October 28, 2026

MEMO FOR: Amherst Town Council President; Leverett, Pelham and Shutesbury Selectboard chairs; Amherst, Leverett, Pelham and Shutesbury Finance Committee chairs

FROM: Four Towns Fiscal Study Group

Amherst: Lynn Griesemer and Cathy Schoen, Town Council and Finance Committee
Leverett: Patricia Duffy, Selectboard; Steve Weiss, Finance Committee
Pelham: Bob Agoglia, Selectboard; John Trickey, Finance Committee
Shutesbury: Ajay Khashu, Finance Committee

CC: Amherst, Leverett, Pelham and Shutesbury School Committee chairs; Amherst-Pelham Regional School Committee chair; Amherst Town Manager and Finance Director; Leverett and Shutesbury Town Administrators; Superintendent of Schools

SUBJECT: Thoughts on the Fiscal Condition of the Four Towns

The Four Towns Fiscal Study Group (4TFSG) is an informal collaboration of members of the Selectboards/Council and the Finance Committees of the towns of Amherst, Leverett, Pelham and Shutesbury. Our communities have a long history of cooperation, ranging from their membership in the Amherst-Pelham Regional School District to EMS and veterans' services. We also share a common regional economy centered on the local higher educational institutions.

Increasingly, all four communities are facing similar financial pressures and challenges in meeting demand for local services. The 4TFSG formed as a forum to share perspectives and possible strategies to help our communities meet these challenges.

The participants in the 4TFSG do not speak for the boards and committees on which we serve, and the 4TFSG is not affiliated with any formal joint bodies of the four towns. We offer our perspectives as part of the broader community effort to support effective local government.

In recent months our discussions have suggested a growing convergence across the four towns in terms of underlying trends in fiscal health. Our communities are quite different in many respects, but we have been struck with the extent to which, fiscally, we increasingly find ourselves in the same boat. We believe each of our communities will benefit if all our communities recognize and respond to our common challenges.

Each of us is deeply involved in the finances of our home communities. From that experience we realize that the process of balancing our local budgets offers few opportunities to think beyond town lines and the current year. Yet we also realize that such conversations are urgently needed.

We offer the enclosed report as one contribution to that broader conversation. We offer no prescriptions: that is up to each community's elected and appointed leadership. Our thoughts are purely diagnostic, highlighting common trends and suggesting where these trends might lead us.

Ours is just one perspective. Others may weigh in with additional views, and that is all to the good. What we hope to offer is a launch pad for a broader discussion, and a context all of us can consider as we individually carry out our local responsibilities.

Enclosure

Four Towns Fiscal Study Group (4TFSG)

Report to the Community

October 28, 2026

The Walls are Closing In: A Growing Fiscal Crisis in the Four Towns

Over the past two decades or more the fiscal situation for the Four Towns has become increasingly restrictive. Trends in state aid to local communities, rising costs (including non-discretionary expenses), and increasing reliance on the property tax have all combined to intensify the competition for local dollars and erode the capacity of our communities to satisfy demands for local services.

It's important to emphasize that we are not alone. These trends are being felt across the Commonwealth, and their impact can be seen in many ways across our region: increasingly contentious budget debates; repeated and often-bitter efforts to override Proposition 2 ½; and services under prolonged stress. Yet in many ways our four communities are especially vulnerable: we have high expectations for local services, but not a robust capacity to fund them. Our revenues and aspirations are trains running in opposite directions.

Finding a way out of this dilemma will not be easy. But we believe the first step is to clearly understand the challenges we face. This report presents trends, drawn from Massachusetts Department of Revenue, Department of Elementary and Secondary Education reports, and other public data, that we see as pivotal in explaining where we are now, and suggests that we must adapt going forward.

Stresses on Local Finance

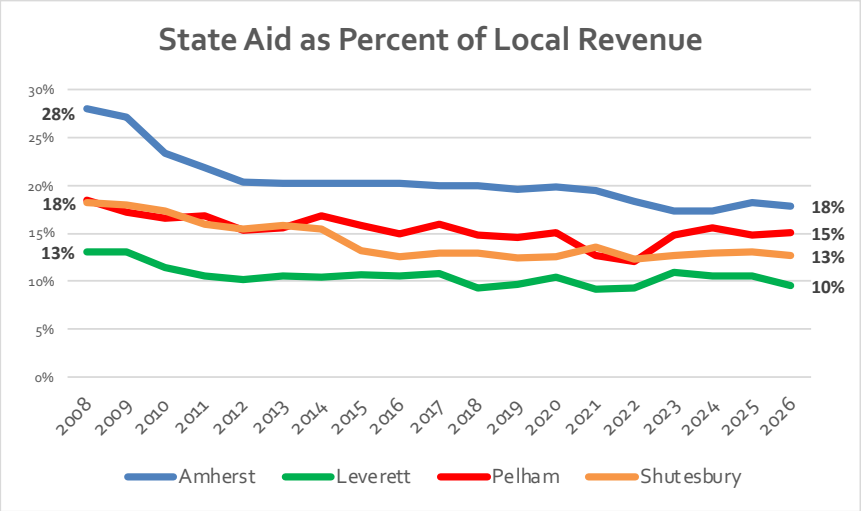
Local finances have been under increasing stress for years. The context for budget decisions has changed dramatically, and we need to understand those changes so we can respond to them.

1. **Sources of Revenue**

   All communities in Massachusetts have the same basic sources of general operating revenue: the local property tax, state aid, and a variety of local fees and charges. In the Four Towns — as in many communities across the state — these sources have been changing steadily and significantly.

   a. **State Aid**

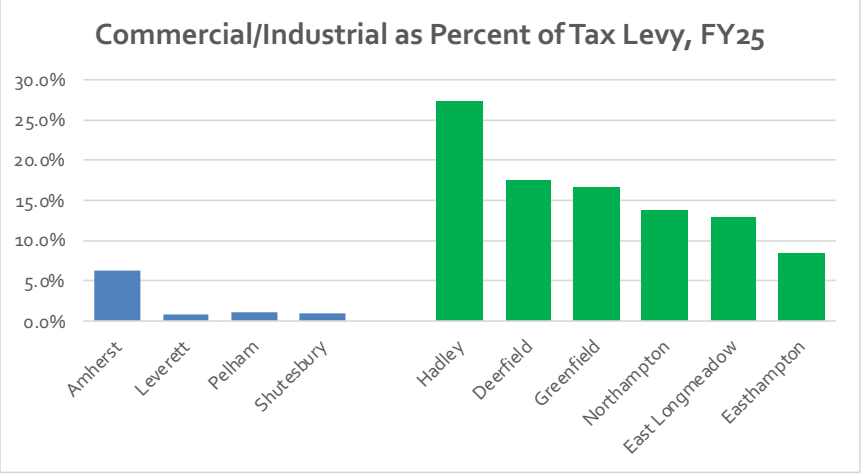
      One trend is the shrinking role of the state in supporting local government. As local costs have risen over time, state aid has not kept up with expenses. This has pushed financial responsibility for schools and municipal services to the only other major revenue source: the property tax.



b. Local Property Tax

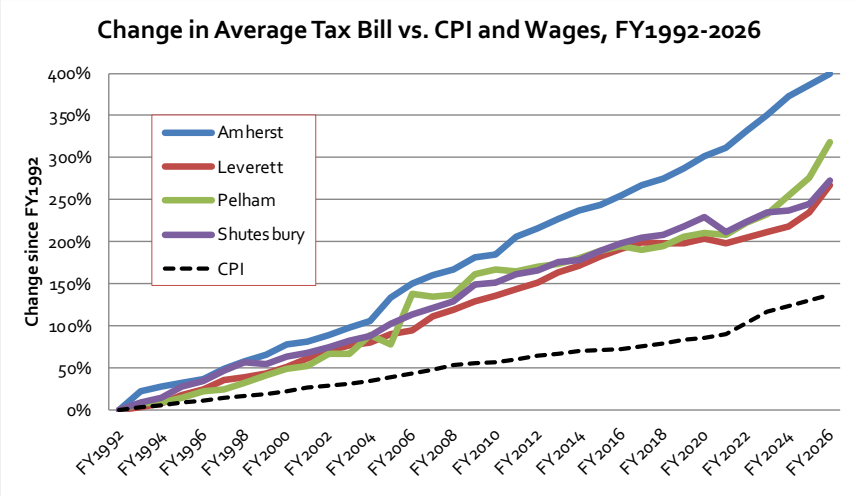
In all communities the property tax is by far the largest source of revenue. But some communities have a relatively broad tax base, with local costs spread across different kinds of property: residential, commercial, industrial, and personal property. In our four towns the property tax is overwhelming a tax on people's homes: the residential portion of local taxes is 88% in Amherst and Leverett, 93% in Pelham, and 94% in Shutesbury.

Compare this with some nearby communities, where a broader tax base buffers the impact on homeowners and renters.



In Leverett, Pelham and Shutesbury, opportunities for substantial commercial and industrial development simply don't exist. In Amherst, 30% of real property valuation (as reported by DOR) is tax exempt (third highest in the state, behind Huntington and Gill), most of it owned by the colleges. And most of the taxable property was developed as housing years ago.

Greater reliance on the property tax means each household's property tax bill has been climbing fast: the same basic number of taxpayers must foot a larger share of the spending. The trend is dramatic and troubling:



Here's another way to look at this relentless trend. Average tax bills in the four towns are one-and-a-half to two times higher than they would be if taxes had kept pace with inflation.

	Actual 1992	Actual 2026	Total Increase	Increase @ CPI*	Dollar Inc. over CPI	2026 as Percent of CPI
Amherst	$1,992	$9,957	$7,965	$4,723	$5,234	211%
Leverett	$2,136	$7,852	$5,716	$5,065	$2,787	155%
Pelham	$2,205	$9,213	$7,008	$5,228	$3,985	176%
Shutesbury	$1,816	$6,763	$4,947	$4,306	$2,457	157%

*If tax bills had risen in line with the CPI

The property tax is decidedly non-progressive. It has a heavy impact on some of our communities' most vulnerable populations: older residents whose property values have increased but whose incomes have not; younger families whose access to homeownership is already blocked by high prices and mortgage rates; renters, who see tax increases passed on to them in their monthly bills.

These increases have occurred even without recent Prop 2 ½ overrides. At current rates of spending, all four towns will soon need overrides which, if successful, would push these tax bills even higher.

2. Municipal Expenditures

a. Growing Service Demands

With stable or expanding populations, the demand for core municipal services — public safety, public works, public health, and all the other non-school tasks for which local government is uniquely responsible — keeps growing. The impact varies by town, but here are some notable examples over the past decade or so:

- Police and fire/EMS calls.
- Regulatory demands (e.g., building and fire codes, environmental, PFAS), driving both staffing and equipment costs.
- Programmatic push, as residents look for new and expanded services.

And as we look down the road we see nothing to make us think this pressure will let up. Our populations are aging rapidly, programmatic demands keep multiplying, and regulatory requirements keep proliferating.

b. Capital and Infrastructure Needs

Decades of deferred maintenance of buildings and roads, changing code requirements, and federal and state funding uncertainty have left all four towns with large capital investment needs. Deferring them simply drives costs up. Recent efforts to fill the gap have required major investment; looking down the road 5 or 10 years the picture is even more daunting. Catching up or even keeping pace drives up debt, which just adds to the squeeze.

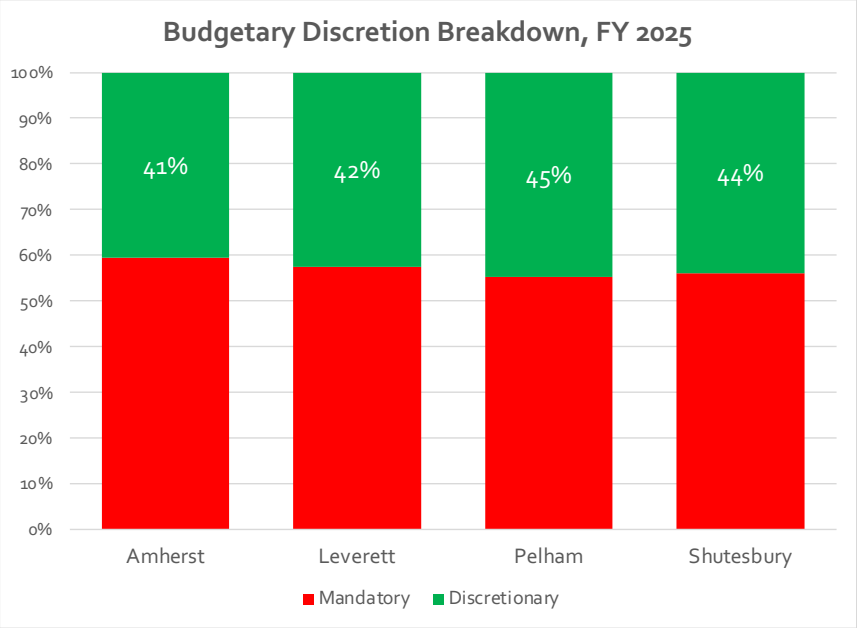
c. Our budgets are substantially out of (our) control

We often overlook that much of the municipal budget is the bundle of bills that must be paid before spending decisions even begin. These mandatory payments are bills that must be paid in an amount the town can't change:

- *Debt payments* are a contractual obligation determined when we borrow the money.
- *State assessments* are things like Charter school tuition payments and the cost of running PVTA. These are taken directly out of state aid allocations.
- *Retiree pension and benefit* payments are obligations already incurred.
- *Chapter 70 state school aid pass through.* The law requires that these funds be allocated to education.
- *Additional state required education spending.* The law also specifies additional local payments to meet minimum spending requirements.
- *Regional school assessments* reflect an intricate process in which no single town calls the shots.

Note also that "discretionary" spending includes negotiated wage and benefit increases for municipal employees, which can only be reduced by reducing staff.

All four communities therefore face the reality that even as revenues fall behind demand, the slice of the revenue pie they actually control is sharply limited. The budget "debate" is about what's left over — less than half of the total. And from that discretionary fraction each town must fund all its municipal services and education spending beyond state requirements.



d. The Cost Squeeze

One of the biggest financial challenges faced by cities and towns — and government at all levels — is that the cost of providing services and purchasing equipment and supplies is rising faster than any revenue source. Underlying inflation remains stubbornly high; and the cost impact of tariffs and the Iran war has created hyper-inflation for necessities ranging from building materials to diesel fuel to road asphalt. At the same time, the cost of health care and other benefits for both current employees and retirees is skyrocketing. Communities throughout the state are out of options other than raising taxes even faster than we've already seen in the past twenty years.

The Bottom Line: Something's Got to Give

These trends place our communities in an impossible situation. The approach to budgeting we've been using for the past three decades – really, since Proposition 2 ½ was passed in 1980 – is unsustainable. There are some possibilities for revenue growth, like increased state payments in lieu of taxes and adjustments to the Chapter 70 formula, but shifts of this kind are politically charged, slow to materialize, and out-of-scale with the problem we face.

Revenues are not keeping pace with the services that residents expect. We believe all our communities need to take stock of where we are and where we are going and re-think our basic budgeting assumptions and approaches. This will not be easy, but the alternative is to allow the gap between spending and revenues to keep growing until the system finally breaks: we will be unable to provide the services our communities require. This is a scenario in which no one wins, and which calls upon us to work together to find sustainable solutions.

Appendix: Data and Sources

State Aid as Percent of Total General Fund Revenue, FY25

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Amherst	28.0%	27.2%	23.4%	21.9%	20.3%	20.2%	20.3%	20.2%	20.2%	19.9%	19.9%	19.6%	19.9%	19.4%	18.4%	17.3%	17.3%	18.2%	17.9%
Leverett	13.1%	13.1%	11.4%	10.6%	10.2%	10.5%	10.4%	10.7%	10.5%	10.8%	9.3%	9.7%	10.4%	9.1%	9.3%	11.0%	10.6%	10.6%	9.6%
Pelham	18.4%	17.2%	16.6%	16.8%	15.4%	15.6%	16.9%	15.9%	15.0%	16.0%	14.8%	14.6%	15.1%	12.7%	12.1%	14.8%	15.6%	14.8%	15.1%
Shutesbury	18.2%	18.0%	17.3%	15.9%	15.5%	15.9%	15.5%	13.2%	12.6%	12.9%	12.9%	12.4%	12.6%	13.5%	12.3%	12.6%	13.0%	13.1%	12.7%

Source: Masachusetts Department of Revenue, Division of Local Services. https://www.mass.gov/collections/DLS-databank-reports (Revenue by Source)

Commercial and Industrial Property Values as Percent of Total Tax Levy, FY25

	Commercial	Industrial	C/I Total	Total Levy	C/I Percent
Amherst	$ 4,158,705	$ 111,717	$ 4,270,422	$ 67,803,711	6.3%
Leverett	$ 43,263	$ 8,285	$ 51,548	$ 6,428,963	0.8%
Pelham	$ 35,861	$ 17,484	$ 53,345	$ 4,780,550	1.1%
Shutesbury	$ 31,990	$ 20,290	$ 52,281	$ 5,688,856	0.9%
Hadley	$ 3,990,002	$ 201,443	$ 4,191,445	$ 15,322,137	27.4%
Deerfield	$ 1,178,554	$ 1,368,288	$ 2,546,841	$ 14,540,032	17.5%
Greenfield	$ 6,168,393	$ 862,511	$ 7,030,904	$ 42,241,509	16.6%
Northampton	$ 8,791,511	$ 2,058,836	$ 10,850,347	$ 78,413,454	13.8%
East Longmeadow	$ 4,429,883	$ 2,337,585	$ 6,767,468	$ 52,595,904	12.9%
Easthampton	$ 2,006,518	$ 843,722	$ 2,850,240	$ 33,456,548	8.5%

Source

Masachusetts Department of Revenue, Division of Local Services.
https://www.mass.gov/collections/DLS-databank-reports (Tax Levy by Class)

Budgetary Discretion Breakdown, FY 2025

Note		Amherst	Leverett	Pelham	Shutesbury	
1	All Other Municipal Services	$ 21,576,893	$ 1,926,675	$ 1,316,793	$ 1,701,316	Discretionary
2	Additional Elementary Spending	$ 9,463,735	$ 866,234	$ 843,469	$ 1,134,597	Discretionary
3	Regional Assessment	$ 18,838,338	$ 1,602,628	$ 1,087,815	$ 1,654,101	Mandatory
4	Retiree Pensions and Benefits	$ 9,588,150	$ 239,469	$ 556,102	$ 304,021	Mandatory
5	State Assessments	$ 3,343,513	$ 19,126	$ 47,407	$ 159,150	Mandatory
6	Debt Payments	$ 2,372,710	$ 430,920	$ 64,125	$ 31,695	Mandatory
7	Additional Required Elementary Spending	$ 11,117,824	$ 1,083,930	$ 661,794	$ 822,355	Mandatory
8	Elementary Chap. 70 Pass-Through	$ 6,383,109	$ 407,888	$ 254,815	$ 656,282	Mandatory
		$ 82,684,272	$ 6,576,870	$ 4,832,320	$ 6,463,517	
	Total Discretionary Percent	38%	42%	45%	44%	

Notes

1 DOR: General Fund Expenditures (General Govt., Public Safety, Human Services, Public Works, Culture & Rec.)
2 DESE: Chapter 70 Profile
3 ARPS/Town of Amherst Budget Book
4 Four towns financial staff
5 Cherry Sheet: Total assessments minus Charter Tuition reimursement
6 DOR: General Fund Expenditures
7 DESE: Chapter 70 Profile
8 DESE: Chapter 70 Profile

Cumulative Change in Average Tax Bill vs. CPI, 1992=0

	Amherst	Leverett	Pelham	Shutesbury	CPI
FY1992	-	-	-	-	-
FY1993	22.7%	3.2%	8.2%	9.6%	3.1%
FY1994	27.8%	7.6%	9.1%	14.4%	5.8%
FY1995	32.2%	17.6%	14.7%	28.4%	8.8%
FY1996	37.4%	25.0%	22.1%	35.2%	11.8%
FY1997	49.6%	35.3%	24.6%	46.9%	15.0%
FY1998	57.7%	39.5%	32.4%	56.4%	17.0%
FY1999	65.5%	43.4%	41.2%	55.0%	19.0%
FY2000	78.3%	51.5%	49.1%	63.9%	22.5%
FY2001	81.2%	61.5%	52.1%	67.9%	26.7%
FY2002	89.0%	70.6%	66.5%	75.3%	28.9%
FY2003	97.6%	76.8%	67.2%	82.9%	31.8%
FY2004	106.2%	80.6%	89.4%	88.2%	34.7%
FY2005	133.9%	89.8%	78.5%	103.0%	38.7%
FY2006	149.9%	94.9%	138.4%	113.3%	44.0%
FY2007	160.5%	111.0%	134.8%	121.0%	47.7%
FY2008	167.4%	119.8%	137.3%	128.9%	53.2%
FY2009	181.7%	129.0%	161.9%	149.6%	55.4%
FY2010	184.5%	136.2%	167.6%	151.9%	56.8%
FY2011	205.7%	143.8%	164.9%	161.1%	60.0%
FY2012	215.9%	151.5%	169.8%	166.1%	64.7%
FY2013	226.7%	163.6%	174.2%	176.2%	67.4%
FY2014	236.9%	171.9%	180.5%	177.8%	70.0%
FY2015	243.5%	183.1%	188.8%	188.9%	71.3%
FY2016	255.3%	191.6%	194.9%	198.2%	72.4%
FY2017	266.7%	199.5%	190.9%	204.5%	75.6%
FY2018	274.6%	198.2%	194.7%	208.4%	79.5%
FY2019	287.0%	198.5%	205.6%	218.4%	83.3%
FY2020	301.1%	203.5%	210.3%	228.9%	86.1%
FY2021	311.1%	198.1%	208.2%	211.8%	90.4%
FY2022	332.2%	205.0%	222.5%	223.6%	104.1%
FY2023	351.0%	211.9%	232.6%	235.4%	116.9%
FY2024	372.7%	218.3%	254.7%	237.3%	124.0%
FY2025	386.6%	235.0%	276.3%	244.5%	129.9%
FY2026	399.8%	267.6%	317.8%	272.4%	137.1%

Sources Tax Bills: Masachusetts Department of Revenue, Division of Local Services. https://www.mass.gov/collections/DLS-databank-reports (Single Family Tax Bills).

CPI: CPI-U by Fiscal Year, U.S. Bureau of Labor Statistics.