

## **Statement Made by the Town Council Chair-C.J. Thomas**

### **Town Council Meeting April 28, 2020**

Although there are no agenda items pertaining to the budget tonight, the Town Council is expected to act on it at the May 12, 2020 Town Council meeting. The Town Manager and BOE will need guidance from the Town Council if we want to make any changes to the March 14, 2020 Town Council Proposed Budget.

To recap, the Town Council unanimously approved our Proposed Budget on March 14, 2020 which called for a 2.36% spending increase and a 2.16% tax increase. Since that time the world has experienced the COVID 19 pandemic. In addition to the loss of hundreds of thousands of lives, much of the business world has been shut down, the economy worldwide has collapsed and millions of people have lost their jobs.

In response to these circumstances, on April 21<sup>st</sup>, the Town Council adopted a three (3) month tax deferment program for all town taxpayers experiencing significant financial hardship due to the COVID 19 pandemic.

The Town Manager and Finance Director informed us that this deferment program would impact the Council's FY2020/2021 Proposed Budget by a projected \$525,000, necessitating that adjustments be made to the budget before it is finally adopted. The deferment would also result in an approximate \$4 million cash shortfall.

There have been many comments, both in our Town and in others, that due to these trying times there should be no tax increase at all. This would in effect bring tax relief to all town taxpayers.

With this in mind, I have asked the Town Manager what it would take to achieve a zero percent tax increase. She has informed me that based on the current proposed budget which is already projected to be \$525,000

out of balance, the budget would need to be reduced by approximately \$2.8 million in order to get to a zero percent tax increase.

I further asked the Town Manager and Superintendent of Schools/Chairperson of Board of Education to provide me the cost of all the contractual and projected non- contractual salary increases for all Town employees in fiscal year 20/21. I feel strongly that we should avoid lay-offs when possible, and that any salary increases scheduled for July 1, 2020 are unacceptable while those paying for that increase are in such financial distress.

The Town Manager indicated that the cost of salary increases for all Town employees for next year equals \$331,000. Likewise, in discussions with the Chairperson of the Board of Education/Superintendent, we have been informed that the cost of wage increases for all School employees for next year is approximately \$1.2 million.

Based on this information, I am requesting that the Town Manager and the Board of Education approach the various town bargaining groups and seek a hard freeze on raises for next year to achieve the \$331,000 in savings on the town side, and the \$1.2 million of savings on the Board of Education side.

If the Town-wide unions do not agree to a freeze in salaries, then a list of reductions equaling \$331,000 dollars should be provided by the Town Manager for the May 12, 2020 meeting. The Town Manager already indicated that if the Unions do not agree to a freeze, this list of reductions will result in employee layoffs. As I previously stated, this is something I certainly hope to avoid, and I am hopeful that the Unions will work collaboratively with the Town during this difficult budget session. To avoid lay-offs by freezing salary increases seems to be the reasonable middle ground here.

I would also like to direct the Town Manager and the Board of Education to each identify \$615,000 in capital budget reductions for a total of \$1,230,000 in reductions to next year's capital budget.

With these actions:

A reduction in the Town Budget of \$331,000.- Salary Freeze

A reduction in the School Budget of \$1,200,000; and,-Salary Freeze

A reduction in the Capital Budget of \$1,230,000,

We should achieve approximately \$2.8 million in savings necessary for a zero percent tax increase.

Finally, in light of the everchanging economic situation that we are experiencing, I am also requesting the Town Manager and the Finance Director look at all other aspects of the FY20/21 Proposed Budget to find any savings that will help us achieve a zero percent tax increase for next year.

I am looking for consensus from the Town Council on direction for both the Town Manager and the Board of Education.