

**Shutesbury Finance Committee  
Tuesday, March 16, 2021, Virtual (Zoom) Meeting**

FinCom Members Present: Jim Hemingway, Ajay Khashu, Jim Walton, Susie Mosher, Bob Groves, Melody Chartier, George Arvanitis

FinCom Members Absent: None

Select Board Members present: April Stein, Melissa Makepeace-O'Neil, Rita Farrell

Personnel Board Members present: Peg Ross, Melody Chartier, George Arvanitis, and Melissa Makepeace-O'Neil

Non-Members present: Becky Torres, Leslie Luchonok, Kristen, Mike Vinskey, "Diane", Robert Seletsky, Ken Lindsay, "geddes", Jeff Lacy, Kevin Weir

7:03 PM Finance Committee Call to Order

1) Proposal to send one of our officers, Kristen Burgess, to the Police Academy.

- Changes in Mass State Law are coming that may require officers who only have part-time training to return to the Police Academy to receive the complete standard training.
- Kristen will have to sign an agreement with the town requiring her to remain in her role for 5 years upon graduation. She would be paid her normal wages while attending the academy. If she decides to leave the department before those 5 years have transpired, she would be responsible for repaying prorated tuition costs.
- While Kristen is at the academy there will be part-time officers providing coverage.
- The next academy will take place in the Fall. Kristen will have to apply and take two physical assessments.
- April Stein asks if Kristen will get credit for the part-time training she has already attended. Kristen responds that unfortunately that will not be allowed. She has to attend the full course which will last approximately 4 ½ months.
- BT: There is a back-log of applicants because of Covid-19.
- Kristen is now serving as Officer In Charge of the department. Former Chief, Dan Fernandes recommended this path for her before he left the department.
- BG: There are 2 documents that have been circulated on this issue. The strong impression I had is that there are many towns in Western Mass that are impacted by this. It seems unlikely, if not impossible, that the State is going to impose this requirement on all of those towns. Second, the Select Board has formed a study group to consider the structure and needs for the police department, so I don't think the timing [for sending Kristen to the Police Academy] is great. It would be helpful to have the study group's findings before we consider this.
- Kristen: I have been in touch with the Commonwealth about this and it seems certain that this will be a mandate.
- Melissa: Our current department has to be able to function well as it is currently constructed.

- Mike Vinskey: I want to emphasize that there is uncertainty about what the requirements are going to be. It is premature to make this decision before the study group has concluded its work. One possible option that the study group may recommend is that we contract out for our policing work, as has been done by the town of Wendell. Also, our town hasn't had a great track record of sending officers to the academy.
- SM: The town has already addressed the problems we have had in the past with sending officers to the academy. Sending Kristen to the Academy benefits her in her current role and having her credentialed may work with what the study group recommends.
- Rita Farrell: The study group is going to take a fair amount of time to complete its process.
- April Stein: Kristen has been incredibly impressive. There is always a risk, but I think it is worth taking.
- **Rita Farrell makes a motion to approve Kristen's application for the Police Academy. Seconded by April Stein. Motion passes unanimously (3-0).**

## 2) Discussions of annual COLA for town employees

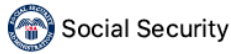
- There are four department heads who are under contract: Highway Superintendent, Fire Chief, Police Chief, and Town Administrator. Department heads have written into their contracts that they will receive the COLA increases approved for all town staff.
- The options we have on the table range from no increase through 3%. Last year we implemented a 3% increase.
- The Select Board, Finance Committee, and Personnel Boards all have to agree on what the COLA increase will be for FY22.
- The cost implication for our budget is \$6,700 for each 1% increase.
- BG: I voted against the 3% increase last year because of the pandemic. The actual inflation rate last year was about 0.62%. So, it turns out we gave raises that were about 2.5% above inflation. This can be seen as a sort of down payment on what inflation we may experience this year. I would recommend something more in line with last year's inflation rate.
- BT: Historically inflation rates have not gone hand in hand with the Social Security COLA adjustments.
- JH: We should throw out the 2021 inflation figures. The 2.2 inflation rate for 2021 was triggered by a spike in oil prices.
- SM: Here are some other considerations. The numbers don't tell the whole story. We want to keep our employees paid in line with what other towns in our region are paying. To be a good employer we need to respect the services of the people we employ. The health insurance increases in some years have eaten up the COLA.
- Jeff Lacy: We have to keep in mind the Shutesbury taxpayers. I worked for over 20 years as a unionized state employee which negotiated contracts. Seldom did we receive a 3% increase.

- GA: 2020 was an anomalous year. There should be a standard. We have the CPI. Anything less than a 1% increase is an insult to our employees. We would be better off if we took an average of the CPI over the past few years. \$6,700 per 1% increase is not a lot of money in the context of a \$6 Million budget.
- AK: Asks question about what it would take to develop a standard policy where our COLA increase was pegged to a standard benchmark, such as a rolling average of the Social Security Administration's SSI COLA adjustment. If we adopted a standard policy, we would not have to spend much time negotiating this decision each year. It would simply be a matter of updating the benchmark for the upcoming fiscal year, unless there were unusual circumstances that justified an alternative for that year.
- JH asks if we have looked at what other towns in our region do. I believe Leverett uses the consumer price index (CPI) to set its COLA adjustment.
- GA: I looked at 14 positions in our town as part of a FRCOG salary study and compared our compensation for town employees to our neighbors. For five positions we were well below the average.
- BG: Our purpose for tonight's meeting is to discuss the COLA adjustment, and not the relative fairness of salaries.
- AK suggests pegging our adjustment to a 3-year average of the most recent Social Security COLA rates. This would result in a 1.9% increase for FY22. I would further recommend that we establish a policy of adding some increment, say .25% or .5% to that rolling average to compensate for regional differences in the cost of living.
- MC: I think it would be helpful to look at comparable towns with similar budgets. I agree that we need to streamline the process and have some standard that we use every year.
- BG: It is true that Massachusetts has a higher cost of living than other states but that doesn't mean that we have a larger increase from one year to the next.
- BT shares our recent COLA history: 2018 = 1.5%, 2019 = 2.5%, 2020 = 3%, 2021 = 3%
- Jeff Lacy: I like the idea of linking this to some benchmark, but I don't like linking it to what we have done in the past.
- SM: If we send this back to the Personnel Board, we could let them kick around some options for benchmarks and then they can kick it to the Select Board. Personnel board will meet on the 3/25 to discuss options and come up with a recommendation.
- JW: I agree with the concept of identifying a benchmark. But I am uncomfortable with FinCom not being involved in the process.
- GA: Fin Com will have an opportunity to weigh in on this. The Finance Committee does not have to recommend the same proposal that the Personnel Board delivers. Moreover, 40% of the composition of the Personnel Board consists of FinCom members.

Meeting adjourned at 8:13

## Attachment 1: SSA COLA Information

▲ [Coronavirus \(COVID-19\) Updates](#) ▲



### Cost-of-Living Adjustment (COLA) Information

#### Cost-of-Living Adjustment (COLA) Information for 2021

Social Security and Supplemental Security Income (SSI) benefits for approximately 70 million Americans will increase 1.3 percent in 2021.

The 1.3 percent cost-of-living adjustment (COLA) will begin with benefits payable to more than 64 million Social Security beneficiaries in January 2021. Increased payments to more than 8 million SSI beneficiaries will begin on December 31, 2020. (Note: some people receive both Social Security and SSI benefits)

Read more about the [Social Security Cost-of-Living adjustment for 2021](#).

The maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$142,800.

The earnings limit for workers who are younger than "full" retirement age (see [Full Retirement Age Chart](#)) will increase to \$18,960. (We deduct \$1 from benefits for each \$2 earned over \$18,960.)

The earnings limit for people reaching their "full" retirement age in 2021 will increase to \$50,520. (We deduct \$1 from benefits for each \$3 earned over \$50,520 until the month the worker turns "full" retirement age.)

There is no limit on earnings for workers who are "full" retirement age or older for the entire year.

Read more about the [COLA, tax, benefit and earning amounts for 2021](#).

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### Medicare Information

Information about Medicare changes for 2021, when announced, will be available at [www.medicare.gov](http://www.medicare.gov). For Social Security beneficiaries receiving Medicare, Social Security will not be able to compute their new benefit amount until after the Medicare premium amounts for 2021 are announced. Final 2021 benefit amounts will be communicated to beneficiaries in December through the mailed COLA notice and [my Social Security's](#) Message Center.

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## YOUR COLA NOTICE

In December 2020, Social Security COLA notices will be available online to most beneficiaries in the Message Center of their [my Social Security](#) account.

This is a secure, convenient way to receive COLA notices online and save the message for later. You can also opt out of receiving notices by mail that are available online. Be sure to choose your preferred way to receive courtesy notifications so you won't miss your secure, convenient online COLA notice.

Remember, our services are free of charge. No government agency or reputable company will solicit your personal information or request advanced fees for services in the form of wire transfers or gift cards. Avoid falling victim to fraudulent calls and internet "phishing" schemes by not revealing personal information, selecting malicious links, or opening malicious attachments. You can learn more about the ways we protect your personal information and [my Social Security](#) account [here](#).

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## History of Automatic Cost-Of-Living Adjustments (COLA)

The purpose of the COLA is to ensure that the purchasing power of Social Security and Supplemental Security Income (SSI) benefits is not eroded by inflation. It is based on the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the third quarter of the last year a COLA was determined to the third quarter of the current year. If there is no increase, there can be no COLA.

The CPI-W is determined by the Bureau of Labor Statistics in the Department of Labor. By law, it is the official measure used by the Social Security Administration to calculate COLAs.

Congress enacted the COLA provision as part of the 1972 Social Security Amendments, and automatic annual COLAs began in 1975. Before that, benefits were increased only when Congress enacted special legislation.

Beginning in 1975, Social Security started automatic annual cost-of-living allowances. The change was enacted by legislation that ties COLAs to the annual increase in the Consumer Price Index (CPI-W).

The change means that inflation no longer drains value from Social Security benefits.

- [The 2021 COLA](#)
- [The 2020 COLA](#)
- [The 2019 COLA](#)

- [The 2018 COLA](#)
- [The 2017 COLA](#)
- [The 2016 COLA](#)
- [The 2015 COLA](#)

The 1975-82 COLAs were effective with Social Security benefits payable for June (received by beneficiaries in July) in each of those years. After 1982, COLAs have been effective with benefits payable for December (received by beneficiaries in January).

### Automatic Cost-Of-Living Adjustments received since 1975

July 1975 -- 8.0%	January 1999 -- 1.3%
July 1976 -- 6.4%	January 2000 -- 2.5% <sup>(1)</sup>
July 1977 -- 5.9%	January 2001 -- 3.5%
July 1978 -- 6.5%	January 2002 -- 2.6%
July 1979 -- 9.9%	January 2003 -- 1.4%
July 1980 -- 14.3%	January 2004 -- 2.1%
July 1981 -- 11.2%	January 2005 -- 2.7%
July 1982 -- 7.4%	January 2006 -- 4.1%
January 1984 -- 3.5%	January 2007 -- 3.3%
January 1985 -- 3.5%	January 2008 -- 2.3%
January 1986 -- 3.1%	January 2009 -- 5.8%
January 1987 -- 1.3%	January 2010 -- 0.0%
January 1988 -- 4.2%	January 2011 -- 0.0%
January 1989 -- 4.0%	January 2012 -- 3.6%
January 1990 -- 4.7%	January 2013 -- 1.7%
January 1991 -- 5.4%	January 2014 -- 1.5%
January 1992 -- 3.7%	January 2015 -- 1.7%
January 1993 -- 3.0%	January 2016 -- 0.0%
January 1994 -- 2.6%	January 2017 -- 0.3%
January 1995 -- 2.8%	January 2018 -- 2.0%
January 1996 -- 2.6%	January 2019 -- 2.8%
January 1997 -- 2.9%	January 2020 -- 1.6%
January 1998 -- 2.1%	January 2021 -- 1.3%

<sup>(1)</sup> The COLA for December 1999 was originally determined as 2.4 percent based on CPIs published by the Bureau of Labor Statistics. Pursuant to Public Law 106-554, however, this COLA is effectively now 2.5 percent.

## Attachment 2: Annual Inflation Rates 2010-2021

2/18/2021

• U.S. - projected inflation rate 2008-2024 | Statista

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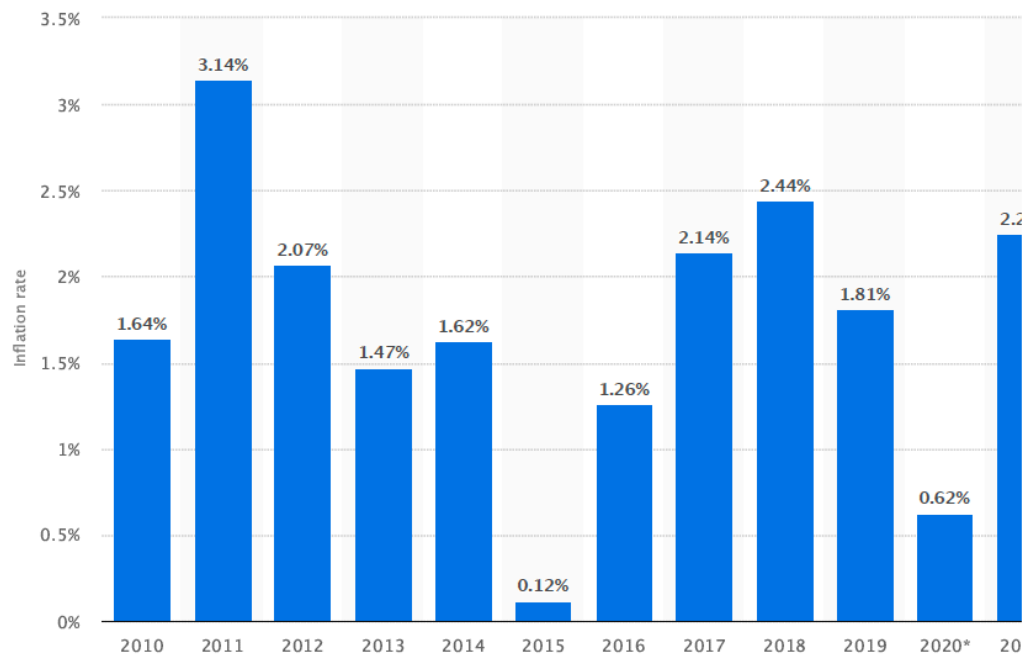
Source: <https://www.statista.com/statistics/244983/projected-inflation-rate-in-the-united-states/>

### Projected annual inflation rate in the United States 2010-2021

Published by Statista Research Department, Jan 20, 2021

This statistic shows the annual inflation rate in the U.S. from 2010 to 2019 with additional projections up to 2021. The data represents U.S. city averages. The base period was 1982-84. In economics, the inflation rate is a measurement of inflation, the rate of increase of a price index (in this case: [consumer price index](#)). It is the percentage rate of change in prices level over time. The rate of decrease in the purchasing power of money is approximately equal. According to the forecast, prices will increase by 0.62 percent in 2020.

### Projected annual inflation rate in the United States from 2010 to 2021\*



[Additional Information](#)

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<https://www.statista.com/statistics/244983/projected-inflation-rate-in-the-united-states/>

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