

FIRST SELECTMAN PROPOSES 2.15% TAX INCREASE FOR 2019-2020

March 5, 2019 - First Selectman Vicki Tesoro today outlined her proposed fiscal year 2019-2020 budget in a letter to town residents and the Board of Finance. Her proposal comes as state budgetary decisions have created the likelihood of new financial burdens on the town. But for the second consecutive year, Tesoro has delivered both tax stability and a gimmick-free budget, while facing extraordinary external fiscal challenges in both years.

Tesoro's budget calls for total spending of \$174.8 million, an increase of 2.94%. Taxes would increase by 2.15% in Tesoro's proposal. This tax increase is consistent with other Trumbull budgets in recent years, coming in as the third-lowest over a seven-year span dating back to 2013-2014.

Several factors underlie the proposed spending increase. The town side has seen an upsurge in debt service, pension contributions, insurance, recycling expenditures, and other fixed costs. Debt service and insurance expenses each increased by 9%. Pension contributions increased by 4.3%. The debt service will rise by \$1.1 million because savings from a refinancing in the last administration were taken up front, rather than the benefit being spread over a longer period.

Another critical factor has been the newly elected Lamont Administration's proposed state budget changes, which will materially impact Trumbull. As of the date of Tesoro's transmittal letter, Trumbull will see a reduction in Education Cost Sharing (ECS) revenue of \$655,538, and a new expense of \$510,870 for the town's allocation of teachers' retirement contributions. Combined, the loss of the ECS funding and the new the teachers' retirement expense amounts to an increased cost of \$1.2 million for Trumbull.

Tesoro's budget proposal accounts for the full impact of the state budget changes.

Partly because of these statewide proposals, Tesoro's budget reduces the Board of Education's 4.3% requested spending increase to 2%, for a total education budget of \$105.6 million. This increase falls in the middle of the last seven school system budget increases, which ranged from a low of 1.4% in 2017-2018 to last year's high of 3.1% in Tesoro's first budget.

In the event that the state restores all or part of the reduction in the ECS funding and/or reduces all or part of the teacher pension obligation, Tesoro said she will work with the Board of Finance and Town Council to add some funding back to the Board of Education allocation while reducing the tax rate as well.

"I believe Trumbull's allocation is disproportionate," Tesoro said of the Governor's numbers. "I will be working with our representatives in the state legislature to restore as much of these additional amounts as possible. In the meantime, I urge our residents to contact the governor, lieutenant governor, state treasurer, senate and house leaders, and state legislators to let them know your views."

On the local level, several factors dictate the need to be fiscally prudent. Most significant among them are tax appeals from some of the town's largest taxpayers, which were started under the prior administration. The outcome of these appeals is uncertain and could result in substantially less revenue.

On a positive note, the town's Grand List of all taxable properties grew slightly this year, and Town Treasurer Anthony Musto's management of the town's investments is producing returns in excess of what was anticipated in the current budget.

"This budget represents my best effort to balance the need for continued investment with the need for stable taxes so that we do not make our town unaffordable for our citizens and our businesses," Tesoro said. "You, our citizens and our businesses, deserve nothing less."