

SULLIVAN'S TAX DILEMMA

Dear Fellow Citizen of Sullivan,

We are currently facing a serious fiscal dilemma. Though our town departments and the department heads have done an outstanding job of controlling their budgets and spending, our property taxes continue to rise. For past two years, our taxes were as follows:

	2005	2006	\$ Change	% Change
Town	\$ 5.87	\$ 5.94	\$ 0.07	1.19%
County	\$ 1.79	\$ 1.77	\$ (0.02)	-1.12%
Local School	\$ 11.71	\$ 14.70	\$ 2.99	25.53%
State School	\$ 2.27	\$ 2.35	\$ 0.08	3.52%
Total Rate	\$ 21.64	\$ 24.76	\$ 3.12	14.42%

You can immediately see that the major portion of our taxes and the major increase in the tax rate is caused by the Monadnock Regional School District (MRSD) which consumes a total of 69% of our tax dollars and has a 22% total increase for 2006 (total increase for state and local costs of \$ 3.07). How does this compare with the rest of the State? The New Hampshire Department of Revenue Administration publishes the tax rates for all towns in New Hampshire. From those published rates (covering over 240 towns) we have developed the following table. The Table shows the tax rates for the ten towns in SAU 38 which include the eight towns in the MRSD. The table is sorted by *Total School Tax Rate* and, as you can see, our ten towns are in the top 40 out of 240 towns when it comes to School Tax.

Name of Municipality	Town Valuation	Town Tax	County Tax	Total Twn & Cnty	Local School Tax	State School Tax	Total School Tax	Total Tax	State Rank	SAU 38 Rank
HINSDALE	205,743,424	6.08	2.33	8.41	20.46	3.06	23.52	31.93	1	1
SURRY	59,750,408	3.61	2.23	5.84	18.37	2.69	21.06	26.90	2	2
SWANZEY	466,108,089	3.55	2.19	5.74	15.33	2.56	17.89	23.63	11	3
SULLIVAN	48,190,118	5.94	1.77	7.71	14.70	2.35	17.05	24.76	13	4
FITZWILLIAM	233,680,706	4.49	2.07	6.56	14.50	2.33	16.83	23.39	17	5
WINCHESTER	266,521,180	5.49	1.91	7.40	14.14	2.22	16.36	23.76	24	6
RICHMOND	96,771,854	2.05	1.95	4.00	13.50	2.47	15.97	19.97	29	7
TROY	110,283,836	8.43	2.30	10.73	12.94	2.69	15.63	26.36	34	8
ROXBURY	24,636,918	0.48	2.03	2.51	13.29	2.19	15.48	17.99	39	9
GILSUM	56,990,453	4.62	2.00	6.62	12.84	2.49	15.33	21.95	40	10

Hinsdale and Winchester are in SAU 38 but not in the MRSD

You should note that Keene's Total School Tax Rate is ranked 66th in NH. What can we expect for the future? The facts are that the school tax rate is likely to make an additional increase next year and continue rising into the future. The reason for these drastic increases is the lack of fiscal restraint and responsibility on the part of the school system.

This includes both wasteful spending and salary & benefits to MRSD administrators and teachers which go well beyond those available to most of us in the private sector. Now, you may ask, what are some of those benefits?

Health Insurance: Most of us pay a substantial contribution for our health insurance coverage if we are fortunate enough to have an employer who provides any coverage at all.

The table to the right illustrates how much the *Taxpayers* contribute and how much teachers contribute for their Matthew Thornton HMO health insurance.

	Single	2-Person	Family
Annual <i>Taxpayer</i> Contribution	\$ 6,653.00	\$ 13,311.00	\$ 17,964.00
Annual Teacher Contribution	\$ 29.00	\$ 52.00	\$ 76.00
Weekly Teacher Contribution	\$ 0.56	\$ 1.00	\$ 1.46

Please note that \$1.46 per week for a family's health insurance can hardly be considered *cost sharing*. You should also note that for a larger contribution, teachers can participate in other, premium health plans. The MRSD *Taxpayers* also spend around \$1,300 per year per employee to provide the school administrators/teachers and their families with dental insurance.

Early Retirement: A program exists whereby a teacher may retire at 55 years of age rather than the normal age of 62 as required by the NH Retirement System. The Early Retirement Program allows 5 teachers each year to participate and carries them for 7 years until their State Retirement pay begins. Thus, we can potentially have a total of 35 teachers participating in the Early Retirement Program each year. Since the program sets their retirement pay at 30% to 35% of their highest annual pay, this program will cost the *Taxpayers* from \$500,000 to \$700,000 each year to keep these teachers at home. I bet you wish you could have a benefit like this one!

Abbreviated Work Schedule: The standard work year in the US basically consists of 250 days and 2000 hours. Many of us work additional days and/or hours to make ends meet. The standard work year for teachers consists of 187 days and (with 7 hours per day) 1309 work hours. This abbreviated schedule represents around 2/3 of the work hours that most of us *Taxpayers* have to put in.

What about Pay?: You may have read the article in the Keene Sentinel (12/21/2006) in which Ms. Terri Drogue (School Counselor) despairs that her children are "among the few in New Hampshire who do not have iPods, laptops, and camera phones". There is no doubt that articles like this lead us to believe that the *Taxpayers* have been depriving our teachers and their families. But, what are the facts? Well here is what the *Taxpayers* pay each year for Terri:

Salary	FICA	NH Retirement	Health Insurance	Dental Insurance	Total Benefits	Total Salary & Benefits
\$ 51,000.00	\$ 3,902.00	\$ 1,887.00	\$ 17,964.00	\$ 1,265.00	\$ 25,018.00	\$ 76,018.00

Now also keep in mind that this pay is on an abbreviated schedule so Terri's salary actually equals about **\$38.96/hour** (not a bad a pay rate!) and her benefit package equals about \$19.11/hour. This provides Terri with an income/benefit package equal to about **\$58.00/hour**. So, do you feel bad about this situation now?

Teachers' Contracts: When the Teachers Union negotiates for a contract, they skew the pay increases to favor the longer-term teachers. This allows them to present the *Taxpayers* with a contract which looks like it has reasonable pay increases while those approaching retirement are receiving a disproportionate raise. This frustrates the process of attracting young and enthusiastic teachers while increasing our long-term liability through retirement programs.

Everyone deserves a Fair Day's Pay for a Fair Day's Work, however, the situation at MRSD has become out of control. The generosity of the *Taxpayers* has been stretched to the limit and our pockets are being picked.

The administrators and teachers should be paying for a greater portion of their health insurance cost as is customary in the private sector. The costly Early Retirement Program represents money taken directly from our students (books, supplies, computers, etc.) and spent to only benefit the teachers; this should be eliminated.

What can we Taxpayers do? We should take an interest in what is happening at MRSD and attend the deliberative sessions. You will find that these sessions have been filled with MRSD members who have their own agenda which does not coincide with the needs of the *Taxpayers*. We should investigate each proposed teachers contract and;

- New Teacher Contracts which do not require a minimum 20% teacher contribution to the Matthew Thornton HMO insurance should not be approved by the *Taxpayers*.
- New Teacher Contracts which still contain the Early Retirement Program should not be approved by the *Taxpayers*.
- New Teacher Contracts which do not distribute pay increases fairly should not be approved by the

Taxpayers.

The Deliberative Session for the 2007-2008 MRSD warrant and budget will be held on Saturday, February 3rd at 10 a.m. at Monadnock Regional High School. It is at this session that you, the voters, will be able to ask questions, hear explanations and amend warrant articles prior to their appearance on the ballot to be voted upon March 13th.

Where else do our Taxpayer Dollars disappear? We have a number of ways that our hard-earned dollars are wasted by MRSD. Many programs are operated to the primary benefit of school administrators and teachers who act in positions as consultants, advisors, directors, etc. for which they receive a “second” paycheck from the ***Taxpayers***. Ask the school administrators to identify all persons who receive a “second paycheck” from SAU 38 or MRSD and they hesitate to reveal this information. Many of these programs are started by using government grant money so no one pays attention to the cost because it is “free”. However, when the grant money runs out, the ***Taxpayers*** are stuck paying for the program. One such program is MC². This program is operated to help approximately 16 pupils from the MRSD; however, it employs teachers, a principal and an unknown number of advisers. Getting accurate cost figures for this program has been difficult, but it could be in the neighborhood of \$700,000. The Sullivan Selectmen have asked the Superintendent of Schools many questions about this program in an attempt to evaluate its effectiveness and benefits. *To this date the Superintendent has refused to reveal any of the statistics surrounding this program.* To the best of our knowledge this program should be eliminated and any MRSD budget which contains funding for the MC² program should be rejected by the ***Taxpayers***.

The above information only indicates a few places where the MRSD spends your tax dollars without concern for the effort you, the ***Taxpayer***, expend to earn them and without regard for our older ***Taxpayers*** who may be living on a fixed income.

How Can We Correct This? Well, in the short term we can vote to defeat budgets containing wasteful programs like MC² and vote to defeat Teacher’s Contracts which contain un-fair pay increases, the Early Retirement Program, and less than a 20% cost sharing by the teachers on a Matthew Thornton HMO health insurance as a driver.

There are so many places where waste is rampant at MRSD; our chances of fixing the entire problem are now negligible. The lack of cooperation and transparency from the MRSD administration make the task of uncovering this waste even more difficult. So, the above voting recommendations will only slow the runaway spending.

The Sullivan Selectmen propose a new approach to this problem! The Board of Selectmen believes that we should strongly consider withdrawing from the MRSD. By doing this, we, Sullivan ***Taxpayers*** will escape the waste of the MRSD and have more control over the school and the school spending.

The Selectmen will provide an Article on the Town Warrant to see if the Citizens of Sullivan will vote to hire an attorney and explore the feasibility of withdrawing from the MRSD. Withdrawal requires the Town to meet certain legal criteria. We also need to explore the costs involved in withdrawal and determine if Sullivan can educate our children more cost effectively than the MRSD currently does. The Selectmen anticipate that a portion of the cost for this investigation will come from the fund balance.

Sincerely,

Richard M. Hotchkiss
Chairman, Board of Selectmen