



FAQ: Town Spending

Are we spending too much? How do our costs and spending compare to similar towns?

Compared to similar communities nearby and state-wide, Arlington spends **less than average** per resident for town services and schools. In fact, Arlington is at or near the bottom of spending levels compared to 19 similar towns (For more details and charts, see the fact sheet [Arlington: A Frugal Town](#)).

(Per-resident expenditures in Arlington compared to: Belmont, Brookline, Chelmsford, Lexington, Medford, Melrose, Milton, Natick, Needham, Norwood, Randolph, Reading, Salem, Stoneham, Watertown, Wellesley, Weymouth, Winchester, and Woburn.)

If Arlington is frugal, why do we need an override?

Arlington has a “structural deficit,” meaning that revenues from all sources – local, state, and federal – are not adequate to maintain services at current, already reduced, levels. The biggest reason for this is that state aid to cities and towns has been cut deeply for years, and Arlington was among the hardest hit by these cuts. In addition, Arlington has a small commercial tax base and is almost completely built out, meaning there is limited opportunity to gain new revenues from new growth.

Why can't we just cut town spending instead of raising taxes?

The town has already responded to the loss of revenue by cutting staff and services. The town has also spent down town reserves until they are now nearly depleted. If the override doesn't pass, further cuts will be made and they will be increasingly painful for the town. The override is the chance for voters to decide which path we want the town to take.

What is the town doing to economize?

- The Town Manager is a member of a ten town consortium that looks for ways to regionalize projects such as purchasing to save money.
- Arlington became certified as a Green Community, which means it can receive grants for improvements that reduce energy costs.
- The town has found ways to outsource work in order to both reduce cost of the services and the town's pension/health care costs.
- Administration and support personnel have been cut until they are as lean as possible.
- The Town Reorganization committee has put before Town Meeting an article proposing that common services be consolidated between the town and the schools to economize and standardize services.
- The DPW is constantly looking at new technologies to be more efficient and reduce staffing.

What is the town doing about health care costs?

The Town Manager and the unions are negotiating changes to the town's health care. The teachers union has already proposed a contract that saves the town money on health care costs by agreeing to pay a greater share of the premium. In addition, the state legislature is currently considering reforms to give towns more control over their health care offerings. Arlington's leaders are so confident that health care costs will be brought down that the three-year plan assumes that health care costs will be reduced next year by \$1 million and the following year by an additional \$1 million.

It's up to us. Vote Yes on June 7.

If the state reforms let us enter the GIC, why would we need an override?

The three-year plan considers health care costs in two ways. First, the plan assumes that Arlington will save \$1 million next year and an additional \$1 million the following year. The health care changes proposed by the teachers union and being discussed with the other employee unions put us well on the way to meeting the first goal. But the plan also assumes that our premiums will grow no more than 7% a year. If we enroll in the GIC we are very likely to meet that 7% target and if the growth is lower than 7% we can extend the plan longer than three years. So the plan is built with GIC-level savings in mind as a commitment to control costs.

Are pension costs for teachers a big expense for Arlington?

No. It's important to first understand that public employees in Massachusetts do not participate in the Social Security retirement system, saving taxpayers from having to pay 6.2 percent of payroll into that system. Next, many people don't realize that the Town pays nothing toward teacher and administrator pensions.

What's more, teachers and administrators fund more than 90 percent of the costs of their own pensions by paying 11 percent of their salaries into the Massachusetts Teachers Retirement System. The state contributes to the MTRS, but much less than if these educators were in Social Security. The rest of the funds come from investment returns, which have averaged over 9 percent a year since the MTRS was created.

Are pension costs for current Town employees a big expense for Arlington?

No. Municipalities are responsible for contributing to their employees' pensions – again, since they do not contribute to Social Security on their behalf. The expense is not unreasonable. Town employees pay about 10 percent of their salaries into their own pension funds. The Town's contribution varies based on actuarial data and investment returns, but is typically much less than if these employees were in Social Security.

What about the \$1.5 million that the schools lost?

No money was actually lost. The budget for last year had income projections that were too aggressive. That income either didn't come in or didn't come in on time. When the school department realized that income was down, they economized and made cuts of over \$1 million. It just wasn't enough to balance the budget. The current CFO is putting into place new procedures that were recommended by financial consultants and approved by all the financial officials in town to improve transparency and communication – this can't happen again. She is also budgeting revenue more conservatively than the schools have in the past.

Why doesn't the town do more to attract businesses?

Arlington tries to be a business friendly community. Intense focus is required to decide what kind of businesses are right for Arlington, keep track of impending opportunities and market the town. The town is taking advantage of the departure of the deputy town planner position to change the job description into a role for someone with this kind of economic development experience. The planning department has also assessed the redevelopment possibilities on several major parcels in town and keeps track of developments there in hopes of attracting the right commercial interests when those parcels turn over. Town leaders were disappointed that Arlington was not successful in attracting a business development to the Brigham's corporate site and hope to have more success in the future.

Why not implement PAYT right now and avoid the override?

The Board of Selectmen feels very strongly that a PAYT program should have the support of the community indicated by a vote. The Selectmen considered including a PAYT program as part of the revenue package with an override and decided it was too many issues to consider at once. They want to come back to the voters with a PAYT question on the town election ballot next spring. If the question passes, some of the cost of trash collection and disposal will shift to a PAYT user fee. The savings will be passed on to taxpayers in the form of a decrease in their tax rates.

It's up to us. Vote Yes on June 7.