

**NORWICH FINANCE COMMITTEE**

**1. Charge**

The Norwich Finance Committee (NFC), appointed jointly by the Norwich Selectboard and the Norwich School Board, comprises seven Norwich residents who neither receive compensation from the Town, School Districts or Supervisory Union nor have spouses that do so. These seven along with the seven appointed members of the Hanover Finance Committee comprise the Finance Committee for the Dresden School District.<sup>1</sup> Members serve staggered, three-year terms.

The NFC provides independent advice in the creation of annual budgets for the Town of Norwich, the Norwich School District and, together with the Hanover Finance Committee, the Dresden School District. The NFC researches annual budgets, policies, contracts, capital decisions and business practices that affect Norwich town and school finances. It renders non-binding advisory recommendations about costs, benefits and financial options, based on economic factors and principles.

The NFC elects a Chair, Vice-chair and Secretary from among its members. Vacancies of the NFC are filled by the joint appointment of the Norwich Selectboard and the Norwich School Board. Members of the NFC observe the town’s Conflict of Interest Policy.

The table below shows the number of members required for a quorum and the number of votes required to pass a motion as a function of filled positions on the committee:

| Number of Filled Positions | Quorum | Votes Required |
|----------------------------|--------|----------------|
| 0 – 2                      | N/A    | N/A            |
| 3 – 5                      | 3      | 3              |
| 6 – 7                      | 4      | 4              |

Adopted by the Norwich Selectboard and the Norwich School Board:

Norwich Selectboard  
22 January 2014

Norwich School Board  
9 January 2014

---

<sup>1</sup> [http://sau70.org/policies/DresPolRegAB/Articles\\_of\\_Agreement\\_revised%2012-17-01.pdf](http://sau70.org/policies/DresPolRegAB/Articles_of_Agreement_revised%2012-17-01.pdf): The Dresden Finance Committee shall have the same duties and responsibilities with respect to the budget of the Dresden School District as the Hanover and Norwich Finance Committees have with respect to the budgets of their respective towns and school districts.

## **2. Guidance to the Committee**

### **2.1 Skill Set**

Experience (or the ability to perform functions) in the following areas would allow the Norwich Finance Committee to provide beneficial advice.

- Research of on-line material.
- Following national economic conditions and trends
- Understanding both town and school business practices, e.g. services provided, staffing levels, reserve funds, special education funding etc.
- Understanding how taxes are determined from budgets and the grand list for both town and school.
- Analysis of financial material, including the use of on-line sources and spreadsheets.
- Developing useful town and school financial recommendations
- Writing reports.

### **2.2 Budgetary Advice to Boards and Voters**

The NFC has three major phases during which it should render advice, prior to the formulation of town and school budgets, during budget deliberations, and prior to the public votes on the budgets. At a minimum, the NFC should obtain the data necessary to offer advice germane to the formulation or approval of a budget:

#### **2.2.1 Budgetary Indicators prior to Budget Formulation**

The purpose of budgetary indicators is to help the town Selectboard and the respective school boards develop budgets that are likely to pass by a substantial majority of the voters, being neither too expensive nor too lean. The NFC offers indicators as a service, not as a mandate for compliance.

The NFC may provide the following data collection and analysis, which may provide useful input to the Selectboard and School Board prior to budget deliberations:

- *Ability to pay* – Identify indices that represent the health of the local economy and affect the community's ability to pay taxes.
- *Change of cost index* – Identify appropriate cost indices that reflect municipal or educational costs. This allows an estimate of a budget that maintains the current level of services.
- *Budgetary headroom* – Identify budgetary values that would maintain the current municipal and education tax level on a given property.

### 2.2.2 Budgetary Deliberations

During budgetary deliberations of the Selectboard and school boards, the NFC may assess how the budget is progressing against the above indicators. Additionally, NFC members may identify budgetary items that might be performed in a more cost-effective manner and call them to the attention of the board in open meeting.

### 2.2.3 Budgetary Advice to Voters

It is up to the voters to decide whether the budget is affordable to them. Accordingly, the NFC should provide a statement to voters on the town and school budgets, which may indicate how the proposed budgets compare with the latest budgetary indicators and how any change in expected property taxes compare with those same indices.

### 2.2.4 Other Assignments

The Selectboard or Norwich School Board may ask the NFC to review specific issues, pertaining to its financial policies and investment options.

## 2.3 Budget Reporting Points

In assessing the appropriateness of proposed budgetary items, the Norwich Finance Committee may consider the following:

- **Does the budgetary item benefit the community?** If voters have supported it in the past, that's a solid indication. If it's a new capability, what was the tenor of remarks in public discussions?
- **Is the budgetary item affordable?** If voters have supported the item, that's an indication. The NFC looks at future trends of voter finances and budgetary costs to predict affordability. The NFC seeks budgetary proposals that are likely to achieve a substantial majority when voted upon.
- **Is the budget sustainable?** Even if the voters have supported the budgeted level of service in the past, budgets may face future decreases in sources of non-tax income and collateral support from state sources, such as aid to education, pension fund balances and income sensitivity. The NFC uses research into such matters to advise the public about future prospects for non-tax income and increased expenses.
- **Is the budgetary item cost-effective?** Even if questions 1. and 2. have been satisfied, the budgetary goods or services may not be offered in a cost-effective fashion. The NFC uses comparables and documented research on best practices to establish cost-effectiveness.
- **Is anyone disadvantaged by adoption of the budgetary item?** Just because a majority of voters approve of budgeted goods or services, doesn't mean that there is no adverse impact on some members of the community. The NFC attempts to identify such impacts and determine their seriousness and means to mitigate them.

## **2.4 Labor Contract Guideline Development**

The NFC may provide labor contract guidelines to the Selectboard and Norwich School Board in advance of negotiations (it should however, avoid giving targeted numerical guidelines in advance of or during negotiations, since these may constrain the ability of management to negotiate).