Fairfield Taxpayer

FAIRFIELD TAXPAYER RESPONDS TO FIRST SELECTMAN TETREAU

A Fairfield resident recently asked First Selectman Tetreau to respond to Fairfield Taxpayer's alternative budget recommendations.[1] We have copied below in its entirety the First Selectman's response.

On the critical issue of how the Town should deal with the possibility that Fairfield might have to pay the State $9.2 million next year (representing one-third of our teachers' pension costs, and 3.3% of our current tax levy), the First Selectman's response makes it clear that ***HE WANTS TO RAISE TAXES FIRST AND WORRY ABOUT ANY ALTERNATIVES OR CONSEQUENCES LATER.*** In other words, he is apparently not concerned about whether the taxpayers can afford a 4.5% tax increase.

The First Selectman's implicit indifference to the critical question of WHETHER THE TAXPAYERS CAN AFFORD TO PAY ANOTHER $9.2 MILLION IN TAXES should be of great concern to all Fairfield residents.

The issue before us is quite simple.

1. Fairfield may get hit by the State with a $9.2 million teacher pension charge.
2. The First Selectman says we should raise our tax rate next year by 4.5% to cover the full potential cost.
3. Fairfield Taxpayer says we should: (a) raise our tax rate by only 1.5%, in line with the current rate of inflation; (b) use our existing $28 million Rainy Day fund to cover any teacher pension cost (which could turn out to be far less than $9.2 million); and (c) figure out where and by how much we should cut other spending to offset that cost and rebuild our Rainy Day fund in FY19.
4. Raising taxes to cover a possible $9 million cost (instead of using our $28 million reserve, if necessary) makes no sense, and would also eliminate any pressure to make offsetting, sustainable spending cuts.

FT also recommended that the BOE and all other Town departments be asked to prepare contingency budgets for FY19 that assume we must cover $9-$10 million in additional cost, which will allow the public and their elected officials to make rational and informed choices.

From: "Tetreau, Mike" <MTETREAU@fairfieldct.org>
Date: March 8, 2017 at 4:28:22 PM EST
To: Three Recipients
Subject: RE: FT Alternative Budget

The FT plan would ignore the $9 million State Teachers Pension proposal. This would allow us to lower the tax rate 3% if we didn't restore any of the cuts. Using the surplus - if this did pass in the final state budget - would set up a big tax cliff for next year. Adding $9 million back in the budget to put it into surplus next year would just be transferring the tax issue to next year.

Still reviewing the write up to see if there are components that can be used.

The use of the Mill Rates to compare tax burden is really not a valid measure. Please review my budget presentation for a more accurate comparison.

Thanks for your efforts and follow up. Mike

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[1] http://www.fairfieldtaxpayer.com/uploads/1/1/1/8/11185705/what_goes_up_must_come_down_final_3.5.17.pdf

In summary, contrary to the First Selectman's claim that "The FT plan would ignore the $9 million State Teachers Pension proposal," and "set up a big tax cliff for next year," ***the FT plan would protect the taxpayer from what may be an unnecessary tax increase and would give the Town time to figure out (with the benefit of those contingency budgets) how much of any increased cost we want to offset with spending cuts rather than tax increases.***

If the Town must pay the full $9.2 million, the FT budget **would not set up *"A TAX CLIFF*."** It would set up "***A SPENDING-REDUCTION CLIFF***." For example, since education spending represents 65% of our total spending, the BOE would have to find significant sustainable spending cuts next year in addition to the cuts that will required this year to offset about $4 million, primarily from lower State aid to education.

In contrast, the First Selectman seems to think it would be better to avoid "a big tax cliff next year," by simply hitting the taxpayers with a huge 4.5% tax increase that would, in effect, simply add another $9 million to the $28 million we already have in our Rainy Day fund – just in case we might need it – **and in the process eliminate any pressure to make the substantial and sustainable cuts in spending that would otherwise be necessary in FY19**.

Here are some of the relevant principles that were included in Fairfield Taxpayer's budget recommendation:

- Anyone who thinks that taxes would not continue to increase from the higher base after a 4.5% increase is not, in our opinion, a good student of history, politics or human nature.

- Raising the tax rate by 4.5% would send the wrong message to the Governor and his supporters that Fairfield taxpayers can afford to pay more, and are willing to do so.

- Fairfield already has a serious affordability problem with a mill rate that is significantly higher than neighboring towns where home buyers, particularly higher-end home buyers, can find homes they like in communities with great schools and public services and can pay substantially lower taxes, all of which is eroding Fairfield's tax base.

- ***Budget proposals should never start with how much more everyone would like to spend – they should always start with how much we can afford to spend***. Any consideration of how much we can afford to spend must acknowledge that seniors living on fixed incomes have had virtually no increase (0% in 2016 and 0.3% in 2017) in their social security benefits.

FT also believes that it makes no sense to impose disruptive changes in education and Town spending that might not be necessary if, for example, the teacher pension cost proposal is not enacted.

Nor does it make sense to impose an unaffordable tax increase to mask or postpone the inevitable need for substantial spending cuts.

In closing, FT finds it ironic that the First Selectman has taken the position he has given what he said in a *Citizen News* article[2] on February 16th:

[2] http://www.fairfieldcitizenonline.com/news/article/Hartford-s-budget-fallout-slams-Fairfield-10937812.php

- *As for using surplus funds "That would be one of the last places we'd look, but it is the reason you have a surplus, for when you're faced with a fiscal situation of this magnitude," Tetreau said.*
- *The first selectman is also angered by comments made at a Tuesday Connecticut Conference of Municipalities meeting by Benjamin Barnes, of the state's Office of Policy and Management. "He said towns should raise taxes, especially those towns will* [sic] *mill rates in the 20's or less," Tetreau said. "What I find appalling is the governor recommending we raise our property taxes ... raising property taxes is a regressive tax that hurts senior citizens and people with lower incomes that own property and small businesses."*
- ***There would be "nothing worse for the economy in Connecticut than raising property taxes," he said.***