

Town of Monroe



**Budget Reduction Discussion
2009-10 Fiscal Year**

**Tom Buzi
First Selectman
April 30th, 2009**

Town of Monroe



4/28/2009 Referendum

- **5,631 or 42.9% of registered voters went to the polls**
- **Strong voter turnout; however 57.1% of voters stayed home**
- **Referendum was defeated by 262 votes; increase of 112 votes in margin of defeat**
- **52.3% (2,945) of voters voted "No"; 47.7% (2,683) of voters voted "Yes"**
- **Voters continue to indicate a desire for a reduction**

Town continues to be divided on budget



Referendum Voter Data

	<u>4/7/2009</u>	<u>4/28/2009</u>
Eligible Voters	13,088	13,127
Yes Vote	2,539	2,683
No Vote	2,689	2,945
Did Not Vote	7,860	7,499
Did Not Vote %	60.06%	57.13%
Yes %	48.52%	47.66%
No %	51.39%	52.32%
Yes % to Eligible	19.40%	20.44%
No% to Eligible	20.55%	22.43%

Turnout up; majority of voters stay home

3



Voter Concerns

- ***Economic Uncertainty***
- ***Cost of Town Services***
 - ***Labor Costs/Union Concessions***
 - ***Rising Health Care Costs***
 - ***Voters focused on Education Costs***
- ***Revaluation***
- ***No explanation of what 0% means for Monroe***

Issues directly affecting budget vote

4



Economic Indicators

- **Stock Market Indices – Since 3/1/09**
 - Dow Jones Industrials – Up 21%
 - NASDAQ Composite – Up 29.4%
 - S&P 500 – Up 24.7%
- **Right Track/Wrong Track (Washington Post/ABC News)**
 - 1/16/09 - Right Track 15%; Wrong Track 82%
 - 4/24/09 – Right Track 50%; Wrong Track 48%
- **Stimulus Money**
 - Starting to flow to municipalities - \$1.05M to Monroe for Street Paving
- **Unemployment still a problem – less so in Connecticut & Monroe than the rest of the country – lagging indicator**

Is recovery sustainable?

5



Monroe Labor Cost Snapshot

- **The Municipal Supervisor's & Clerical Unions have both agreed to take a 0% pay increase for the 2009-10 fiscal year**
- **The Town's Non-Union & Elected Officials will take a 0% increase for the 2009-10 fiscal year**
- **Talks continue with the Police & Highway Unions to determine if there is any room for concessions – layoffs are an option**
- **The Superintendent of Schools will take a 0% pay increase for 2009-10**
- **Central Office Staff are working out give backs**
- **The Administrator's Union (Education) has agreed to concessions for 2009-10**
- **The Monroe Education Association, in lock step with the Connecticut Education Association in 168 other Towns and Cities has refused to discuss any concessions – BOE has responded with layoffs**

Concessions agreed to with No Layoff Clause

6



Health Care Costs

- *National problem*
- *BOE costs up 19% Y/Y*
- *Municipal costs up 4% Y/Y*
- *Long term issue to be solved through:*
 - *Collective Bargaining*
 - *Change in plans offered*
 - *Pooling of both municipal and education labor force in one plan (Buying Power Leverage)*
- *School Administration & First Selectman's office to set up Operational Review Committee to set overall course to change cost paradigm*
- *Federal regulations & oversight required*

An issue this budget cycle won't fix

7



Revaluation

- *Difficult process in a good economic time*
- *State mandated*
- *Specific Valuation rules set by State*
 - *Time Frame*
 - *Type of Sales; Arms Length transactions; No Foreclosure's, short sales or related party transactions*
- *Issues with valuation vendor*
 - *Technology transfer*
 - *Errors*
 - *Contract fulfillment*
- *Extension requested from BAA approved by my office*
- *Legislature has bill pending that would postpone implementation of revaluations across the state – need to contact your State Representative (Hovey) & State Senators (Debicella; Musto)*
- *I will be in the forefront of effort to pass this bill*

Working to ensure equitable assessment

8



0% - Lack of Explanation

- *To date there has been no explanation or road map from 0% advocates*
- *There is no public support for 0% from any elected official*
- *0% in other towns has meant large mill rate increases in following years*
- *Supporters of 0% have a responsibility to the Town to articulate their vision in greater detail*

One advocate did write me to express his vision

9



0% Road Map – Mr. Kennedy

- *Hold the expense budget at the same level as last year*
- *Where necessary & until economic conditions greatly improve, temporary changes in the budgeting process can be made, but should not be limited to the following:*
 - *All costs of extracurricular activities are eliminated from the budget and paid directly by parents*
 - *Similarly, library costs are paid by its users*
 - *Costs of Town facilities, i.e. park & pool are totally paid by users, particularly non-residents*
 - *Our roads are a mess, therefore standards s/b established whereby builders & utilities return them to their pristine condition*
 - *Reduction in the ratio of teachers to students in the high school s/b implemented immediately to reduce teacher costs & prepare students for lecture halls they will be faced with in college*
- *Compressive study on school expenditures & achievement*
- *Further tax relief for seniors*

One man's view – respect his candor

10



My Concerns

- ***We are forgetting we need to have a respectful discussion***
 - *Police complaints*
 - *Election violations*
 - *Finger pointing*
 - *Personal attacks*
- ***Generational polarization***
- ***Monroe's image compromised***
- ***Impact on our property values***

We are one Town



Budget Reduction

- ***Feedback from voters indicates a larger reduction – especially on the education side***
- ***Our % increase for education is higher than surrounding towns because of past funding decisions***
- ***There is no help from the teacher's union regarding concessions as is the case across the state***
- ***Thinking about a \$400K - \$500K reduction***
 - *\$500K would be largest one time reduction*
- ***Offer to discuss a potential reduction number tonight with leaders of FoD & Move, the Superintendent of Schools, the Town Council, BoF & BOE Chairs to gain some consensus & try to bring this Town together***

We need to finalize our budget & move on

Financial Plan w/ \$500K Reduction



	Budget 2008-09	Recommended 2009-10	Dollar Change	% Change
Town Revenue	\$3,486,696	\$2,852,662	-\$634,034	-18.18%
B.O.E. Revenue	<u>\$9,633,189</u>	<u>\$9,477,784</u>	<u>-\$155,405</u>	-1.61%
Total Revenue	\$13,119,885	\$12,360,446	-\$759,439	-6.02%
Town Operating Expense	\$16,926,332	\$16,227,732	\$302,400	1.90%
Debt Service	\$6,418,161	\$4,847,650	-\$670,601	-10.63%
Education Totals	\$62,012,119	\$63,283,820	\$1,271,701	2.46%
Other Expenditures	<u>\$120,000</u>	<u>\$135,000</u>	<u>\$15,000</u>	12.60%
Total Expenditures	\$73,476,602	\$74,494,202	\$1,018,600	1.39%
Excess Expenditures Over Revenue	\$60,356,717	\$62,133,756	\$1,778,039	2.95%
Funding Sources				
Undesignated Fund Balance	\$370,000	\$370,000	\$0	0.00%
Supplemental Taxes	\$416,000	\$220,000	-\$196,000	-46.99%
Operating Transfers	\$186,868	\$61,867	-\$134,991	N/A
Prior Years Taxes	\$200,000	\$200,000	\$0	0.00%
Current Years Taxes	<u>\$59,183,859</u>	<u>\$61,291,889</u>	<u>\$2,108,030</u>	3.56%
Total Sources of Funding	\$60,356,717	\$62,133,756	\$1,778,039	2.95%
Estimated Grand List				
@ 98.6% Collection Rate	\$2,616,467,461	\$2,640,267,386	\$24,799,936	0.99%
Mill Rate	23.66	24.13	0.48	2.03%

Mill Rate Examples



	2008-10	2009-10	2009-10	2009-10	2009-10	2009-10
Market Value	\$396,943	\$396,943	\$484,747	\$484,747	\$618,131	\$618,131
Assessed Value & 70%	\$277,160	\$277,160	\$339,323	\$339,323	\$432,692	\$432,692
MV Assessment	\$23,166	\$23,166	\$11,138	\$11,138	\$15,188	\$15,188
Mill Rate	0.02433	0.02413	0.02433	0.02413	0.02433	0.02413
Home Vehicles	\$6,743	\$6,688	\$8,266	\$8,188	\$10,527	\$10,441
	<u>\$755</u>	<u>\$559</u>	<u>\$383</u>	<u>\$269</u>	<u>\$495</u>	<u>\$366</u>
Total Tax Bill	\$7,498	\$7,247	\$8,619	\$8,457	\$11,022	\$10,807
Decrease		-\$251		-\$162		-\$215
% Decrease		-3.35%		-1.88%		-1.95%

Total tax impact from expense decrease



Summary

- *Town budget vote indicate that a larger reduction is in order*
- *Monroe needs to come together in order to move on with the important business of serving its residents*
- *Reductions will impact citizens across the board*
- *A reduction to 0% has yet to be defined by its advocates*
- *Further reductions would have a negative effect on the quality of our schools, our lives & negatively impact our property values*
- *Most of the Town's non-union & union employees are helping*

Voters decide the budget