

An Examination of Leadership Challenges in the Town of Milton, Massachusetts



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April 2016

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Demographics, Brief History

The Town of Milton was settled in 1640 and incorporated in 1662. It has between 25,000 and 30,000 residents. The Town of Milton has about 1000 employees, most in the public school system. The public school system consists of four elementary schools, one middle school and one high school. The core mission of the Town of Milton is to provide public education, fire and police safety services, recreation, public infrastructure maintenance and to maintain the character of this bedroom community sited just south of Boston. Milton has many neighborhoods and parks that contribute to its appeal for raising families. Milton has little of a commercial tax-base, and relies primarily on the property tax on residences to fund its services.ⁱ Violent crimes are rare, and property crimes have declined for the most recent years on record.ⁱⁱ

Per WIKIPEDIA, Milton is a town in [Norfolk County, Massachusetts, United States](#) and is an affluent suburb of Boston. The population was 27,003 at the 2010 census.^[1] Milton is the birthplace of former U.S. President [George H. W. Bush](#) and architect [Buckminster Fuller](#). Milton also has the highest percentage of residents citing Irish heritage of any town in the United States; 38%.^[2] In 2007, 2009, and 2011, [Money Magazine](#) listed Milton 7th,

5th, and 2nd, respectively, on its annual list of the "Best Places to Live" in the United States.^[3]

Milton is located between the [Neponset River](#) and the [Blue Hills](#). It is bordered by [Boston's Dorchester neighborhood](#) and [Mattapan neighborhood](#) to the north and its [Hyde Park neighborhood](#) to the west, [Quincy](#) to the east and south, [Randolph](#) to the south and [Canton](#) to the west.ⁱⁱⁱ

EXECUTIVE SUMMARY

The main leadership challenge for the Milton Board of Selectmen continues to be to educate the voters and taxpayers of the fiscal situation of Milton, and to take appropriate steps to mitigate adverse trends. Milton has an imbalance in its basic budget equation, where revenues grow at a rate of about 2%/year and expenses grow at about 4%/year. Needs-based projections of program costs indicate higher expenses than 4%/year growth (Figure1).

The property tax is the primary source of revenue for Milton (Figure2). Yet therein lays the problem, as revenues to pay for services are growing at a slower-rate than the costs, and the property tax may have its limits as a source of revenue. The Town of Milton relies heavily on the property tax to fund local services. Proposition 2½ enacted in 1980 limits the levy-limit to not more than 2.5% of the prior year's levy-limit. But the 2.5% limit is deceptive because Proposition 2½ does not account for increases in assessed values. A closer look shows that Milton average single-family tax bills have increased at a pace of about 4% per year from 2003 to 2016 and will likely double by FY 2020 (Figure3, Table1). So while Prop 2½ limits the levy-limit growth to not more than 2.5%, actual average single-family tax bills are climbing at a faster pace. Taking this trend further, Milton average single-family tax bills could triple over the 2003 base-year figure in the 2030's. It seems reasonable to suppose the growth-rate in average single-family tax bills is unsustainable and that voters will reject another tax override soon. The hard truth is that tax bills will continue to climb even without the approval of a new Proposition 2 ½ override (Figure3, Table1).

Best practices advise that the Milton leadership consider other alternatives. This analysis assesses current trends and risks in a very difficult economic environment, considers some policy alternatives and delivers recommendations. The main point addressed is the critical need for leadership with regards to the Town of Milton's reliance on the property tax to fund services, at recent growth-rates.

RECOMMENDATIONS

- Milton leadership must continue to educate the public and the unions of the working-imbalance of the town's finances, and to seek contracts that fall within revenue growth-rates of 2%. Because of "steps and lanes" in the major union contracts, this could mean a higher-share of medical costs to be paid by workers, for example. Given other union contract provisions (like steps and lanes), a Cost of Living Adjustment (COLA) increase of 2%/year can mean a 4%/year increase in costs that exceeds the financial capacity of Milton, and that could trigger the need for new tax overrides.
- That the growth of the cost-structure for Milton must have closer examination and redress. Looking for a cure from the revenue-side (tax overrides) has been the approach to this point and is no longer sufficient.
- Milton must introduce performance management to restructure its revenues and costs equation. The Town of Milton Fiscal Forecast for 2017-2021 is a very important first-step, and should trigger a comprehensive conversation within Milton about how best to use its resources for the future.

This report examines the leadership, history and culture of The Town of Milton, in an effort to find-out how Milton got to where it is now, and to offer policies for change to resolve budget pressures. The core mission of the Town of Milton is to provide public education, fire and police safety services, recreation, public infrastructure maintenance and to maintain the character of this bedroom community sited just south of Boston. Milton has had significant population growth since the 1950's, and Milton public services have also grown over this 65 year period. The budget has grown from about \$1.6 million in 1950 to roughly \$100 million today (Figure1, Figure4). The historic cultural approach of Milton Administrators, Town Meeting Members and voters has been to maintain the residential nature of this community at the expense of broadening the tax-base. So, one could state that the organizational theory of technological lock-in applies to Milton, and that it is a major reason for its predicament now. And yet quite a bit more has happened to affect the structure of services and costs for Milton. In the 65 years since 1950, outside or environmental factors have affected Milton as well, and have contributed to the increasing reliance on the property tax. Inflation over the 65 years plays a major role, as 1950's dollars were worth about 10X what 2015 dollars are now in purchasing power.^{iv}

The current political climate in Milton has adjusted slightly since my last review (February 2016). At last visit, I wondered if Milton would continue on its current path (status quo), or alter its course and consider actions to reduce rising costs – that is adopt cultural changes and become a "learning organization". Recently (March 2016), it was announced in the Milton Times that the Selectmen had voted in committee, and decided not to ask for a Proposition 2½ tax override, as "there was no appetite for an override by voters this year". The door was left open that there might be a need and a request for an override in the next fiscal year. I regard this as a very interesting decision, given the Fiscal Forecast 2017-2021 issued by Town officials in November of 2015 (Figure1). The Fiscal Forecast showed both needs-based and inflation-based

projections, and detailed fiscal shortfalls without an override approval by voters. I would mark the decision not to request an override as a slight cultural change in approach by Town officials. The real work of negotiating labor contracts to try to better fit the revenue-growth of Milton continues. I like that Milton officials seem to better appreciate the demands they have placed on Milton residents with increases of the property tax, and that Milton may be approaching hard-limits. I like that there has not been an “automatic” request by the Selectmen for a tax override from the voters. Was there a leadership lesson in achieving this change?

Further recent developments have been changes in the new three-year contract for teachers, as reported in the Milton Times (April 2016). Teachers will get a 2% COLA each year, but now will pay 24% of their health insurance premiums vs. the 20% paid in the current contract. - Small steps to be sure, but steps along the right path of lowering costs for the town. Negotiating union contracts at less than 2%/year COLAs has been generally viewed as “not realistic”. But, if the 2% COLA is the standard for union contracts, then maybe some of the “steps and lanes” provisions should be negotiated down. It must be made clear that Milton’s revenues grow at about 2%/year, and budgets need to grow at that slow-rate as well. My guess (general economic reports) is that most Milton taxpayers are not getting guaranteed 4%/year raises, while the average tax bill is increasing at that rate.

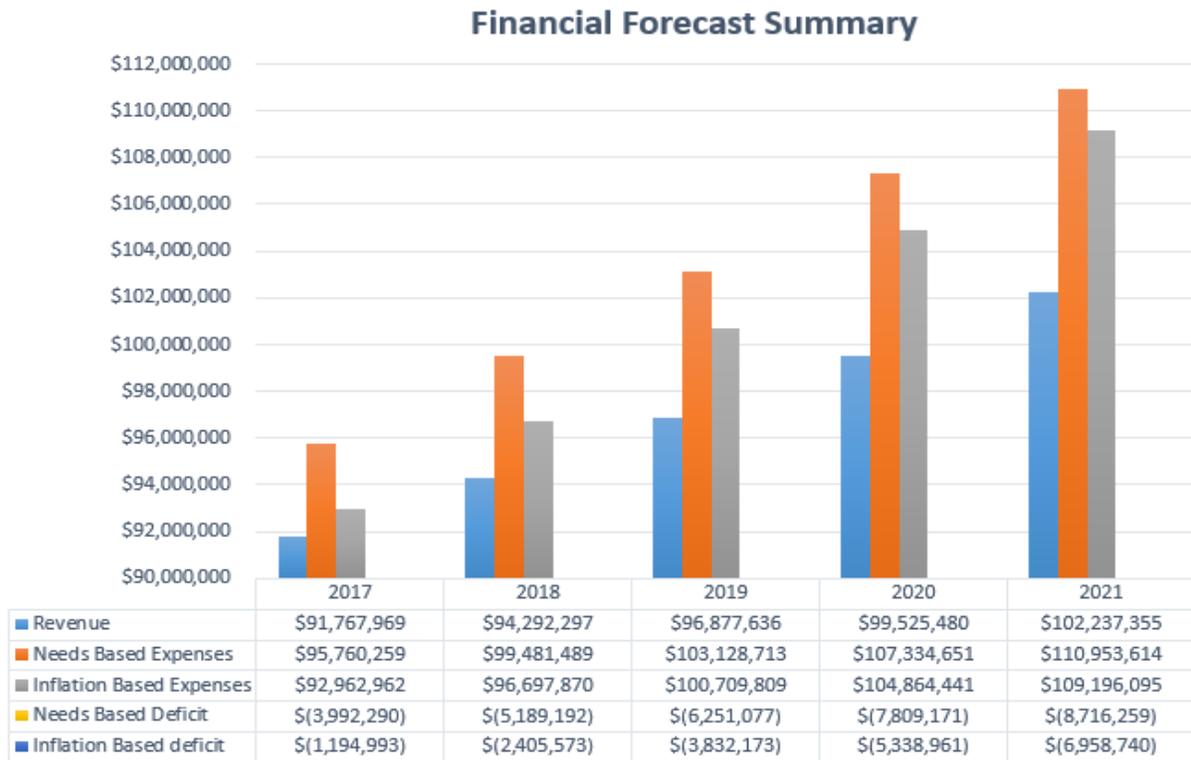


Figure1, Comparison of Revenue and Expenses
Source, Town of Milton^v

General Fund Revenues As a Percentage of Total Forecast

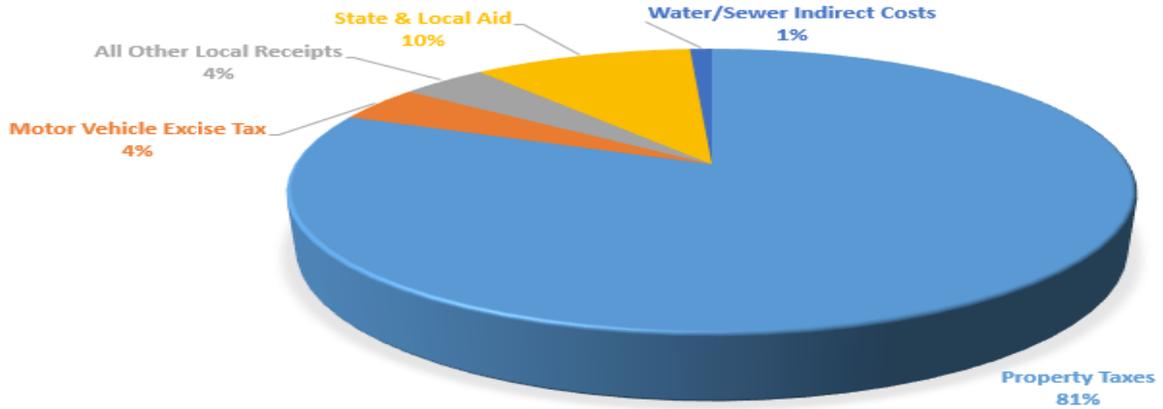


Figure2, General Funds Revenue as Percent
Source Town of Milton,^{vi}

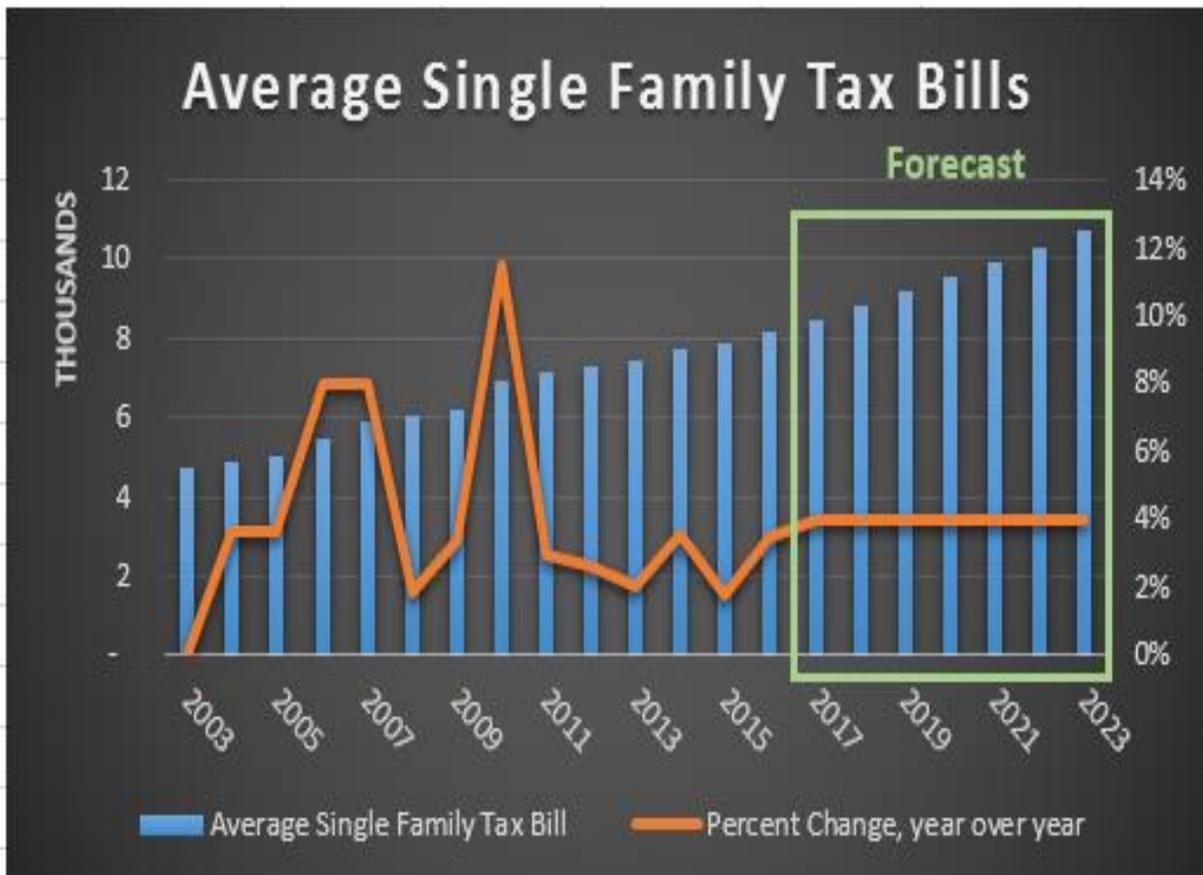


Figure3, Created from MA DOR DLS Data
Source, MA DOR DLS^{vii}

Municipality	Fiscal Year	Average Single Family Tax Bill	Percent Change, year over year	Percent, 2003 as Base Year
Milton	2003	4,713	0.000%	100%
Milton	2004	4,886	3.671%	104%
Milton	2005	5,064	3.643%	107%
Milton	2006	5,470	8.017%	116%
Milton	2007	5,907	7.989%	125%
Milton	2008	6,015	1.828%	128%
Milton	2009	6,217	3.358%	132%
Milton	2010	6,929	11.452%	147%
Milton	2011	7,134	2.959%	151%
Milton	2012	7,321	2.621%	155%
Milton	2013	7,471	2.049%	159%
Milton	2014	7,740	3.601%	164%
Milton	2015	7,880	1.809%	167%
Milton	2016	8,155	3.490%	173%
Milton	2017	8,481	4.000%	180%
Milton	2018	8,820	4.000%	187%
Milton	2019	9,173	4.000%	195%
Milton	2020	9,540	4.000%	202%
Milton	2021	9,922	4.000%	211%
Milton	2022	10,319	4.000%	219%
Milton	2023	10,731	4.000%	228%

Table1, Created from MA DOR DLS Data
Source, MA DOR DLS^{viii}

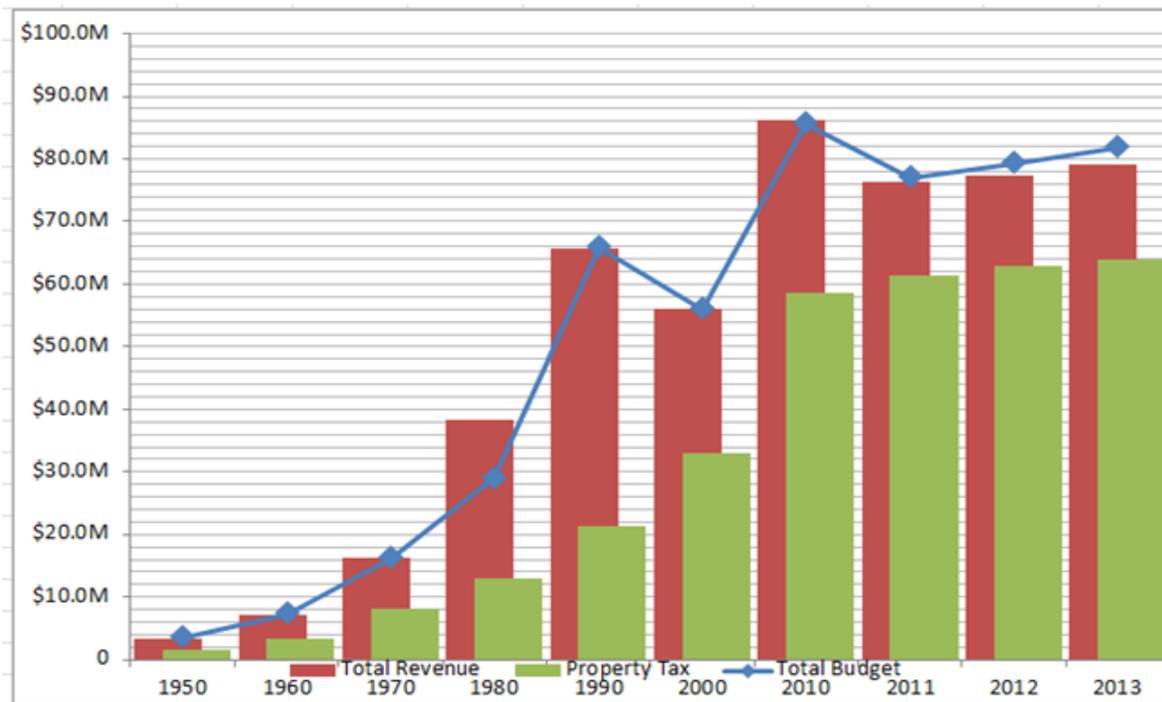


Figure4, Property Tax Growth in \$ Millions
Source, created from Town of Milton historical budgets^{ix}

CONCLUSION

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Footnotes, Resources

ⁱ I have been a resident of Milton for almost 20 years and I have a good working knowledge of its finances and demographics. I have served as a volunteer on the Warrant Committee (Budget Committee).

ⁱⁱ Town of Milton, Community Snapshot Profile, retrieved from http://www.townofmilton.org/Public_Documents/MiltonMA_WebDocs/MiltonProfile.pdf on 10/04/15

ⁱⁱⁱ WIKIPEDIA, Milton Demographics, retrieved from https://en.wikipedia.org/wiki/Milton,_Massachusetts#Demographics on 10/04/15

^{iv} [WWW.SAVINGS.ORG](http://www.savings.org), calculator, retrieved from <http://www.saving.org/inflation/inflation.php?amount=205> on 12/20/2015.

^v Ibid., Town of Milton Financial Forecast

^{vi} Town of Milton, Financial Forecast Fiscal Years 2017-2021 (10-2015), retrieved from http://www.townofmilton.org/Public_Documents/MiltonMA_Accounting/accounting on 12/15/2015

^{vii} Massachusetts Department of Revenue (DOR), Division of Local Services. Retrieved from <https://dls.gateway.dor.state.ma.us/DLSReports/DLSReportViewer.aspx?ReportName=AverageSingleFamilyTaxBill&ReportTitle=Average%20Single%20Family%20Tax%20Bills> on 2/15/2015.

^{viii} Ibid., MA DOR DLS

^{ix} Ibid., Town of Milton historical budgets 1950-2010

GMandell, Papers

1. An Examination of Fiscal Change in the Town of Milton, Massachusetts 1950's to Present, DEC 2015
2. Building a Sustainable Fiscal Future. Best Practices for Stabilizing Revenues and Expense Trends. Milton Massachusetts as a Model Town. DEC 2014