Budget Hearing 2016

Proposed Fiscal Year 2017 Budget

Barrington Committee on Appropriations

Geoffrey Grove, Chair
Chad Mollica, Vice Chair
Peter Dennehy
Melissa Horne
Richard Staples, Jr.

Committee On Appropriations

From the Town Charter, Title 7, Chapter 2:

7-2-1 MEMBERSHIP AND DUTIES. Before adjournment of the Annual Financial Town Meeting, the meeting shall elect a committee of five (5) persons to hold a public meeting on the Wednesday two (2) weeks prior to the next Annual Financial Town Meeting at seven (7) o'clock in the afternoon for the purpose of hearing all qualified electors of the Town interested in preparing a budget to be presented to the Financial Town Meeting and to submit a printed report of their recommendations for expenditures by the Financial Town Meeting, and the amount of tax which will be necessary to levy to pay such expenses. **[Amended 11-2-2004]**

Providence is in trouble

Defining the Challenge:
Key Drivers of Fiscal Gap

- The City's projected baseline fiscal gap is principally driven by four factors: The City's unfunded pension and OPEB liabilities
- Growing health benefits costs (health care and other benefits)
- Revenue growth that cannot balance long-term expenditure growth and the past loss of State Aid
- Maintenance of high carrying costs (e.g. workforce levels, overtime)

National Resource Network Report:
City of Providence Ten Year Plan: Summary of Key Benchmarking Findings April 6, 2016

Taxpayers are under financial strain

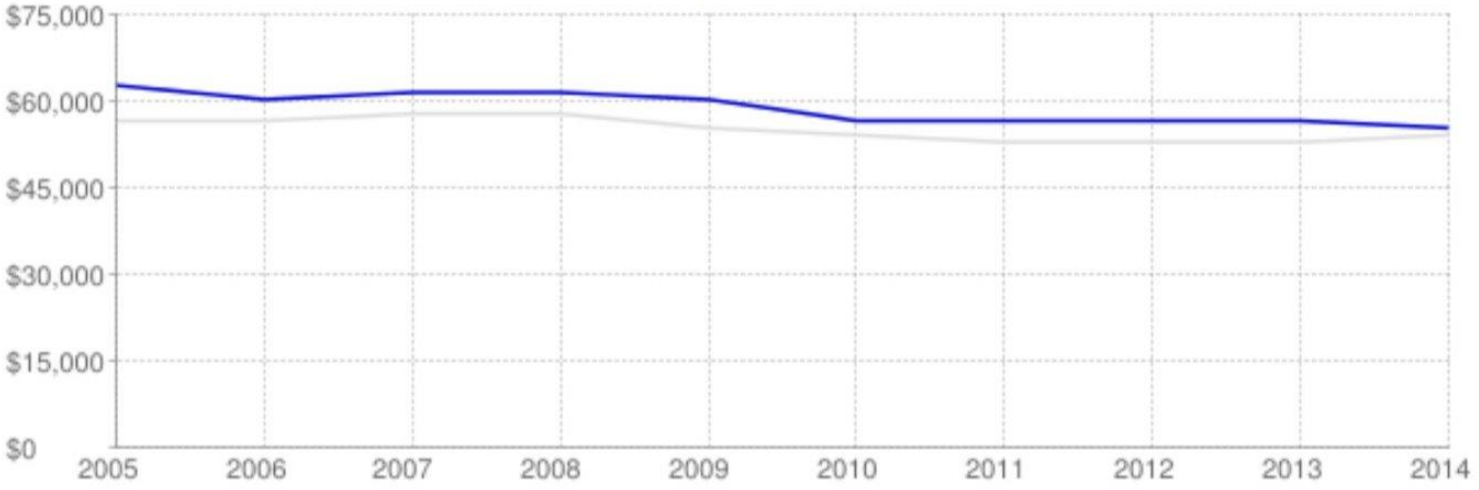
Real Median Household Income in Rhode Island Show dollars as: Nominal Real

	2014	1 Year Change	3 Year Change
US	$53,657	+1.04%	+0.93%
Rhode Island	$54,891	-3.39%	-2.78%

Rhode Island Real Median Household Income Trends since 2005

The current median household income for Rhode Island is $54,891. Real median household income peaked in 2005 at $62,381 and is now $7,490 (12.01%) lower.

Real Median Household Income: Rhode Island, National



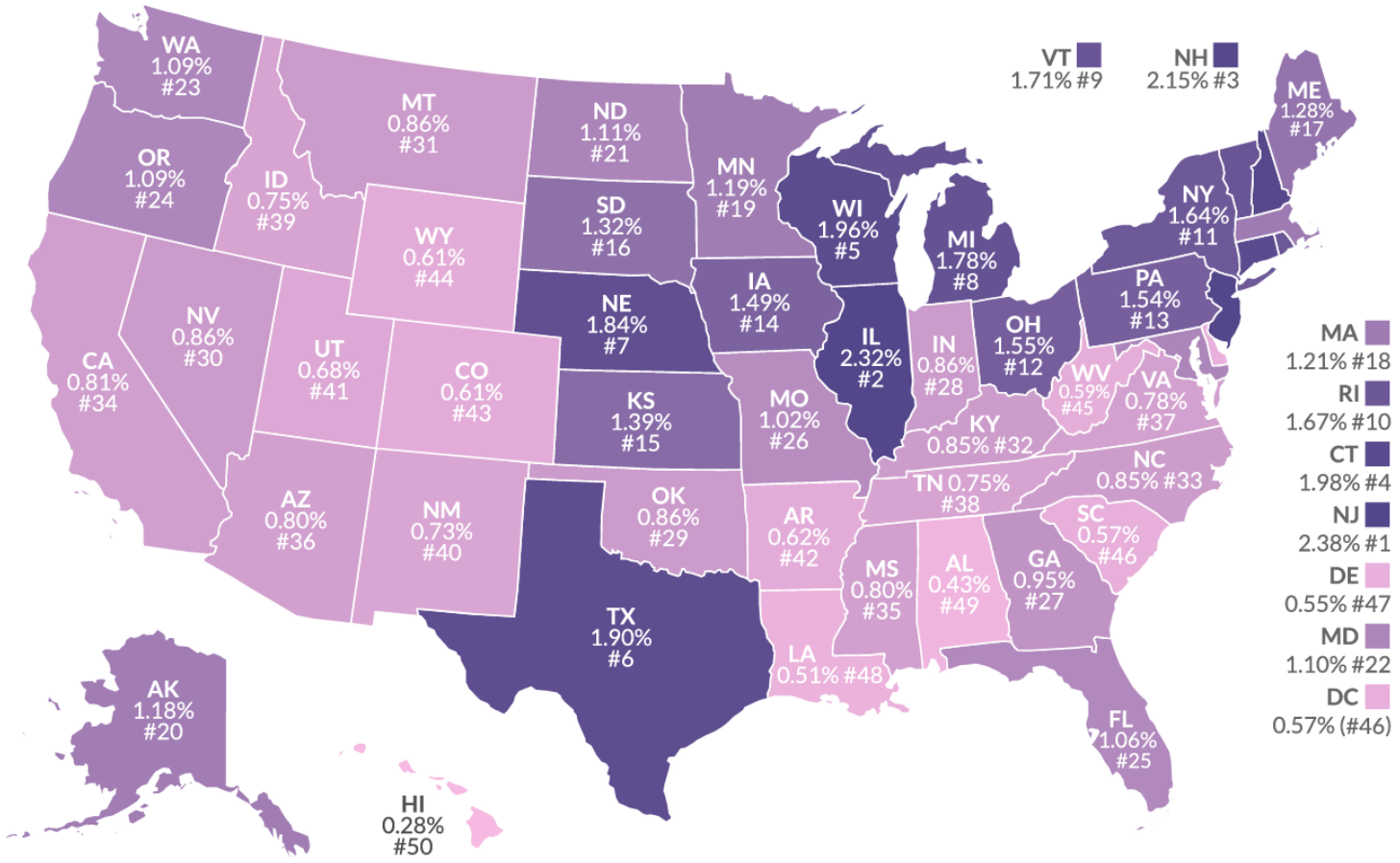
http://www.deptofnumbers.com/income/rhode-island/

"Some *62 percent of people between ages 45 and 60 experienced at least a 20 percent decline* in the value of their financial assets since the beginning of the crisis, compared with only 42 percent in 2010, according to the Conference Board survey…"

http://money.usnews.com/money/retirement/articles/2013/02/11/why-more-americans-are-working-past-age-65

How High Are Property Taxes in Your State?

Mean Effective Property Tax Rates on Owner-Occupied Housing



Notes: The figures in this table are mean effective property tax rates on owner-occupied housing (total real taxes paid divided by total home value). As a result, the data exclude property taxes paid by businesses, renters, and others. D.C.'s rank does not affect other states' rankings, but the figure in parentheses indicates where it would rank if included.

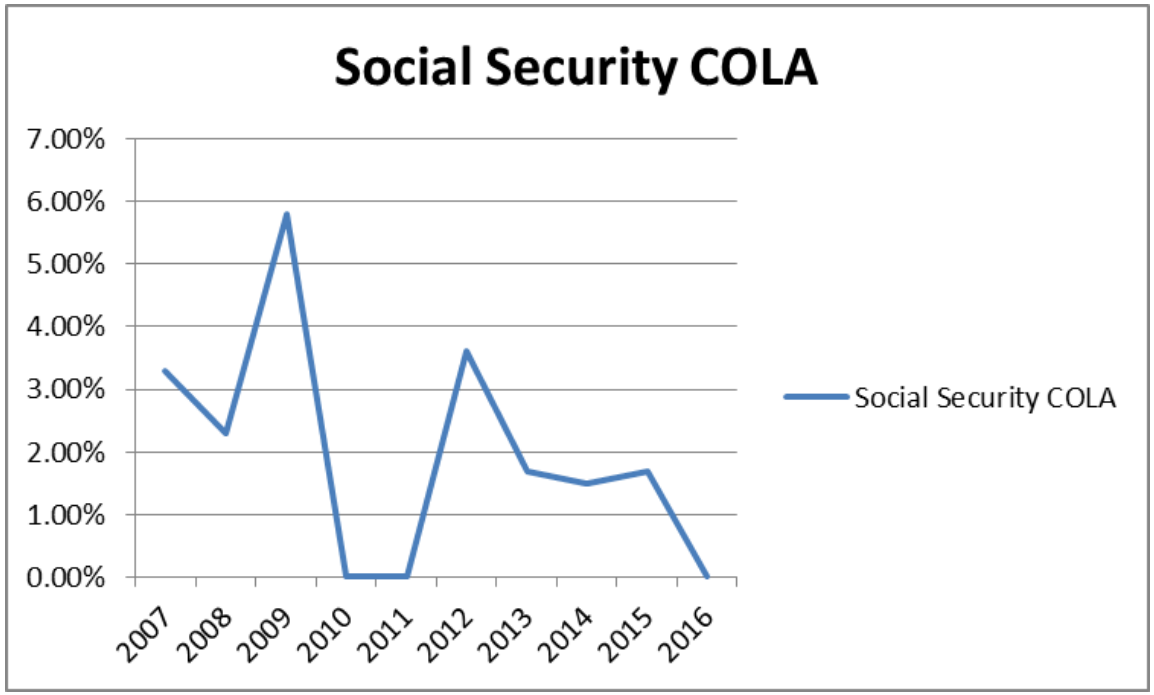
Source: U.S. Census Bureau; Tax Foundation.

Effective Property Tax Rate

Lower Rate — Higher Rate

Social Security recipients aren't getting a raise again this year

- 2007 -- 3.3%
  2008 -- 2.3%
  2009 -- 5.8%
  2010 -- 0.0%
  2011 -- 0.0%
  2012 -- 3.6%
  2013 -- 1.7%
  2014 -- 1.5%
  2015 -- 1.7%
  2016 -- 0.0%

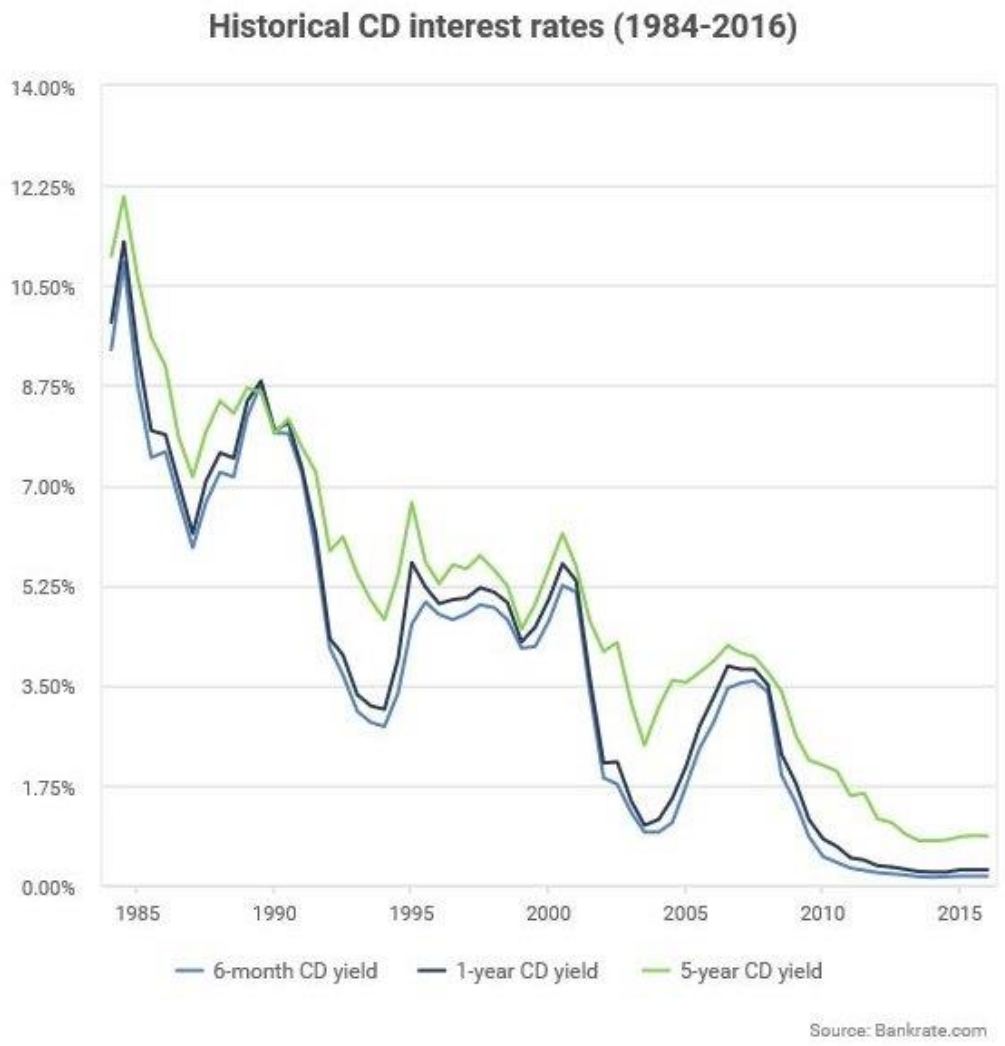


https://www.ssa.gov/news/cola/automatic-cola.htm

Historical CD Interest Rates - 1984-2016

By Denise Mazzucco • Bankrate.com

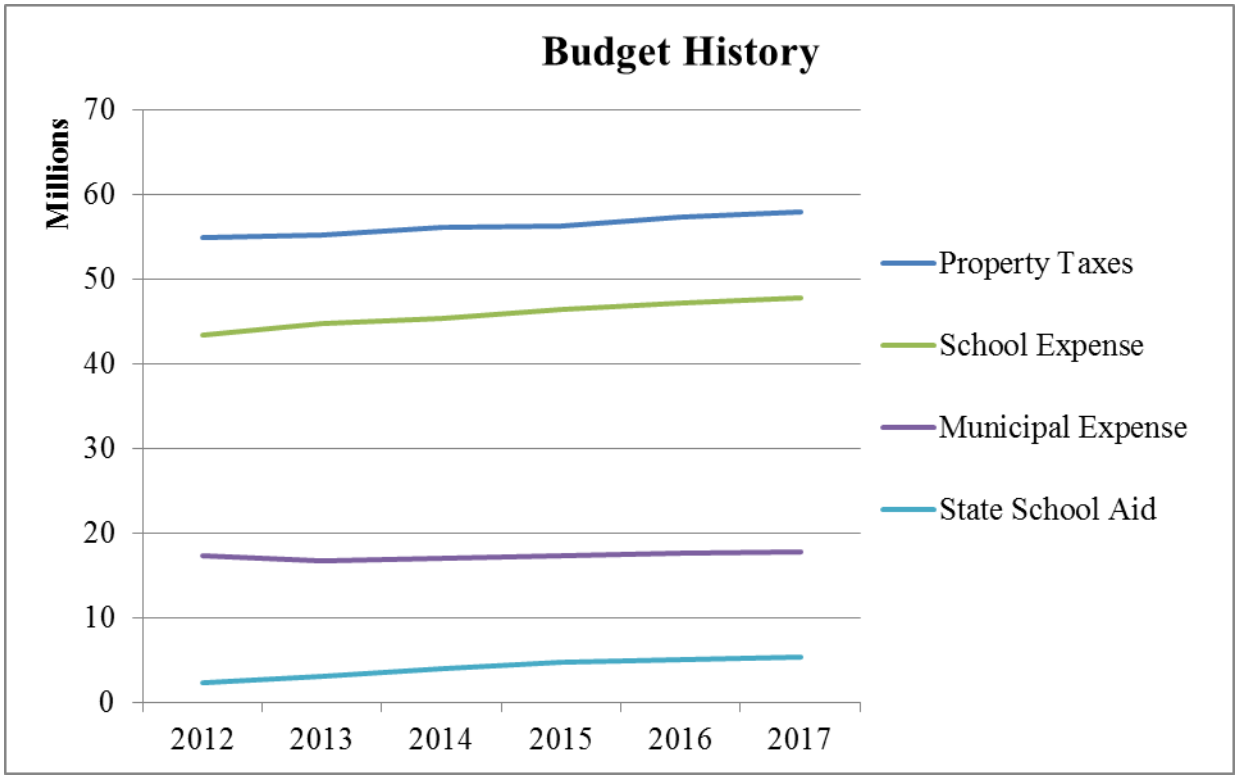
This chart shows the national average CD rates on 6-month CD yields, 1-year CD yields and 5-year CD yields since 1984, according to Bankrate's weekly survey on interest rates.



The Budget

- Revenue
- Schools
- Municipal
- Capital

6 Year Budget History



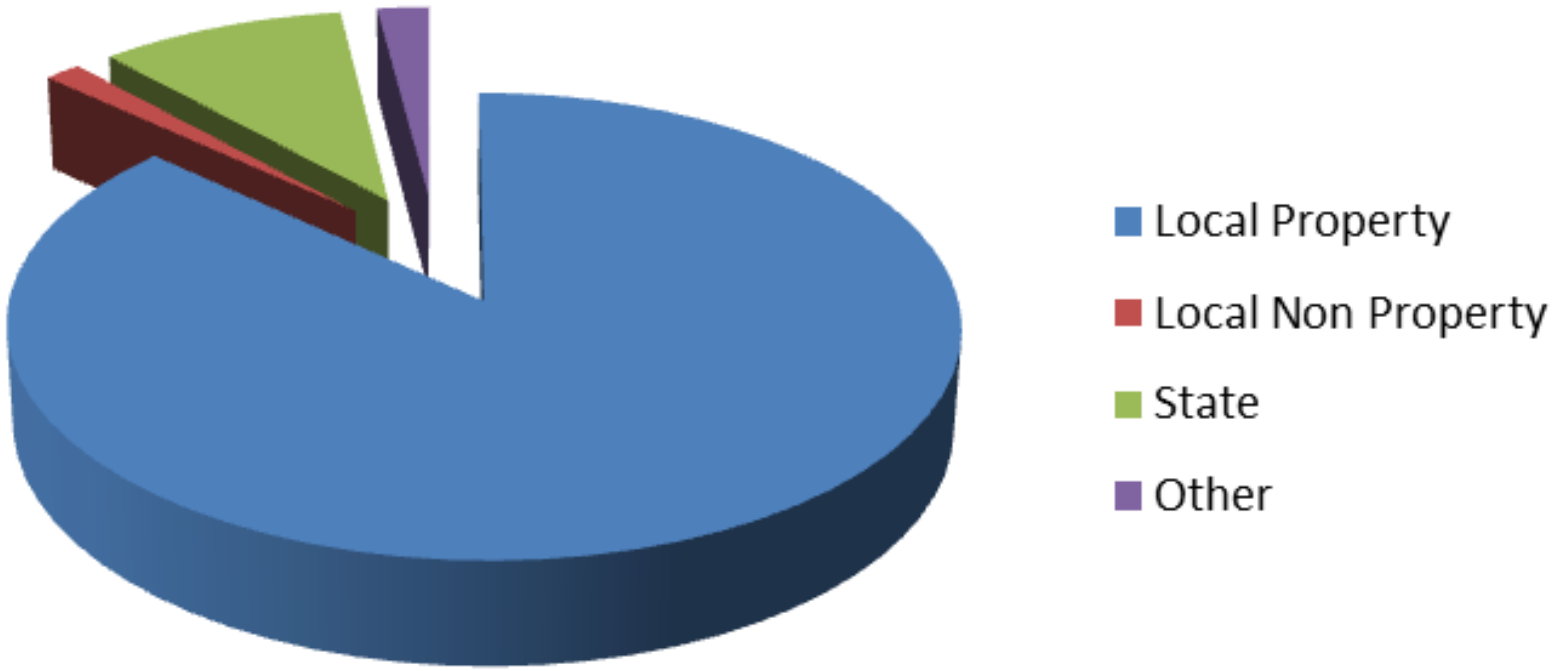
	Average Annual Increase	2017 Increase
Property Taxes	1.10%	1.59%
School Expense	1.89%	1.69%
Municipal Expense	0.90%	1.25%
State School Aid	15.30%	4.10%

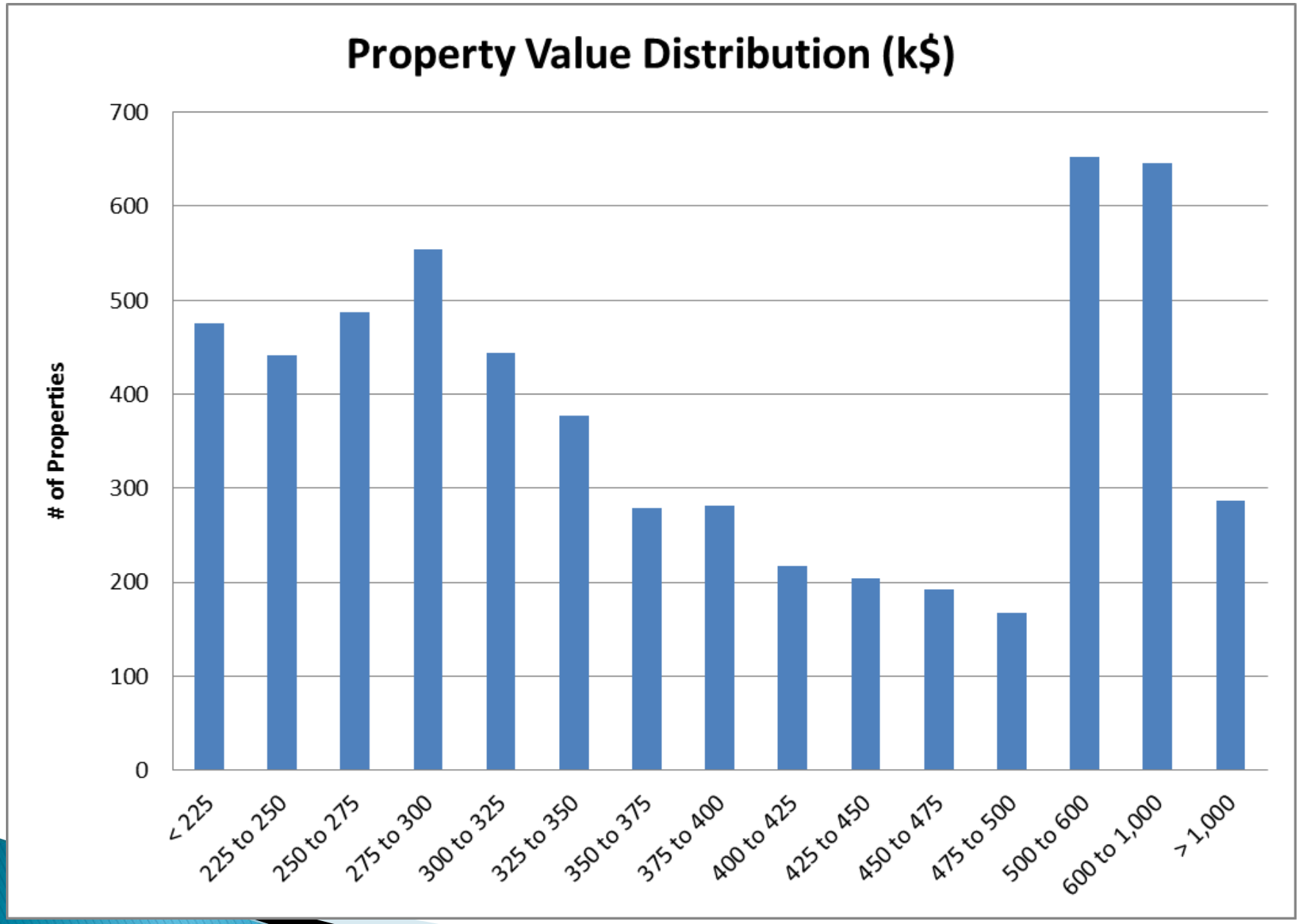
The revised School Aid Funding Formula has offset much of school expense increase, *so far*.

Proposed Town Budget
July 1,2016 to June 30, 2017

	School Operating	Municipal Operating	Capital	State Aid	Other	Property Tax
Expenses	**$47,966,398**	**$17,798,675**	**$1,205,000**			
Revenues				**$6,484,451**	**$2,334,287**	**$58,150,726**
% of Total	**71.6%**	**26.6%**	**1.8%**	**9.7%**	**3.5%**	**86.8%**

Revenue




Property Value Distribution (k$)
# of Properties
700
600
500
400
300
200
100
0
< 225
225 to 250
250 to 275
275 to 300
300 to 325
325 to 350
350 to 375
375 to 400
400 to 425
425 to 450
450 to 475
475 to 500
500 to 600
600 to 1,000
> 1,000

Motor Vehicle Tax

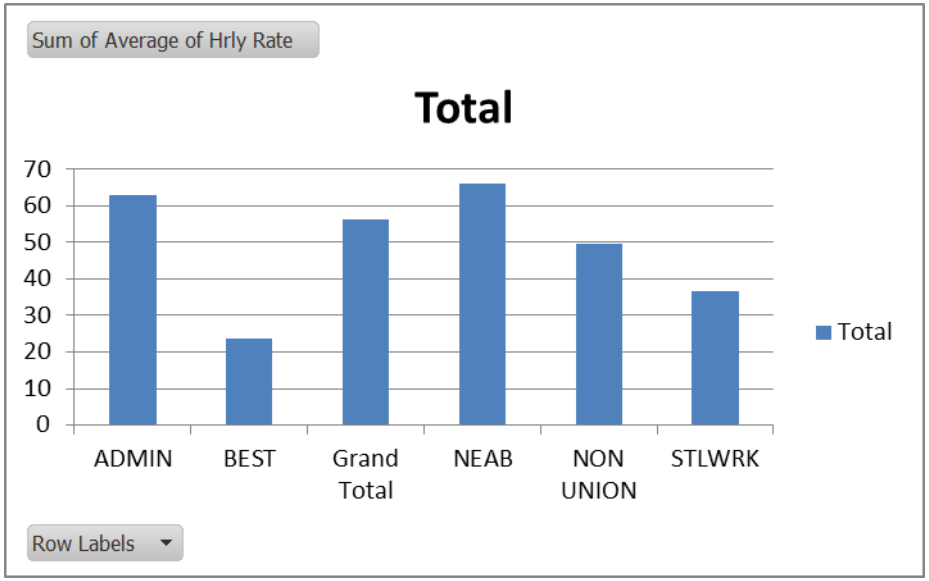
- Current exemption is **$2,000**
  - Remains the same for FY2017
- Current rate is **$42.00** per thousand
- Estimated Revenues from MVT in FY2017 to increase by $210,000

Proposed School Budget

- Proposed School Operating Budget is $47,966,398
  - Increase over last year of $797,000 (1.69%)
- Anticipated enrollment is 3,398 (+0.68% from last year)
- Cost per student is $14,357
  - Increase over last year of $98 per student (0.69%)

	FY 2016	FY 2017	Increase	% Increase
Salaries	$29,795,234	$30,414,285	$619,051	2.08%
Benefits	10,727,849	10,542,786	-185,063	-1.73%
Purchase Prof & Tech Services	1,125,401	1,248,697	123,296	10.96%
Purchase Property Services	859,571	887,556	27,985	3.26%
Other Purchase Services	2,877,062	3,032,735	155,673	5.41%
Supplies	1,627,896	1,731,766	103,870	6.38%
Property & Education Equipment	100,934	121,698	20,764	20.57%
Dues, Fees & Miscellaneous	54,842	51,675	-3,167	-5.77%
Total	**$47,168,789**	**$47,966,398**	**$797,609**	**1.69%**

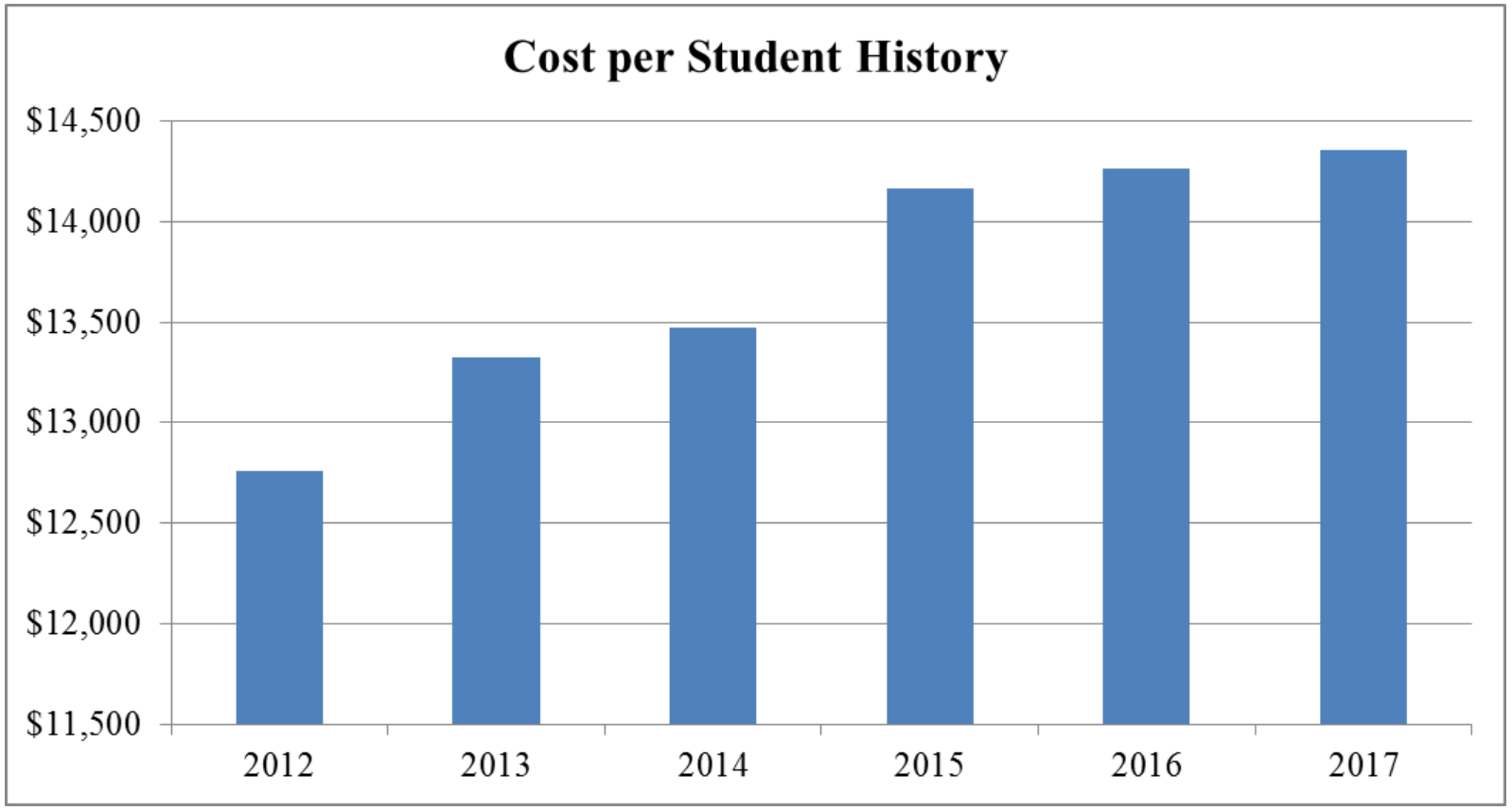
What School Employees Earn



Row Labels	Sum of Gross	Average of Yrs of Service	Average of Hrly Rate
ADMIN	$ 1,759,456.92	11.03	$62.82
BEST	$ 2,171,251.99	13.11	$23.85
NEAB	$ 23,556,742.85	13.21	$65.93
NON UNION	$ 1,234,032.40	8.91	$49.67
STLWRK	$ 1,102,347.81	12.10	$36.67
Grand Total	**$ 29,823,831.97**	**12.52**	**$56.35**

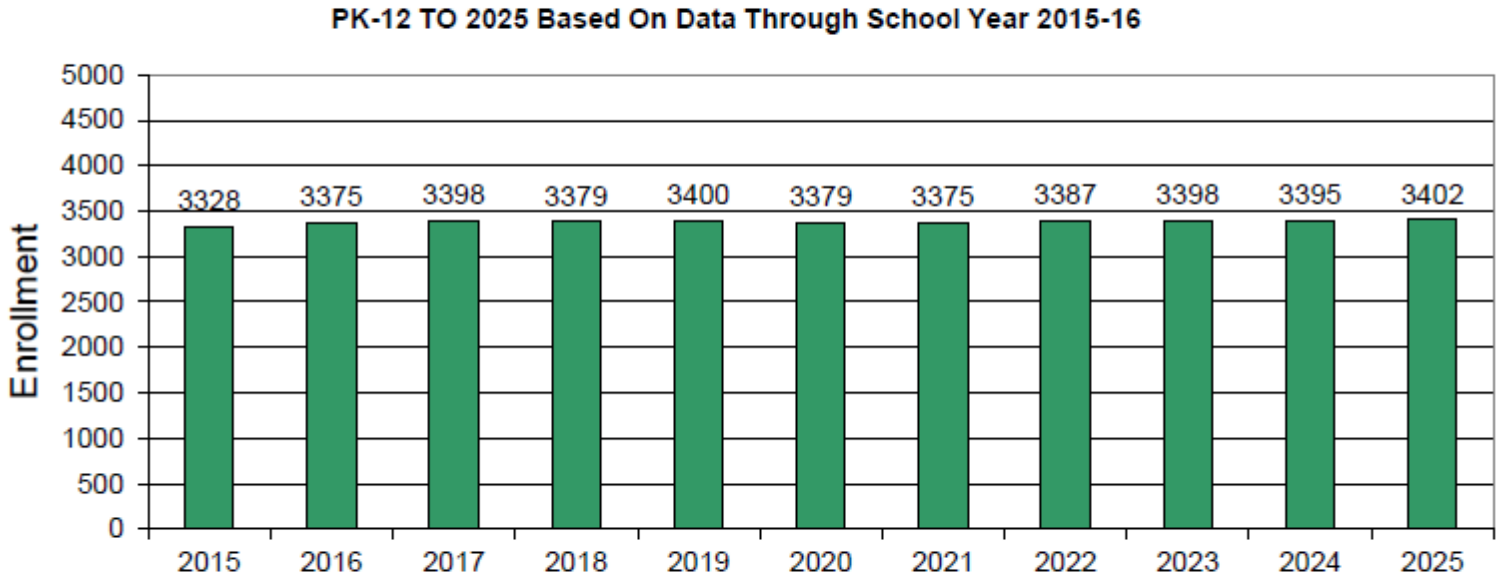
*Based on 2015 W-2 wage data

Education Cost per Student



(*Based on the FY 2014 data compiled by the RI Department of Education)

Barrington, RI Projected Enrollment



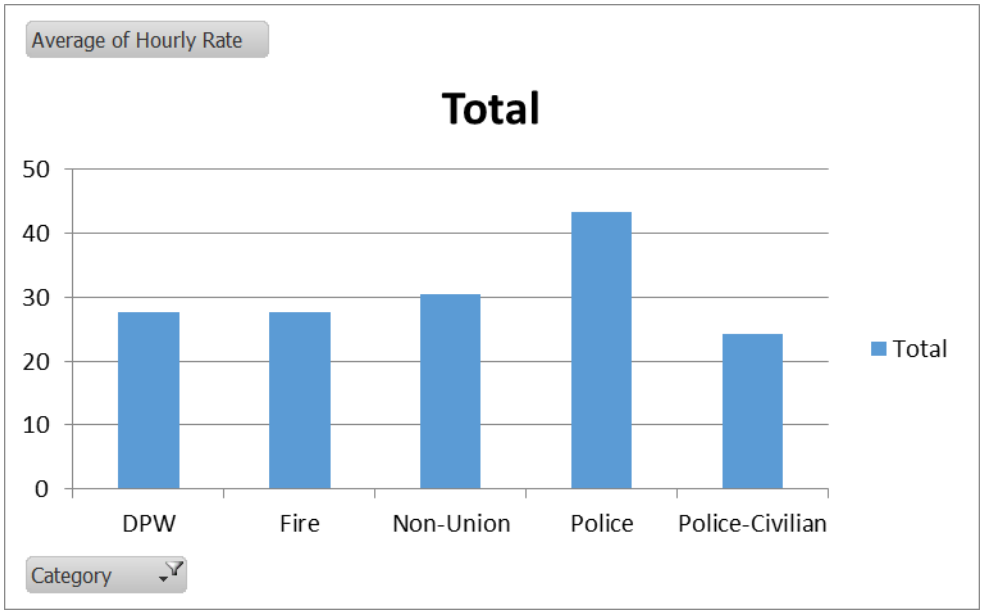
© New England School Development Council • 508.481-9444 • www.nesdec.org

Proposed Municipal Budget

- Proposed Municipal Operating Budget is $17,798,675
  - Increase over last year is $219,736 (1.25%)

	FY 2016	FY 2017	Increase	% Increase
Public Safety	$4,670,628	$4,791,137	120,509	2.6%
Personnel Charges (benefits)	3,843,500	4,030,500	187,000	4.9%
Public Works	2,268,471	2,293,351	24,880	1.1%
Debt Service	2,003,217	1,962,365	-40,852	-2.0%
Administrative	1,841,041	1,841,808	767	0.04%
Library	1,260,134	1,269,089	8,955	0.71%
Refuse Collection Contract	913,101	912,033	-1,068	-0.12%
Other	778,847	698,392	-80,455	-10.33%
Total	**$17,578,939**	**$17,798,675**	**219,736**	**1.25%**

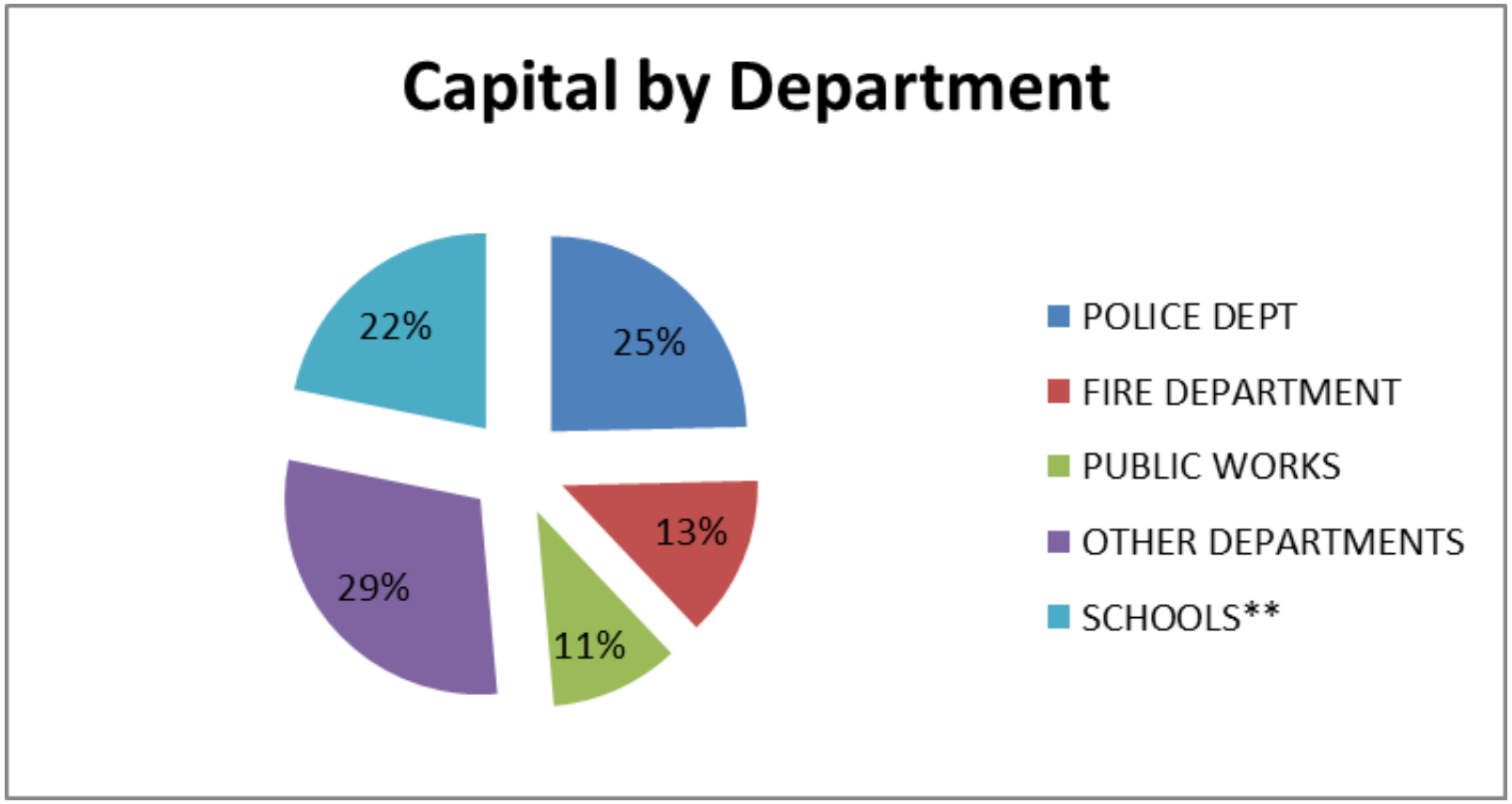
What Municipal Employees Earn



Row Labels	Average of Hourly Rate	
DPW	$	27.64
Fire	$	27.65
Non-Union	$	30.41
Police	$	43.29
Police-Civilian	$	24.31
Grand Total	**$**	**31.39**

*Based on 2015 W-2 wage data

Proposed Capital Budget



Today:

CURRENT TAX RATE is $18.25 per thousand

CURRENT TAX LEVY is $57,243,617

FY2017 Proposed:

TAX RATE of **$18.45** per thousand

- Increase of $0.20 per thousand

TAX LEVY of **$58,151,335**

- **Increase of $907,718 (+1.59 %)**

The median priced home in Barrington is currently assessed at $356,200.
This new tax rate will mean an annual tax bill of $6,571.89.

Observations

- School operating expense is the largest budget expenditure. Even though our cost per student is below the state average, the cost drivers must be addressed and the increases contained.
- The cost of employee benefits exceeds the cost of benefits in the private sector. This must be addressed by the Town Council and School Committee.
- Funding a new middle school will require, *at minimum*, a doubling of the current principal and interest on general debt. The initial cost estimate of this project was $80 million.
- The pensions for school and municipal employees are currently underfunded by $55 million, $33 million of which is borne by the town and its taxpayers.
- The budget must be considered on a long-term basis. Considering only one year at a time is one of the reasons why Providence is in trouble.
- The Committee on Appropriations should have input into the collective bargaining agreements with the town's employees.