



# LITTLE COMPTON TAXPAYERS ASSOCIATION

## ● ● NEWSLETTER ● ●

**PO Box 455, Adamsville, RI 02801**

E-Mail: Taxpayers@cox.net Web: www.LCTaxpayers.com

May 14, 2007

Vol. VV, No. 2

### Officers

Chairman: Bob Hayden  
1st Vice Chair: Roy Bonner  
2nd Vice Chair: Pat Parente  
Sec/Treas: Roger Lord

**FINANCIAL TOWN MEETING:** The Financial Town Meeting (FTM) for this year will be held on May 22nd. It is not expected that there will be very much controversy for two primary reasons: (1) the new tax cap law (RI 44-5-2) limits both the town and the school to a tax levy of 5.25%; and, (2) the budget to be voted on is currently under that cap. Note: the cap is now on taxes collected rather than the tax rate as been the case in previous years.

But this does not mean that there are no issues. For example, the benefits and pension expenses are virtually out of control (see next article). Their growth is far outpacing inflation and will soon become the dominant expense in the budget if nothing is done.

The Budget Committee headed by John Ort must be commended for an excellent job in putting together the FY08 budget. The Committee spent many hours preparing the budget, analyzing it, refining it, and working with the submitters to get the total below the tax cap.

Plan to attend the FTM to make sure your voice is heard.

### UNSUSTAINABLE

**BENEFIT COSTS:** The English Oxford dictionary defines the word

“unsustainable” as: “Not able to be maintained at the current rate or level; not able to be upheld or defended”.

This describes the current state of gold plated benefits enjoyed by public sector employees at both the state and local levels. Taxpayers support a class of employees enjoying far better benefits than they have themselves, and these benefits are rapidly becoming unaffordable.

This situation will eventually be brought to a crisis by the implementation of the new tax levy cap, now 5 ¼% dropping to 4% in five years. State and local negotiators will no longer be able to agree to expensive benefits which cannot be paid for. An example of how these benefits grow is the annual pension requests for Little Compton. \$188,879 was requested ten years ago. This year the request is \$631,994.

A change is needed in the way we view the contract negotiating process. The negotiators on the public’s side of the table can no longer agree to benefits which cannot be paid for.

Let’s look at four major benefits: Health Care. Pensions, Longevity, and Sick Days.

### Health Care

Health care should be taken out of the bargaining process and returned to Management Right status. Steps to control the burgeoning health care costs are:

1. Set a minimum deductible of \$100 per person per year to discourage excessive use.
2. Co-pay for physician services of \$10 for a general practitioner and \$20 for a specialist (similar to Medicare).

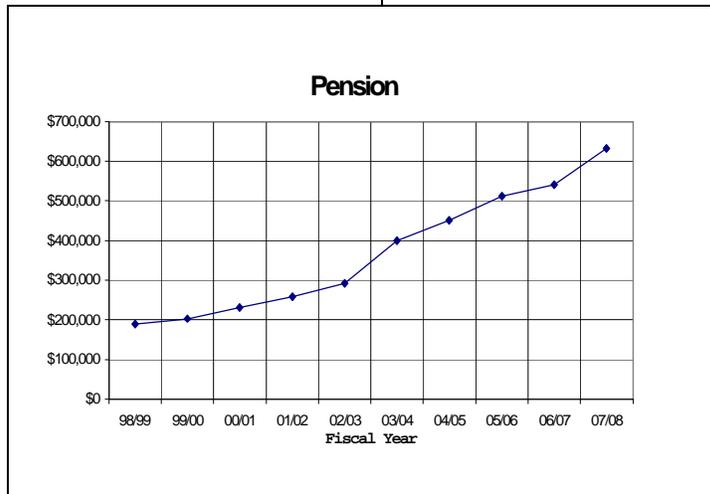
3. Combine groups with neighboring cities and towns to reduce penalties to small groups such as Little Compton. We are penalized with significant premium hikes when one person gets seriously ill in such a small group.

4. Look for other health insurance carriers to offer Blue Cross and United Health Care some much needed competition.

5. Increase the employee contribution to 25% of the premium across the board. Compared to the private sector, it would still be a bargain.

### Pensions

1. End Defined Benefits for all new hires. A 401K type plan should be implemented in its place. The employees would own the assets in their plan.
2. Present employees should contribute at least 10% of their salaries to their pension.
3. Eliminate retirement eligibility until the age of 60. In the private sector 67 is the age before full Social Security benefits can be collected.
4. Retirement benefits should be calculated on the average of the last 3 years of service (excluding overtime) as opposed to just the last year.



### Longevity

Longevity payments are a corruption which has crept into the collective bargaining process. There is no such thing in the private sector. Longevity rewards people for merely coming to work. The concept appeared in contracts because of weak state and local negotiators. There is no logic to the concept of longevity. To be paid a bonus for just showing up for work is ludicrous. Our present Firefighter's contract has the following longevity provision:

- 5 to 10 years of service 3.5% of annual salary
- 10 to 15 years service 4.5% of annual salary
- 15 to 20 years of service 5.5% of annual salary
- 20 years plus 6.5% of annual salary

It is time to end this boondoggle.

### Sick Days

In the private sector there is no such thing as accumulating sick days year upon year. This provision should be eliminated from public contracts. An official in Rhode Island recently retired with an accumulation including unused sick time costing the taxpayers \$100,000. Some steps that could be taken to rectify the problem are:

1. Unused sick days should have a cap of several days, beyond which unused days disappear at the end of the year. They should not be allowed to accumulate ad infinitum as they are meant to cover times when an employee can't work, not to act as additional vacation days or retirement bonuses as is often the case now.
2. Proof of sickness should be required after two consecutive sick days taken.

There are other inequitable contract provisions which should be corrected, as follows:

1. Elimination of teacher step pay increases on top of their annual raises.
2. Elimination of compulsory arbitration in favor of Last Best Offer.
3. Change the teacher contract expiration date so that it doesn't correspond to the start of the school year.
4. Institute teacher bonuses for exceptional documented performance.
5. Eliminate rigid seniority provisions which stifle new young talent.

Changes will eventually be forced in the state because extremely generous public health and welfare benefits and immediate qualifying have caused Rhode Island to become

a welfare magnet, forcing more and more middle and upper class residents to flee the state, while more indigent people and immigrants (both legal and illegal) move in to take their places. This reduces the taxpayer's ability to pay for the gold plated benefits of the public sector employees. Much of Rhode Island's potential \$360,000,000 deficit forecast for next year is structural, and cannot be absorbed with our tax burden ranked fourth highest in the nation. We have run out of one time fixes such as bonds issued against the tobacco settlement, selling state owned real estate, and moving up tax due dates.

Little Compton will be facing deficits in the future unless we become more realistic on both sides of the bargaining table in future contract negotiations, and settle on contracts that can be sustained in the future. The unions will scoff at these suggested changes, but as Rhode Island's economic engine continues to falter,

the resources to maintain these excessive benefits will not be available. Tourism, boat building, and gambling will not float Rhode Island's boat. Public sector employees will eventually have to get used to benefits more in line with what the rest of the population has.

### **THE REST OF THE STORY:**

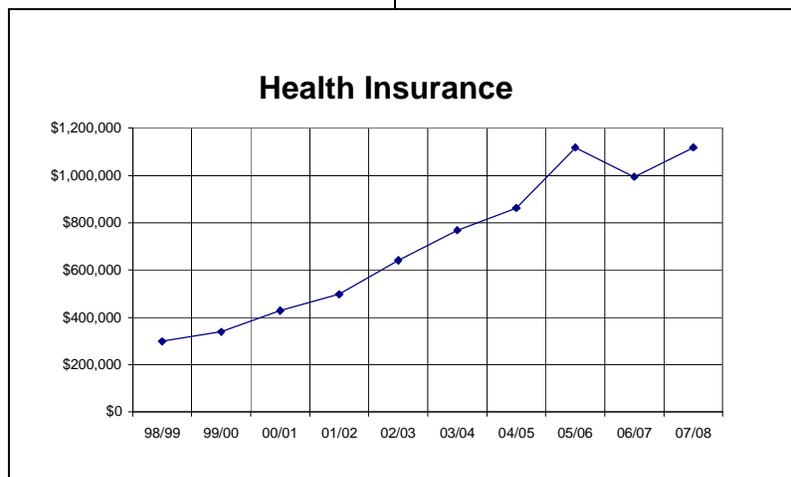
The department budgets put

forth in the Budget Committee's report mailed to everybody show salaries and various other line items. But it does not show the budgets with the benefits added. If you look at the budgets of the police and fire departments and add the benefits, a different story emerges as follows:

	<u>Police</u>	<u>Fire</u>
Published Budget	\$771,030	\$609,568
Health Ins	\$224,826	\$144,531
Pension	\$92,901	\$59,722
FICA	\$58,092	\$37,345
<b>True Budget:</b>	<b>\$1,146,849</b>	<b>\$851,166</b>

As radio announcer Paul Harvey often says, "And now you know the rest of the story." In the future, the Budget Committee should include the benefit part of all the department budgets in their respective strokes.

**PORTSMOUTH HIGH SCHOOL:** Portsmouth High School has sent Little Compton a letter seeking additional money (\$100K)... BECAUSE THEY BLEW THEIR OWN BUDGET! Their problems are self-imposed through poor fiscal management and careless spending. They didn't even send their first bill to Little Compton until March! Was this incompetence or were they trying to



make themselves look cash-poor in their Caruolo Act lawsuit against their own town?

The high school agreement between Little Compton and Portsmouth was signed December 2001 and remains in effect until June 2012.

In looking at the agreement (it can be seen on our website, [www.lctaxpayers.com](http://www.lctaxpayers.com)), it is pretty hard to see where Portsmouth has any valid claim for additional funds from Little Compton. The Little Compton School Committee discussed the issue with the school attorney at its executive session held on May 9, 2007. As of this writing, little is known as to what action will be taken.

**NEW SCHOOL?** Little has been said about the condition of Wilbur McMahon School since an engineering study done in March 2006 concluded that the school needed \$11 million in renovations and repairs - and they didn't look in areas that were hard to access where it is believed that serious rot has taken place. Years of neglect by previous school committees and school officials have brought about this situation through a practice commonly referred to as "deferred maintenance" which is the same as saying "no maintenance."

The deficiencies that were uncovered included exterior wall deterioration caused by heat and moisture problems, old and poorly performing mechanical systems, leaking roof problems, electrical problems, numerous safety problems (interior & exterior), and non-compliance with current fire code and handicap access requirements. The small minor problems that were ignored over the years have grown into these very expensive major problems. Worse yet, the magnitude of the problems that must be fixed results in a series of state and federal "mandates" that must be dealt with. These will add to the cost and produce a building brought up to ridiculous standards we don't need. So much for the practice of "deferred maintenance."

Oddly enough, the original wooden building built in 1928 held up the best and requires the least amount of repairs. Evidently, the "new" additions done over the years were of poor design and built with sub-standard quality thanks, once again, to school committees and school officials which had other priorities including caving in to union demands.

So where do we go from here? The School Committee has formed a Facilities Needs Committee to study the problem and develop solutions which include the possibility of building a brand new school rather than spending taxpayer money on buildings that have seen better days. Unfortunately, the Facilities Needs Committee is moving at a snail's pace and not much has been concluded or divulged to the public.

There are other approaches that need to be looked at such as regionalizing and sending more of our students out of town... possibly the middle school. That would probably save a lot of local money and reduce our facility needs. However, such an approach could be risky and could leave the Town vulnerable to out-of-town budget crunches (see

previous article). But it should at least stay on the table as an alternative."

It is time for the townspeople to face the problem and for the School Committee to become more forthright about what is going on. The school is about to cost the town a lot of money. We mismanaged our way into this very serious problem. Now we must properly manage ourselves out of it and demand better results this time.

**BEST OF THE BEST:** When it comes to sound fiscal management and overall performance our Police Department is truly "Little Compton's Finest." Under the command of Chief Sid Wordell, our Law Enforcement team is highly skilled and highly motivated to deliver top level service to our community.

Chief Wordell's projected FY08 law enforcement budget request represents an increase of 4.94%, well within the current 5.25% State mandated spending cap. The Chief's annual presentation to the Budget Committee was both professional and highly comprehensive. He was totally prepared to discuss all budget matters and questions from both citizens and Committee members.

Chief Wordell very effectively manages his 16 person department, consisting of 10 sworn officers and six 911 dispatchers. We are indeed fortunate to have two uniformed officers on duty 24/7 patrolling our roadways and responding to citizens' calls for assistance. Our officers respond to an average of 5,000 calls a year. The overall performance of our Police Department is reflected in an exceptionally low level of criminal activity and a high level of getting unsafe drivers off the streets of Little Compton.

Under the guiding hand of Chief Wordell, we have obtained \$340,000 Federal and State Grants that have equipped our Public Safety Complex, patrol cars, and officers with "State-Of-The-Art" communications and computer technology. This equipment allows an officer on patrol to instantly gain vital information on a "stopped" motor vehicle operator. Accessing local, state, and inter-state databases, the officer is immediately informed of the operator's driving history, outstanding warrants, previous arrests, as well as license and registration status. If there proves to be an outstanding warrant for the driver, the on-board computer in the squad car emits a specific signal and automatically calls for "back-up" for the potentially dangerous situation.

From a fiscal point of view we believe that much needs to be done in the area of health and pension benefits which are rapidly becoming unsustainable for all Town Departments. That not withstanding, we are pleased to applaud our excellent Police Department: "The Best of the Best."

***Financial Town Meeting***

May 22, 2007

Your vote counts!

Plan to attend. 7 pm at the gym.

Little Compton Taxpayers Association  
PO Box 455  
Adamsville, RI 02801

Bulk Rate  
US Postage  
Paid  
Little Compton  
RI  
Permit No 4

**POSTAL CUSTOMER**

**LITTLE COMPTON TAXPAYERS ASSOCIATION MEMBERSHIP FORM** (Vol. VV, No. 2)

NAME \_\_\_\_\_ DATE \_\_\_\_\_  
(For couples, please provide both first names)

OFFICE PHONE \_\_\_\_\_ FAX \_\_\_\_\_

EMAIL \_\_\_\_\_

**Local Home Address** →  Check if year-round address

ADDRESS \_\_\_\_\_

CITY/TOWN \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_

HOME PHONE \_\_\_\_\_

**Second Home Address** → From \_\_\_\_\_ To \_\_\_\_\_ (Month/Day)

ADDRESS \_\_\_\_\_

CITY/TOWN \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_

HOME PHONE \_\_\_\_\_

SUGGESTED CONTRIBUTION: \$10 (Single) \$15 (Family) \$ \_\_\_\_\_ (Other)

Mail this form and your contribution to: Little Compton Taxpayers Association  
PO Box 455  
Adamsville, RI 02801