

Prologue: The context for this very short play is that Fairfield's Board of Education has requested a substantial increase in education spending despite the substantial savings it will realize from a cheaper healthcare plan. Both before and after the First Selectman's adjustments to its budget request, and at a time when student enrollment is declining, the BOE wants to spend almost \$6 million more on everything other than employee benefits. If all this additional spending were truly essential, then without the healthcare savings the BOE would be asking for a total increase of around \$8 million, or 5%. Fairfield Taxpayer believes the BOE should find ways, with the benefit of those savings, to hold education spending flat next year, just as the Town is doing for municipal spending.

“Reinvest” Sounds So Much Better than “Spend More”

A One-Act Play

Scene: Two people at their kitchen table in Fairfield discussing their household budget for next year.

Spouse #1: Unfortunately, things are still really tough out there, so we must be very careful with our spending. As you know, our home declined in value based on the latest revaluation, and it may go even lower because all those GE employees are leaving. Meanwhile, the stock market has been weak, which is hurting our retirement savings, the state is in big trouble and will probably cut its support, and the economy and incomes are growing slowly if at all. For example, our parents got no COLA increase in their Social Security benefits this year. Oh, and don't forget that we will have to save even more money for retirement because our financial advisor says we can't really expect to earn consistent 7.5% annual returns. So, I thought you would be pleased that I have figured out how to spend slightly less than I did this year without postponing any expenses I would simply have to pay later.

Spouse #2: Well, honey, I have some really great news for you. My new healthcare plan will cost \$3,500 less than I would have had to pay next year. Even with a \$500 reserve for any liabilities from the old plan, another \$250 reserve to offset lower State support, and \$150 in administrative costs, I will spend \$2,345 less on healthcare next year.

Spouse #1: Wow! That really is great news. Even though \$2,345 in savings represents only about 1.5% of your current spending of \$161,200, it will definitely help us hold down our total spending next year.

Spouse #2: Yes, the savings are so wonderful that I decided to increase my spending on everything else by about \$5,800, or 4.3%, and guess what . . . thanks to the savings, my net spending will rise only \$3,448, or 2.1%. Isn't that great?

Spouse #1: Uh, wait, what? I am reducing my spending, and you want to spend the \$2,345 in healthcare savings plus another \$3,448, for a total of almost \$5,800 more on everything else?

Spouse #2: Well, yes, but you shouldn't say I would be “**spending**” my savings, instead think of what I am doing as “**reinvesting**” them to buy things I have wanted for a long time.

Spouse #1: But, even if we didn't have to worry about holding down our overall spending, and even if we didn't have more urgent uses for that money (like doing more for our parents or putting more money aside for retirement), isn't it true that the healthcare savings is a one-time event, and if you spend

\$5,800 more on everything else, we will then have to keep spending the same amount plus inflation in future years when we won't have any healthcare savings to offset it? In other words, aren't we are ratcheting up our household budget at a time when we should be trying to do just the opposite?

Spouse #2: You don't understand. I have been waiting a long time for the new things I want to buy, and I'm not willing to give up any of them without rigorous discussion. And, by the way, don't forget, as I constantly remind you, that our rich neighbors are spending even more than I am.

Spouse #1: Well, a rigorous discussion will not alter the fact that we can't afford to spend \$5,800 more at a time like this. We must both start with how much we can afford to spend, and then make the same tough choices that the State and other people like us, not the Rockefellers or the Vanderbilts, are making. If we want new stuff, we must figure out where we can cut back on old stuff. If the new stuff is really so important, you should be able to find things that are less important that can be reduced or eliminated. Thanks to your healthcare savings, you should be able to hold your total spending flat next year just like I am.

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