

SOMERS FACES BUDGET CHALLENGES

From the Office of the First Selectman

As is the case in all cities and towns in Connecticut, Somers will struggle to continue to adequately fund town and school services in the coming two or more years, maybe more than most towns. The table below shows the financial challenges created for Somers by the state budget as proposed by Governor Rell. The state budget finally adopted may differ, but we have to build a town budget based on the best information available, which currently is the Governor's proposed budget.

Because of three state prisons located in town, Somers receives more support in the form of Payment in Lieu of Taxes (PILOT) and casino revenue grants than most towns. These programs would be reduced in the Governor's proposal and Somers, relative to other towns, would take a large hit. The state is building a two-year budget that, in its current form, would reduce grant support to Somers by \$851,000 in each of the next two years compared to the level of support provided in this current budget year.

In addition, Somers relies heavily on resident state police troopers to provide police services in town. We have been reimbursing the state for the cost of these troopers at the rate of 70% of the total cost the state calculates it takes to provide this service. The proposed budget would raise that reimbursement rate to 85% next year and 100% the following year. For Somers, that would require an additional \$125,000 in the first year and then \$250,000 in the second year.

The selectmen, school board, superintendent of schools, and finance board have been anticipating that the challenges facing the state would heavily impact our town. The finance board is asking the town and schools to bring forward budget proposals for next year that would not increase spending in either sector. The school board has accepted a budget proposal from the superintendent that would keep next year's spending level equal to this year's. The selectmen are doing the same. In each case, overcoming increased costs in staff and other operating expenses is possible only by changing our staff related expenses, since this is the largest portion of each budget. Maintaining all current services and staff and meeting all financial commitments to staff would require a budget increase of over \$800,000 next year and more than that amount the following year. That would mean a tax increase of over 1 mil in each year, adding \$200 in tax per year to the homeowner of a house assessed at \$200,000, the town average.

The table below shows how the town budget might look over the next two years if the state budget as proposed were to be adopted. It reflects the reduced grant support from the state and also the additional expense for the town to fund the additional police reimbursement expense. Additionally, on the revenue side, taxes would increase because of growth in the grand list (the value of all taxable property in town), which we know will be 1.58% larger next year and which we are forecasting to increase by another .5% the following year. The taxes generated reflect the mil rate holding constant at its current level of 21.91 mils. Spending levels for town government and school programs are shown holding level over the next two years, except for the additional expense for police services proposed in the state budget. Debt service will be lower in each of the next two years and one time expenses for revaluation currently under way will be \$40,000 next year (under the capital expenses line), instead of the \$80,000 this year and zero in the second year. Even with these lower expenses, the offsetting increase in police cost and decrease in state grants creates a gap of over \$600,000 next year and \$500,000 in the second year. A local tax increase of .75 mils would be needed in the coming year and then carried forward in following years to fill this gap. Filling this gap *and* maintaining current services would require tax increases totaling 1.8 mils next year and 1.1 mils the following year.

The Boards of Finance, Education and Selectmen are continuing to review these budgets. There will be a public forum to discuss them and review the state budget prospects with our state representative Penny Bacchiochi on March 10 at 7:00 PM at the Elementary School auditorium. Other meetings involving the budgets will be posted on school and town websites.

REVENUE AND EXPENDITURE SCENARIOS FOR 2009-2010 AND 2010-2011

	Budgeted 2008-2009	Proposed 2009-2010	Proposed 2010-2011	Cumulative Change from 08-09 to 10-11
Revenues				
Taxes*	16,361,965	16,619,457	16,702,229	597,756
Permits & Fees	1,370,355	1,107,961	1,107,961	(524,788)
State & Federal Grants	10,806,008	10,061,010	10,061,010	(1,489,996)
Total	28,538,328	27,788,428	27,871,200	(1,417,028)
Expenditures				
General Government**	6,094,607	6,219,607	6,344,607	375,000
Education	18,762,332	18,762,332	18,762,332	-
Capital Expenditures	597,000	557,000	500,000	(137,000)
Debt Service	3,084,389	2,871,677	2,768,871	(528,230)
Total	28,538,328	28,410,616	28,375,810	(290,230)
Balance (Revenue-Expenditures)	-	(622,188)	(504,610)	(1,126,798)
Net Deficit to Level Fund Expenditures		(622,188)	(504,610)	(1,126,798)

* mil rate constant at current 21.91, grand list growth is 1.58% for 09-10 and projected at .5% for 10-11

** reflects reduced state support for police adding \$125,000 in 09-10 and \$250,000 in 10-11

BUDGET FORUM TUESDAY, MARCH 10, 7:00 PM, ELEMENTARY SCHOOL AUDITORIUM