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Testimony of the City of New Haven
Before the Finance Committee

Regarding
[S.B. No. 843](#) AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET

Submitted by
John DeStefano, Mayor
March 4, 2013

Senator Fonfara, Rep. Widlitz, and members of the Finance Committee,

Thank you for opportunity to comment on SB 843 An Act Concerning Revenue Items to Implement the Governor's Budget.

I sympathize with the difficult decisions this committee has before it. In New Haven we are accustomed to making those tough decisions. In the past five years we have made many difficult decisions. We have had to lay off cops, librarians, recreation supervisors and school custodians. Our employees have gone without cost of living pay raises, many since 2010. And our property tax payers are paying more. With all this bad news there has been good news – in the past two years we have successfully negotiated union contracts that have fair benefits that match the private sector and have stabilized pension and health care costs – and have the potential to be less as more contracts are settled. We have also grown jobs and the grand list – next year we will see almost 1% growth in the net taxable grand list.

I come before you today because the Governor's proposed budget leaves communities like New Haven with more bad choices. Let's be clear – the governor's proposed budget does not hold municipalities harmless. The proposed budget reflects a cut in general operating municipal aid - cuts to PEQUOT, the Municipal Revenue Sharing Account and a variety of other programs– over \$10 million of general fund reductions for New Haven.

The governor talks about the elimination of the car tax because the tax is regressive. I argue that cuts to municipal aid are far more regressive. Cuts to state aid will ultimately lead to property tax increases – disproportionately in communities like New Haven where property taxes are far too high already.

To be fair, faced with these proposed changes in state aid when I submitted the budget last week I had choices. To compensate for these general fund cuts we could have made over 200 position eliminations. This could have translated into less police and fire fighters, fewer libraries and youth programs – and after last month's snow nobody will want to hear this – but it could have meant cuts to the public works department which is already half the size it was ten years ago. Having reduced the City's workforce by 20% in the past ten years, further cuts would have been unsustainable. Therefore, the budget included a tax increase. There is a 2.09 mill 5% increase to cover the 3.4% increase in expenditures for things like contractually required raises and increased premiums for insurance following the numerous storms and to compensate for the loss of one time revenue. But the

budget also includes an additional 2.34 mill, 6% increase to cover the cuts in state aid. The governor's budget is not a "no tax increase budget" – the budget undeniably is a local tax increase budget.

Over the next several weeks this committee will have many difficult decisions to make. I respect the work that you do and ask that you remember that the proposed changes to municipal aid will result in the loss of general fund operating support in communities from New Haven to New London, Bridgeport to Branford, Hartford to Hamden, and will result in either cuts to services or property tax increases.

Thank you for your consideration.