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Ledyard Town Councilor

Member, Ledyard Finance Committee

Submitted remarks for the 4/8/26 Special Finance Meeting to be included in the official record

First, my apologies for not being able to be present tonight. My specific comments are as follows.

Comments on Business of the Meeting

As we have seen over the course of the multiple Finance Committee budget workshops, the general government budget is indeed running lean, with responsible, thoughtful budgets put forward by our town department heads. Unfortunately, healthcare costs continue to rise, and this year we are incurring a 10.5%, or nearly \$900k increase, in overall health care costs compared to last year. While these costs continue to be burdened entirely on the general government budget, it's important to note that 75% of the total healthcare cost is attributed to the BOE.

Taking healthcare and town-wide capital out of the equation (to isolate operational costs), we see the following increases in operations costs:

- General Government: ~2.4% from 2025-26
- BOE: ~3.6% from 2025-26

To be clear, I do not perceive these to be exorbitant increases. However, after revaluation, ANY increase to the equivalent neutral mill rate will have an outsized effect on all homeowners, since the value of a "mill" is substantially more than the last budget cycle.

Additionally, revaluation did not result in uniform increases to all housing values (i.e., some home values increased more than others) and shifted a bigger portion of the tax burden onto residential properties, since commercial valuation was essentially flat. The net result is the sad truth that even if we passed a budget with a zero mill increase, homeowners would still see an increase in their tax bill.

There is, unfortunately, no clear path to additional significant revenue at this time, and in fact we have lost some revenue when it comes to motor vehicle taxes, due to the decreased mill rate and revamped assessment method established by the state. We also continue to be short funded by the state when it comes to PILOT funding, recovering only 49% of tax revenue from land that is otherwise non-taxable.

That said, I am hopeful that the CT state legislature will take up a bill to fix the PILOT issue related to tribal land, and favorably pass CT House Bill 5407, which reimburses municipalities for 100% P&T veteran's exemptions. I am also hopeful that the CT Legislature will consider revising the ECS formula, which would increase the amount sent to municipalities. Unfortunately, it is unlikely that any of these issues will be resolved before we need to finalize a budget, and so we must work with revenues we know to be true.

Compounding this, we also have future revenue concerns when it comes to personal property tax revenue from the Mashantucket Pequot Tribe (tax on property that belongs to private, non-tribal businesses that exist on tribal lands, such as the Tanger Outlets); Legislation was endorsed and passed by our own state senator that eliminated our ability to collect this tax, creating a \$700k hole in our revenue. This has been temporarily supplanted by state funding, but that is only guaranteed for the next two budget cycles.

This ultimately reinforces the fact that we, as a council, need to do whatever we can to control the ever-increasing burden on ALL taxpayers, and also respect the negative optics of introducing new, recurring expenses in an environment with so many variables.

To that end, the only proposed budget changes I would offer are the following:

- Change the top line BOE budget to \$41,700,000, a ~3% or \$1.24M increase over last year's budget. This is a \$232,335 reduction to the board's request for \$41,932,335.

This is still a significant increase over last year, and a markedly less aggressive proposal than I previously offered. This should result in a further .13 Mill reduction to the proposed 26.58 Mill rate (in addition to reductions already made on the town side), or a 16% reduction to the proposed increase to the tax levy; but I'll leave the exact calculations to Finance Director Bonin.

I arrived at this proposed figure after carefully reviewing the BOE budget, and believe this more accurately represents a budget that is not only more than adequate for maintaining current operations, but also supports myriad of operational facility improvements, all without adding the burden of additional recurring salary positions (as well as benefits costs for said positions).

Considering the BOE expects a projected 10% decrease in enrollment over the next 10 years, I do not believe adding new positions (along with the resulting benefits costs) is the right move at this time. Additionally, because of this decreased enrollment projection, the teacher to student ratio will increase naturally, as will the per pupil expenditures. All good things for student facing services.

It is important to note that any significant housing developments currently being proposed and/or discussed in town would not come to fruition during the next budget year; as such, if these developments happen, and if they introduce additional students into the school system, we will have the opportunity to address these needs in the next budget cycle.

During the last few budget cycles, I had repeatedly warned against the financial realities that Ledyard would have to face in the coming years (e.g., revaluation, loss of personal property tax on tribal lands, etc.), and unfortunately those realities have come to fruition.