



LITTLE COMPTON TAXPAYERS ASSOCIATION

● ● NEWSLETTER ● ●

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February 14, 2004, Vol. VII, No. 1

From The Chairman (Bob Hayden, Chairman):

The charter of the Little Compton Taxpayers Association spells out that “the purpose of the LCTA is to monitor, analyze, suggest, and take positions on any matters pertaining to taxes, public spending, and public policy affecting taxes and spending.”

We also state that “the LCTA is a non-partisan association and shall not support or endorse candidates for public office.” We have the right, however, to query individual candidates on whether they agree with positions taken by the LCTA, and to make that information public.

In keeping with our charge to monitor and analyze the budget to be presented to the townspeople at the next Financial Town Meeting, the board members have been diligent in attending Town Council meetings, Budget Committee meetings, and School Committee meetings.

The accompanying articles in this newsletter will inform you as to the present status of the town’s and school’s preliminary appropriation requests, as well as the hot topic of the day, revaluations affecting the tax rate.

The state mandated 5.5% cap on tax rate increases is an attempt by the State to protect the taxpayers from runaway spending primarily caused by excessive collective bargaining wage and benefit agreements. These typically far exceed the inflation rate (which for 2003 was 1.9% according to the U.S. Bureau of Labor Statistics.)

As the budget process progresses, we will continue to monitor and analyze the factors affecting our tax rate, and take a position in future newsletters prior to the Financial Town meeting.

Taxpayer Update (Roy Bonner, Vice Chairman):

We continue to receive donations and enlist new members. Our membership now totals 437 Town citizens. We thank all of you for your support because without it we would not be able to influence budget decisions that directly affect you. This Newsletter has been mailed to all households and box holders in Town through the generous donations of our membership so we may share with you our first impressions of the budget process.

The Budget Committee asked the departments for and received five-year projections of funding requirements.

That long-term look is a first and is very useful for planning purposes. Unfortunately the actual funding requirements projected by the Departments indicate a steep growth in spending that can only lead to continued tax increases. Looking at these figures we realize that we must continue to search for ways to increase efficiencies to offset the projected spending growth. The school budget is not final but the submission represents an increase in spending of 14%. Since the school budget is such a large percentage of the town budget, the School Committee must find a way to trim that budget. It is important to point out that increases in health care, pension costs, and other normal expenditure items are no longer reasons the State will accept for permitting the town to exceed the 5.5% cap. The law requires that it be a true emergency as in a natural disaster. But the School increase alone causes the entire Town budget to exceed that cap!

The Town Council is very aware of the limits we face. To its dismay, the first evolution of the budget has an 18% increase over last year. They are scrubbing that budget since it would be CONTRARY TO STATE LAW to present such a budget to the Financial Town Meeting. Although some Councilors do not seem to care how high your taxes go, the majority, lead by Don Gomez, does and likewise for the Budget Committee.

Obviously, something has to give. Unfortunately there appears to be a continuing problem with some of the Town’s employees and union representatives; they will not give an inch! Health care costs are an example. People who rely on Medicare for their health needs pay \$704 per year for a Medicare B premium, they have a \$100 per year deductible, they pay the first day’s hospital cost of close to \$700, and they have a 20% co-pay after a Medicare approved payment to the provider. These people are on fixed incomes and must pay for an increasing share of their medical costs! At the same time they are asked to fund increasing health benefit costs for Town employees.

All Town employees have premium healthcare plans and contribute virtually nothing to the cost.

In Rhode Island, the average private sector worker who is lucky enough to have health coverage through his employer receives, on average, \$5000 toward coverage. The pay for an average private sector job in Newport County is

\$28,920. Defined benefit retirement plans are no longer offered except in very rare cases. With this as a base we looked at the two principal departments in Little Compton – police and fire. The results were not surprising but do call attention to the disparity with the private sector. The average police base salary is \$47,607, with a range of \$29,610 to \$66,049. The benefits (Health, Dental, Life Insurance, FICA, and pension Trust Fund payments) add a cost of \$24,271 to each salary. The salary alone exceeds the average private sector salary by 64%! The benefit cost is so expensive as to defy comparison to the private sector. The Fire Dept. is very similar. Their numbers are: Average \$47,446; Range \$47,078 to \$60,024; and benefits \$23,502. Again that salary cost is 64% higher than the private sector average in Newport County.

The standard in use for many generations was that public sector employment paid less on average than the private sector. The rationale was that the public sector was not subject to economic downturns and the vagaries of the market place. The “civil service” job had more stability. That set of standards is now being ignored and we have a situation where average private sector people are forced to pay salaries and benefits of public employees that they can only dream about receiving themselves.

Now let’s talk about the school budget problem. Little Compton is one of the few towns that does not contract for bus transportation. This year, after much foot dragging, a request for proposals for School Bus transportation services from the private sector has gone out and we now await the bids.

A careful reading of the School Annual Report reveals that bus monitors are also used as teacher’s aides. The effect of this is that we have extra pension and health insurance costs that come with this arrangement. Both positions were originally part time jobs. Combining those jobs allowed the hours worked to meet the threshold to qualify for pension and health benefits. That is not in the best interests of the taxpayers since the cost is somewhere in the neighborhood of \$75,000.

We attended a meeting at the school at which a representative of Blue Cross Blue Shield explained the differences between Blue Cross Classic and Healthmate. The differences are miniscule as to benefits but not in cost. Healthmate is significantly cheaper. The objective of the meeting was the hope that the teachers on Classic would shift to Healthmate since the savings to the taxpayers was significant. At this writing there are no takers.

Two teachers at our school are married to each other. Each has a FULL Blue Cross Classic family plan. They avoid a

small co pay if and when they use the plan. The cost to the taxpayers is another full health premium.

After last year’s Financial Town Meeting, the school budget was cut. Two teachers, one part time custodian, a long time beloved music teacher, and a teacher for the gifted program were all let go. During the same period, they hired a retired administrator from Tiverton for a part time job at \$30,000. That is an interesting set of priorities.

The Taxpayers Association is often accused of “teacher bashing” when we point out expenditures that indicate a total disregard for the taxpayers who pay the bills. We might just point out that there are two teachers of long standing on our board and they sit in judgment on our pronouncements. The lack of cooperation to reduce costs is a very serious attitude problem on the part of the School Community and it is unacceptable! The people that sign the labor contracts that produce these sorry results need to be held accountable.

In future editions of this news letter we will analyze the total cost of teachers as it relates to the private sector. Comparisons of that sort are difficult for a number of reasons. The teachers work only 6 hours and 45 minutes a day, they have numerous holidays and they do not work during the summer months but they draw salaries in advance for those months. There are no private sector jobs that compare to those working conditions, but we will try.

And so it goes...

The Little Compton Taxpayers Association understands that changes take time and so we continue to make suggestions and provide input to the Town’s administrators. Changes have been made and there is some progress, but there is a long way to go. This is not a “good news” report but we truly wish it were. One positive thing that has happened since the last Financial Town Meeting was the creation of a Revenue Search Committee (Don Gomez, Town Council President, is credited with this). The prime objective of this committee is to find means by which increased revenue to the Town can be obtained other than through property taxes. Lacking an industrial tax base, this is a major challenge. Nevertheless, over 30 ideas have been presented for further study and potential implementation. A member of the Taxpayers Association is on this committee.

To keep Town spending within the limits of this year’s budget, cuts were made to things that should not have been cut. Street lights, curbing, badly needed repairs for town equipment, were cut out of the budget. A few highly trained police have left because they, and other Town employees, are pawns in the union “wars” in Rhode Island. Some of the personnel costs are so high that the town

spends little on its buildings and infrastructure and there is no long-term capital expenditure plan.

So what is the answer? The Little Compton Taxpayers Association was created as a counter balancing entity to prevent runaway tax hikes that hurt us all. The LCTA's objective is not to cause the firing of good employees, but to reduce spending by eliminating illogical decisions and wasteful expenditures. People are tired of yearly tax increases that are beyond economic factors and beyond their own state in life. Therefore, **we call for all contracts to be renegotiated and agreements made for at least a 30% employee payment of the health insurance premium and that the dental insurance be eliminated and made an employee-paid option.**

We need your support to encourage the Town Council, School Committee, and Town employees to make this adjustment in the contracts to help cure our budget crisis. Please let your voice be heard.

Property Revaluation *(Roger Lord, Treasurer)*

All households and businesses that pay property taxes in Little Compton recently received a letter indicating the latest assessed value of their property. In most cases the values went up significantly over what they were when the last assessment was done in 2000. A common conclusion has been that there will be a significant jump in the property taxes people will have to pay. The Little Compton Taxpayers Association has done some investigation to ascertain whether or not this is the case.

The LCTA learned that the new assessment was the result of a new State mandate requiring revaluation every three years instead of ten. This revaluation is a "statistical update" in that it was done using the data on individual properties gathered in 2000, and current market values based upon real estate sales over the past three years with a heavier weight applied to sales during 2003. The appraisals were done by Vision Appraisal Technology of Northborough, MA. No actual visits were made by Vision except for new construction built (or under construction) within the last three years. These new property assessments indicate a town average that is 90 to 95 percent of current market value, and nothing more.

The new assessment does not necessarily mean that the homeowner will be required to pay a larger tax bill. This statistical update is "revenue neutral" in that the tax rate will be adjusted downward to reflect the higher assessments. There is no windfall for the Tax Collector. In general, a homeowner whose assessment doubled would see a tax rate that is halved resulting in the same tax bill as before unless next year's budget rises above what it is today (discussed further). It is important to note, however,

that factors were applied to certain properties (e.g., water view) that could result in a higher tax bill.

The actual tax rate will not be determined until the conclusion of the next Financial Town Meeting in May where next year's budget will be put to a vote. If that budget goes up significantly over this year's budget (something the LCTA is trying to prevent), then the homeowner will see a larger tax bill. Also, if a home has undergone significant improvements since the last assessment, the homeowner can expect a higher tax bill.

Some abatements (i.e., reductions) that were granted in the 2000 revaluation were not reflected in the recent assessment letters from Vision (lower left corner: "Old Assessment"). This error in no way has any bearing on the new assessments, and does not mean that this year's current tax bill was higher than it should have been.

The LCTA advises all homeowners to carefully examine their statements from Vision Appraisal Technology for errors. Taxpayers should not worry that this statistical update is a means of compelling homeowners and business owners to pay disproportionately higher taxes than before. For those with access to the Internet, the basis of the new appraisals can be viewed at the following web site:

www.visionappraisal.com

You will be asked to create a Username and Password to gain access to the database at that time and in the future, but there is no "catch" whatsoever involved. For those who like to compare, the web site allows them to view other properties as well as their own.

For a more detailed report on your new assessed value, you may wish to visit the Tax Assessor's office and ask for a copy of your "Field Card" and any other cards that you believe may have a bearing on your assessment. A modest cost of one dollar is charged for each Field Card.

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**We are in constant communication with all the Town Officials. They need to hear from all of you about how you feel concerning all the issues and opinions raised in this Newsletter. Write to us, send your comments via e-mail to TAXPAYERS@Cox.net. As we proceed along the budget process your input can make a difference. We will share with them all of your comments pro or con.**

**Please remember that the Financial Town Meeting has been moved to a Saturday this year, May 22, 2004. It is a "must attend" for our members. Without your votes and presence, your taxes will...**

**RISE, RISE, RISE!**

Little Compton Taxpayers Association  
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SUGGESTED DONATION:    \$10 (Single)                    \$15 (Family)                    \$ \_\_\_\_\_ (Other)

Mail this form and your contribution to  Little Compton Taxpayers Association  
PO Box 455

EMail: [Taxpayers@lcta.net](mailto:Taxpayers@lcta.net)