 11% overall decrease for the two year budget term, with no tax or fee increases and no other revenue increases foreseen. In the case of the Retirement System shortfall, his committee had thought they were trying to find a way to decrease the state's share from 35% to 10% and they increased employee contribution percentages accordingly. However, it turned out that the state will not be contributing at all, so the towns are absorbing the remaining 10% contribution. He apologized for not having alerted the towns in his district in advance, but reiterated that his committee hadn't been aware themselves of the magnitude of cuts necessary. He provided a timeline of state aid over a 10-year period, including state aid to education, to show how cuts to local government state-wide have reduced the overall state budget.

Selectman Heitz asked Representative Hawkins, who chairs the Special Committee on Public Employee Pensions Reform, if he foresees that the state ever will begin contributing to the system again, and asked what the makeup of the management board is. Mr. Hawkins explained that the Board is comprised of thirteen members, eight of whom are participants in the system at the local, county or state levels. Beginning in 2008 an investment committee was set up to professionally invest the funds under strict guidelines as to the percentage of funds to be allotted to particular types of investment. That move increased the safety of investments substantially over years in which heavy losses had been suffered, but loss on investments as well as other factors have left

the system with a Four Billion Dollar unfunded liability. His committee's charge is to identify weaknesses and make corrections so that the retirement system is sustainable into the future. He provided a handout of information relating to the system over time, including a timeline of contribution rates and investment return rates. He noted that part of the problem leading to the unfunded liability was the medical subsidies and COLAs special account. That issue has been partially addressed by making the medical subsidy benefit a closed system, i.e., members retiring after a certain date don't receive the benefit, but improvement will come only over time as the percentage of retirees receiving the benefit decreases. The main problem in the lack of adequate funding was the low rates charged to towns for many years during the 1980's and 90's, when the amount paid should have been a direct match for what employees were paying. Those were years during which investment returns were very high, however the low contribution rates continued into years when returns on investment were very low. It's become a matter of present local governments having to pay for errors made in the past that towns and employees benefitted from. The state no longer relies on return on investments to offer benefits it can't afford or to allow a rate of contribution that won't sustain the system. To a question regarding amortization of the unfunded liability, Mr. Hawkins advised that at present they are paying 7.75% interest over a 30-year amortization period. They've looked into bonding at 3%, but have found it difficult to find a financier. The best hope for early payoff is to realize a better return on investments.

Selectman Bob Gray of Plaistow provided a summary of numerous areas of decrease in local aid from the state and discussed the impact those cuts have had on local taxpayers. He noted that regardless of efforts to increase revenue from sources other than property tax, it's the property tax rate that sees the most impact when revenue from the state decreases. Reductions in the level of service become increasingly necessary to keep tax rates tenable. Kingston Selectman Peter Broderick agreed, noting that the discontinuance of street lights is a perfect example of services being decreased even when discontinuance could be a matter of life safety. He suggested that towns would benefit from more input from the state, in a more timely manner, relative to what cuts may be expected to be passed down to towns.

Kingston Selectman Mark Heitz asked about cuts to the Department of Transportation's budget. He noted that a temporary registration surcharge infused that budget for two years but when discontinued, programs and services of the department were decreased even from what had been available prior to the surcharge being instituted. Representative Weyler advised that asphalt and road salt expenses have been rising every year, but also there have been transfers of highway funds to the court system, state police and the general fund. He stated that the main issue is a government that is too large and too expensive.

Representative Weyler observed that, since in each town approximately 80% of funds raised are allocated to education, and as education costs continue to rise even though enrollment levels are decreasing, it would be wise to halt construction on new schools, to begin laying off personnel at both the classroom and administrative levels, and to reverse the trend of decreasing student/teacher ratios because taxpayers can no longer afford to pay the increasing costs and because quality of education has not improved. There were several comments offered in agreement with this opinion, with the cost of administration of school districts particularly stressed. Representative Weyler advised that he belongs to the American Legislators Exchange Council and has learned that problems experienced in New Hampshire are virtually nationwide. He thinks that New Hampshire, having approximately twenty main sources of revenue, has the advantage over states that rely solely on income tax and its inherent fluctuations.

Selectman Diane Gilbert of Epping expressed the opinion that the state's involvement in education funding has made it increasingly difficult for local government to control spending and the overall affect of rising education costs on tax rates. She stated that she would support a Constitutional Amendment to stop the state education tax and the equalization system mandated by the state. Some discussion of CA CR 12 relating to the authority of the legislature over education standards and funding was held.

Selectman Mark Heitz of Kingston advised that he wants to be assured that the state is cutting its own costs to the full extent possible rather than just handing costs down to local government in an attempt to balance its budget on the backs of taxpayers. Selectmen from Fremont agreed, adding that the state needs to not mandate anything that will increase costs on the local level and to not delegate legislative authority to state departments, allowing those departments to impose additional rules and regulations on local governments.

Senator Jack Barnes advised that he has seldom been invited to the towns in his district to speak with Selectmen about state budgets, aid to towns, or other subjects. He thinks that towns should try to establish better communication with all of their state legislators in order to keep abreast of what state actions may be under consideration. Representative Weyler agreed, noting that the last Area Selectmen's Meeting he'd been invited to had been in 2003. Senator Barnes added that legislators hear frequently from lobbyists for particular causes and they find it hard to determine what local governments or taxpayers want if they hear only from those on one side of an issue. Selectman Heitz stated that it's obvious that legislators will hear most frequently from those who want something from state government. He expects that legislators will act to do what's best for the state and its residents rather than for any lobbying group regardless of how vocal they may be.

It was agreed that the next Area Selectmen's Meeting will be held in Danville in the fall, and that legislators will be invited to attend that meeting as well.

Selectman Broderick thanked those in attendance, expressing the opinion that the meeting had been productive and that similar meetings in the future will serve to increase the level of understanding and cooperation between local and state governments.

The meeting adjourned at 9:18 pm.

Respectfully submitted,
Catherine Grant
Administrative Assistant

