



Portsmouth Concerned Citizens

NEWSLETTER

“Information is the currency of Democracy”

- Thomas Jefferson

www.portsmouthconcernedcitizens.org

Editor: Joe Robicheau

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From the President -- Larry Fitzmorris

Web Site – We have been operational on the PCC Web site for about three months. I invite you to visit our new site at:

www.portsmouthconcernedcitizens.org

November Ballot Proposals – The Council has scheduled a special election for November of this year and a number of very important issues will be presented to voters. We will be deciding the fate of the proposed sewer system (still not defined at press time), a Council proposed Charter amendment to eliminate the Tent Meeting, additional bonds for open space and recreational improvement and a bond for Windmills. The next issue of this newsletter will address each of these items in depth.

The Budget Trends are Changing – The state budget crises and recent changes in the property tax cap laws are modifying the nature of the budget/tax debate both here in Portsmouth and throughout the state. The PCC Executive Committee, assisted by other PCC members, is keeping a close eye on the changes in the budget processes and what they indicate for our town.

In This Issue:

The Portsmouth Budget – The Council adopted the town budget on June 25. Tom Vadney and Larry Fitzmorris discuss the results.

PCC Achievements – The PCC recently finished it's most active and intense year in our history. Joe Robicheau outlines the long list of achievements.

The State Budget Crises – The Assembly punted on budget reform and expended the remainder of the state's financial reserves to maintain the status quo. This did not solve the increasingly serious structural deficit. We summarize what this means for Portsmouth's future.

PCC Opinion Survey Results – Approximately eighty members responded. We would like to thank all participants for their inputs. The results are included nearby.

RISC Calls for McWalters Resignation – RISC President, and PCC member, Harry Staley has called for Mr. McWalters' resignation as State Commissioner of Education.

The Portsmouth Budget

(Tom Vadney & Larry Fitzmorris) – This year's budget process produced good news for our town's taxpayers. Restrained on the School side by the new Paiva-Weed property tax cap laws, the School Committee and Administration submitted a budget request that met state legal requirements. A majority of the Town Council entered the deliberations determined to avoid an appeal to the state to exceed the new tax cap. Council President Canario, and councilors Karen Gleason, Huck Little, and Pete McIntyre are to be commended for holding the budget line in the face of a (if subtly worded) threat of a second Caruolo Act suit. Further, Dennis Canario, through last minute negotiation, forestalled the closure of the Prudence Island School House for another year; and won an agreement whereby the School Department will pay down the principal on future school warrants beginning with next year's proposals. This budget was as challenging as any, and the Council was able to make its adjustments. It began with the requirement to fund retirement benefits for municipal workers at higher levels than required in past years, and with the continued requirements for additional teacher retirement fund payments mandated by the State.

Even more difficult, however, was the effect of the new tax cap law. This law, the Paiva-Weed Act, with a tax cap of 5.25% for this year, limited the total town property tax increase to 3.93%, with taxes paid by new property reducing the rate. A comparison with 2006 follows:

Budget	MIL Rate	Tax Increase
2006 Tent Mtg.	10.75	4%
2006 + Caruolo	10.95	5.86%
2007	11.38	3.93%

While a property tax increase of one full point above the rate of our personal income growth is still problematic, this was the all important first year of adjustment to the new Paiva-Weed law. This law is intended to restrict the historic Rhode Island property tax increases to a more manageable rate, a

long overdue reform. The tax cap rate will decline a quarter point each succeeding year from this year's 5.25% until it reaches 4%. Despite predictions of disaster, most cities and towns adjusted to the new law this year, just like Portsmouth.

Problems loom, however. The strong movement to debt in the form of warrants and bonds, to replace the revenue that would have been generated by taxes above the cap, is a move to circumvent the falling tax caps. Both fees and debt payments are exempt under the new law, and the Town's Administration has expressed a strong desire to move in that direction. The expenditures of town reserves in recent years to supplement school budgets have depleted these reserves. As a result, our bond rating is at risk and the addition of more debt is not going to help.

An additional area of concern is that the budget process is not addressing what is most needed now: **restructuring town government**. For years the Town's government has tried to maintain all of its programs and infrastructure. With the new limits on the growth of taxes, we simply cannot keep up the pace of spending. We in Portsmouth are going to have to choose the Town's services that are necessary and identify those we can get along without.

What may not be obvious is the potential for budgetary peace in the coming fiscal year. The School Administration and Committee have committed themselves to live within this budget. If their promises hold, we will have the first year in some time in which the Town's School Department ended the year with the budget total with which they started.

PCC Achievements

(Joe Robicheau) – 2006 was quite a year for the PCC.

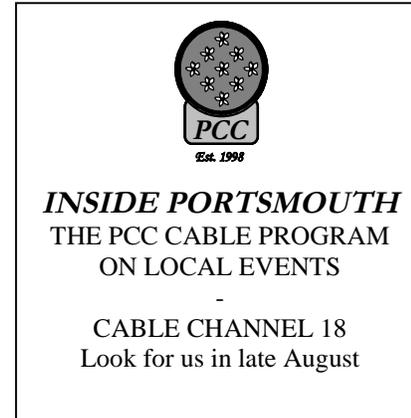
It is time for a little horn blowing. During the period May 2006 through June 2007 the PCC experienced a stunning run of successes. That twelve-month period was the most active in the nine year history of our organization. The following are among the most prominent:

- Successfully raised a petition of approximately 2,200 signatures from among the town's voters for a Town (Tent) Meeting
- Achieved and maintained a quorum under the Tent
- Prevailed in the Tent, reducing Town and School budgets and the impending 06-07 tax increase from 9.1% to 4%
- Won our legal argument in the Council over the acceptance of the proposed Caruolo stipulated agreement, saving the town approximately \$500,000.
- Supported election of four Town Council Members: Karen Gleason, Huck Little, Dennis Canario and Peter McIntyre
- Supported election of three School Committee members: Doug Wilkey, Jamie Heaney and Mike Buddemeyer
- Achieved Friend of The Court status in the Portsmouth vs. School Department Caruolo suit in Superior Court
- Provided the only defense of Portsmouth voters and taxpayers in the Caruolo case and succeeded in limiting

the court-ordered appropriation to the School Department to approximately one half of requested amount

- Raised \$17,500, primarily from the membership, but also from other supporters and businesses and paid all Caruolo case legal fees
- Boosted membership by about 180 new members
- Contributed significantly to the defeat of the efforts by a number of special interest groups to neutralize property tax caps mandated by the Paiva-Weed Act

Don't hide your pride. You are a member of a growing, vibrant and impactful organization. Don't miss any opportunity to toot your horn and grow our membership.



The State Budget Crises

(Larry Fitzmorris) – We are in serious trouble. Nearly all Rhode Islanders know about the state budget crises of June and July of this year. While we have all seen state budget crisis before, this one is different. It will have a lasting effect on Portsmouth's school and municipal funding and upon services provided by the state. In short, we have run out of money. All reserves have now been expended and financial sleight of hand is no longer an option.

The Assembly has used reserves and windfall revenue over past years to fund that part of the budget which can't be paid for with normal state revenue generated from taxes and fees. While the state Constitution requires the budget to be balanced, it does not direct the manner. Over the last few years the State has used one-time Federal windfall revenue, sold off state owned land and depleted the future tobacco settlement payments (for cents on the dollar) to fund its annual structural deficits.

These deficits, because they have not been corrected by a corresponding reduction in expenditures, continue year to year, with each annual budget fix only pushing the problem farther into the future. As any family would be, which year after year spends more than it makes, the state is in trouble.

While the Assembly has been in the process of depleting the state's money reserves, the structural deficit continues to grow. This year's structural deficit is approximately \$330 million and next year's is presently estimated to be at least \$380 million. **That is a ten percent shortfall in revenue and constitutes a formidable gap.** Next year, the Assembly will

have to find a way to generate the revenue to close that deficit. While the Assembly has taken some minor actions to correct the problem, it has not found the courage to institute the real remedy: reduce spending, increase taxes, or both. The leadership in the Assembly knows that the state is one of the most heavily taxed in the nation and that a significant increase in taxes is going to be very unpopular.

The state's budget problems are already having a considerable effect on local budgets. Public education is one of the state's principal responsibilities. In the current fiscal year the Assembly flat funded education for Portsmouth, and all other state school districts, despite a 3% increase proposed by the Governor. We face the very real possibility that general education funding could actually decline next year as the leadership is forced to choose programs it will support and those it will reduce. In this past session it appears the leadership selected State Employees over education spending, and that might continue. The distribution of state funding to the municipal side of town government is also at risk.

The natural temptation for the Assembly is to short the 'well to do' school districts and let them cover the lost revenue with local spending. Property taxes, however, are currently limited by the Pavia-Weed Act. The Assembly has been shorting education funding to the state's communities for years, with the knowledge that those communities have resorted to property taxes to make up the lost revenue. There is a general agreement, even in the House Leadership, that this approach has run its course, and they prudently refused to loosen the property tax caps. The Assembly has placed most local governments in what will be an increasingly difficult situation. Much like the Assembly, local governments will have to make a difficult choice: maintain the recent spending rates through fees and debt to raise additional revenue, or restructure. Fees for existing services and increased debt will be, at best, only temporary solutions

We in Portsmouth may be in new territory. While there is a path out of this crisis in state government, it seems unlikely the House Leadership will restructure state government, absent significant changes in the makeup of the Assembly. Local governments, including Portsmouth, are likely to suffer decreasing revenue distributions from the state as the budgetary shortfall widens. How local Councils deal with this situation will determine our tax rates and the effectiveness of local government for years to come.

Local governments must prepare for foul weather and start now to reduce the rate of annual spending increases, before the storm is fully upon us.

Restructuring?

Editor's note: The term restructures as used in the article above and elsewhere, represents a myriad of actions by a town to reduce expenditures. Restructuring town government would involve ranking by priority all of the functions of the town.

This effort would be supported by applying a set of priorities and financial criteria to identify services and functions which are of lower priority. An audit of all departments would be

necessary to identify each of the principal tasks performed and the gross cost (labor, material and facilities) of each. Department audits would include all contracted tasks. Audit findings would be examined by a competent designated body. Each task would be assigned a priority according to predetermined criteria i.e. legal requirements, health and safety, cost, value added, necessity, usefulness, functions that can be consolidated etc. Tasks deemed essential would be subject to further performance audit. Excesses in employment contracts would be identified. Tasks determined to be expendable would be identified, accordingly.

WE MAKE A DIFFERENCE

JOIN
PORTSMOUTH CONCERNED
CITIZENS
HELP US HELP YOU

Call Drena Robicheau at 847-1098

Or use the membership form in this
Newsletter

PCC Opinion Survey Results

(Joe Lorenz & Drena Robicheau) –The May 2007 PCC newsletter contained a survey regarding Portsmouth issues. There were eighty-one responses; the results are listed according to highest number of votes per issue:

- 1) Annual property tax increases
- 2) School Department budget growth
- 3) Unrealistic union salaries and benefits
- 4) Cost of sewers
- 5) Development density that sewers will bring
- 6) \$100/yr fee for dump to circumvent tax cap
- 7) Property taxes spent on open space
- 8) Glen used to full advantage

The survey results will be a very helpful guide for the Executive Committee to properly focus PCC efforts and resources. Thank you all for your contributions.

RISC Calls for Resignation

Editor's note: The following letter by Harry Staley, Chairman of Rhode Island Shoreline Coalition (RISC) and member of PCC, is included to call your attention to the

ineffectiveness of Rhode Island public education and demonstrate the commitment of both of our organizations to the betterment of this State's public education system.

On behalf of the Officers, Directors and members of the Rhode Island Statewide Coalition (RISC), this letter is directed to the Board of Regents for the purpose of demanding the resignation of Mr. Peter McWalters, Commissioner of Elementary and Secondary Education. (A hard copy of this letter is being forwarded to each member of the Board of Regents; an email copy of this letter has been sent to each member on this date.)

Mr. McWalters has occupied his current position for 15 years. During that time, in spite of numerous public releases from RIDE indicating that the educational performance of our schools and students is "improving", the evidence is to the contrary. In February of this year, The Institute for a Competitive Workforce of the U.S. Chamber of Commerce published a report entitled: "Leaders and Laggards, A State-By State Report Card on Educational Effectiveness" in which Rhode Island's educational performance is compared to that of the 49 other states and the District of Columbia. (See copy attached to e-mail message, or at RISC website: www.risc-ri.org). That report is a devastating indictment of Rhode Island's educational effectiveness.

By any standard, except that of Mr. McWalters and RIDE, Rhode Island schools and students are clearly underachieving. Instead of the truth, what we hear are comparisons of student performance within Rhode Island that continually claim that student achievement is "improving" and that a significant number of our schools are "high performing." By now, such accolades must be dismissed as simply a self-promoting cover-up for an abject failure to produce even mediocre results. Mr. McWalters has painted a false picture of the quality of education our students are receiving.

It is particularly troubling to note that, in the face of such a record, we have not heard from Mr. McWalters a plan of action that would change the direction of the State's educational program. Rather than providing bold, innovative leadership for change, we hear nothing but vague platitudes that "things are getting better." How long must we wait for the kind of results one would expect in a State where the taxpayers are paying the fifth highest property taxes in the United States? Lack of

Money cannot be the problem. Why the complacency, the failure to make his voice heard, the inability to set forth a detailed program that would address the problem and rally the support required to effectuate it? The silence is deafening. After 15 years of producing sub par results, there can be no other conclusion: Mr. McWalters cannot provide the leadership required to measurably improve our educational performance. We can wait no longer! The future will belong to those who are prepared to compete for jobs in the world marketplace, not just in the nation, and certainly not just in Rhode Island. We are not preparing our children to compete in that world, and the time for excuses is over

It is for these reasons that we demand the resignation of Mr. McWalters, and the undertaking of a search to identify and bring to Rhode Island a successor who is capable of meeting the enormous educational challenge we face. Nothing less will serve the needs of our children.

Harry Staley,
Chairman,
Rhode Island Statewide Coalition



CHARLESTOWN – (*The Westerly Sun August 4, 2007*) Governor Donald L. Carcieri told members of the Rhode Island Statewide Coalition Saturday that the two biggest issues facing the state are balancing the budget and improving education. "You need to balance the budget, control spending and get schools performing," the governor said while speaking at RISC's fifth annual meeting, "We've got to figure out how to run this state more efficiently, smarter, with fewer people and deliver less services at the end of the day because you can't deliver them all." The governor called RISC "one of the key salvations for our state. In the short time I've been at this job it's clear to me that we need a public counter-balance to all the special interests that are out there that are doing well taking care of themselves. Their political influence on the legislature is extraordinary," he said. Governors come and go, Carcieri said, but the state needs people who decide they're going to have a say about what's happening in their state and on the direction it's headed.

A Lot is at RISC...A Membership Plea

As Portsmouth Concerned Citizens have learned, much can be accomplished by a group of people united in purpose. RISC is proud of its affiliate, PCC, for the fight against high taxes in 2006.

But, the fight is not over. Much is yet to be done to accomplish real change in the Ocean State. RISC's activities are financed by *individual memberships*. If it is to continue its efforts on behalf of Rhode Island taxpayers, more individuals and families must join.

If you have found RISC a valuable resource and its email communications beneficial, please consider membership.

www.risc-ri.org 401-213-6316

PCC has a number of fundamental goals: limited and moderate property tax increases, open, efficient and responsive town government, access to decision makers and the deliberative process and superior public schools.

If you are of the same mind...

BECOME A PCC MEMBER TODAY!

PORTSMOUTH CONCERNED CITIZENS MEMBERSHIP FORM

NAME _____ DATE _____

ADDRESS _____

CITY/TOWN _____

HOME PHONE _____ OFFICE PHONE _____ E-MAIL _____

ANNUAL DUES: \$20 (Single) \$25 (Family) \$100+ (Founder's Club)

Call: 683-6127, or mail this form and your contribution to: Portsmouth Concerned Citizens
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Portsmouth, RI 02871

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