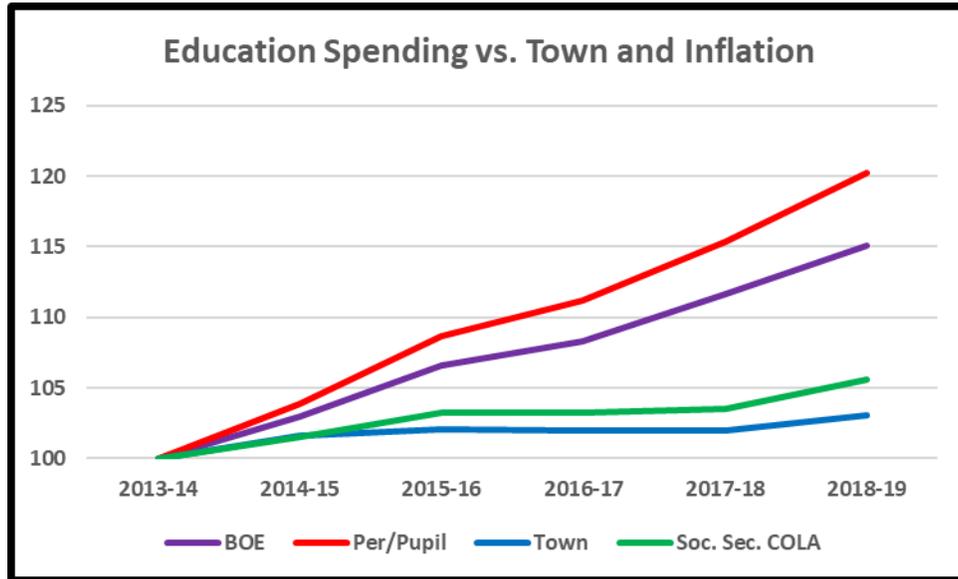


Town-Side Spending Is Under Control – The Education Side Is Ignoring Reality!



Taxes Next Year Up 2.5% . . . Yawn . . . But Please Don't Doze Off

With general inflation around 2%, the proposed 2.5% tax increase for next year will not motivate the Silent Majority to show up in large numbers on Saturday morning for the annual Board of Finance Public Budget Forum, but the Ludlowe High School auditorium will be filled as always with special-interest advocates, particularly school parents, teachers and other school staffers speaking passionately in support of higher education spending.

Unfortunately, Fairfield has become a tale of two towns: Fairfield Municipal and Fairfield Education, only one of which seems to acknowledge the realities we face.

Town #1 – If its proposed budget is approved, Fairfield Municipal's spending will be up only 1.2% next year and up only 3% over the last *five years* (that's right, up only 3% in total over *five years*), which suggests that it clearly recognizes that our ability to continue to prosper is threatened:

- because our **Grand List** is shrinking (down 10% from its 2011 peak);
- because **home values** remain under pressure (particularly at the higher end of the market that historically has paid a disproportionate share of total property taxes);
- because the State of CT is in a deepening **fiscal crisis** that threatens every CT town with more **cuts in municipal aid, weak economic growth, high commercial vacancy rates and no job growth**; and
- because **Federal tax changes** restricting the deduction of State and Local taxes have just raised the after-tax cost of state and local government for many at a time when higher taxes in CT seem inevitable (including the possibility that towns like Fairfield will be forced to pay **teacher pension costs** that the State was supposed to have been paying with our income and sales tax dollars).

Town #2 – Meanwhile, Fairfield Education seems oblivious to our growing peril because if its proposed budget is approved:

- its spending next year will be **up 3.1%** (\$5.2 million);

- its **spending** over the last five years will be **up 15% (or \$23 million) despite a 4% decline in enrollments**;
- its **per pupil spending** over the last five years will therefore be **up 20% (from \$14,751 to \$17,735)**;
- it is spending **\$18-\$19 million** to renovate and expand Holland Hill school, and despite the likelihood of reduced State aid for school construction, it wants to spend as much as another **\$25 million** to renovate and expand Mill Hill school at a time when we have hundreds of empty seats in our other schools and enrollment is declining.

Fairfield Municipal has been making tough choices to restrain its spending, including zero salary increases this year for Department Heads and Firefighters and no increase in overall headcount. All municipal departments are figuring out how to do more with less; they are reducing administrative and overhead costs; and they are actively seeking structural changes that could significantly reduce the cost of the services they provide, including for example, a joint emergency call center with Westport.

Fairfield Education is not making tough choices. Even a modest cut, like the \$400,000 reduction in spending on classroom materials and supplies (representing two tenths of one percent of its \$174 million budget) proposed by Supt. of Schools Jones, was reversed after an outcry from the powerful education lobby. And teachers were just given a new contract that will raise the cost of their compensation (salary plus healthcare benefits) 3.5% annually (almost 11% over the next three years), which by the way will now also undermine efforts to restrain compensation increases on the municipal side of town. And although enrollment will be down, staff headcount is rising by 20 full-time positions. And, having been asked a year ago by the Board of Finance to propose structural options to reduce spending, the BOE stalled, eventually produced a list that included some facility options and no material programming options, and has now eliminated all but two of those facility options, neither of which (relocating the small Alternative High School and reconfiguring some elementary grades) would have any material effect on its \$174 million annual spending.

The Board of Education is fond of saying that they are only responsible for advocating what they believe is in the best interests of our schools and our students, and that other Town boards and bodies must tell them what the Town can afford. However, in fact, with help from the teachers' union (a.k.a., Fairfield Education Association, whose president told his members last year that "we must do everything we can to help the democrats . . . because our new contract will be coming up for a vote this fall . . . and the democrats will put up a pro-education candidate"), the BOE always launches aggressive lobbying efforts to rally public support of its budget and school construction proposals in order to discourage any other elected officials from concluding that the Town can't afford what they have proposed. Thus, any actual reductions in the BOE's proposed budget increases are almost always modest.

How Much Should We Spend on Education?

Many at the meeting on Saturday will proclaim that education spending, which now accounts for 65% of our total spending, is good for Fairfield and that we should not restrain education spending because "*the children are our future,*" because "*we must compete with spending by rich Fairfield County neighbors like Greenwich, Darien and Westport,*" because "*people move to Fairfield for the schools,*" and because "*spending more on education will attract more home buyers and increase our Grand List.*"

Anyone who thinks that Fairfield can spend its way to prosperity should consider what has happened to Connecticut. After decades of living beyond its means – spending more and more on public services,

including overly generous compensation for public employees – CT is now in big trouble in a deepening fiscal crisis. Any voices for spending restraint in Hartford were always overwhelmed at public hearings by advocates for higher spending and more services. The standard response to calls for restraint was that there was nothing to worry about because CT is the wealthiest state in the nation with a virtually inexhaustible supply of wealth. So, CT steadily expanded services and increased taxes until . . . suddenly . . . tax revenues began to fall, despite higher tax rates, because more and more of the people who were supposed to pay for all those services began to leave. Since 2007, in the wake of the Great Recession, Connecticut’s real GDP has declined 7.9%, and it has still not recovered all the 119,000 jobs it lost. The exodus by resourceful companies and citizens from Connecticut is still gaining momentum. As the old saying goes, “you can ignore reality, and you can deny reality, but you can’t escape reality.”

OK, So, How Much Should We Spend on Education?

We agree emphatically with those who argue that good schools support property values. However, we also know that, as with most things in life (e.g., snow, sun, chocolate, apple pie and ice cream), we can have too much of a good thing. This means that, **at some point, high spending on education, or any other government service, also hurts property values by raising taxes to levels that are not affordable or competitive.**

The corollary to the oft-repeated observation that “*people move TO Fairfield because of our schools*” is that “**people move FROM Fairfield because our taxes are too high.**” When the number of people who want to move out exceeds the number of people who want to move in, home prices decline, **as they have in Fairfield since 2007.** When home prices decline, unless there is offsetting new construction, the tax base declines. When the tax base declines, services must be cut and/or the tax rate must rise. When services are cut and/or the tax rate increases, more people want to leave, and we eventually have to cut spending on education along with everything else.

We should spend as much on education as we can afford in order to provide the best education we can to our children. **In the current perilous environment, we cannot afford 4% annual increases in per pupil spending, 3% annual increases in education spending, and continued heavy spending on school construction.**

The State of Connecticut allowed its spending to grow beyond what it could afford thereby undermining its ability to attract and retain enough residents and businesses who were willing to pay for all the great services it was providing. Fairfield should not make the same mistake.

Even If You Don’t Go to the Meeting, Please Let the Board of Finance Know What You Think

Whatever your views are on the proposed budget for 2018-19, we hope you will share them with members of the Board of Finance, which you can do easily by using the 1-Click link below.