

RCTA Newsletter

March 2010
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*****NEXT MEETING MONDAY MARCH 29, 2010*****

What YOU Should Know and Why Are Unions Bankrupting Municipalities?

How's this for an investment?

You pay a total of \$124,000 into your pension plan and, upon retiring at age 49 you receive \$3.3 million in pension payments and \$500,000 in health care benefits. You receive \$3.8 million in total on a \$124,000 investment if you live to your statistical average age.

Or this:

You pay a total of \$62,000 towards a pension plan and absolutely nothing for health care (medical, dental and vision coverage) over your working career. Upon retirement, you are paid \$1.4 million in pension and \$215,000 in health care benefits. You receive \$1.6 million on a \$62,000 investment. These are real world examples from New Jersey's crushing public sector union retirement plans paid for by the state's taxpayers.

The state of New Hampshire states: For benefit calculation purposes, a member's final 12 months of earnable compensation is limited. (Earnable compensation refers to a member's gross earnings paid to the member by an NHRS participating employer plus a member's earnings from a salary continuance or disability plan funded by an NHRS participating employer.) The limit is 150% of the member's earnable compensation for the preceding 12 months or the higher earnable compensation for any year used

in calculating the member's average final compensation, excluding the member's final 12 months. If the member exceeds the 150% limit and it is determined that the member is not eligible for grandfathered credits, NHRS will notify the member.

This sounds somewhat convoluted but in reality it puts the taxpayer on the hook for some serious cash. There is no explicit constitutional protection for public pension benefits, but courts provide protection based on impairment of contract principles. NH CONST., Pt. 1, Art. 23.

Our City and School Departments are in negotiations with 8 unions. One good question that needs to be asked is who actually negotiates for the taxpayer? Are we giving away more than we can afford? Everyone is always looking for a raise but the reality of life is those of us in the private sector footing the bill have not had a raise in years and our health insurance keeps going up making our overall income on the decline.

It is hopeful that the City Council will reject the Teacher's Union contract coming before them on March 16, 2010, although the teachers graciously did not take a raise for one year. If this contract is adopted by the Council the Evergreen Clause will be a part

thereof. The Teacher's Union will then have no need to come back to the bargaining table as they will get their 16 step pay increases automatically.

The projected 25% increase in health insurance costs for the school district totaling \$1,375,829.00 is huge. The \$336,000.00 savings from no salary increases is admirable.

There are no acknowledged changes in the proposed health insurance cost in the teacher's contract.

Will the 25% increase in health insurance premiums far exceed any savings due to the lack of salary increases?



Happy St. Patrick's Day

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What YOU Should Know and Why Rochester's monetary obligation to County

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Recently Sandy Keans sent out a panic struck e-mail to a select group of individuals, quote: "Now's the time to get active on the Strafford County Budget. It is up approximately 1.9% or \$700K of which Rochester and Dover (both tax cap communities) will pick up \$400K. (It is based on assessments.) In fairness, the county was hit with decreased payments for Medicaid patients and like the cities and towns increased costs for the NH Retirement Fund. According to Manager Scruton, Rochester's budget may raise only \$47,000 in order to stay below the cap. So which city services do you want to see cut or should the council exceed the cap? Either way there needs to be some serious discussions."

In an effort to get the correct information members of the RCTA went to the County meeting Thursday 2/25/10 to get the exact number. It seems that Rochester is only responsible for \$103,660. See chart below. One must ask is this just another attempt by certain members of the City Council to override the Tax and Spending Cap voted in by 9755 votes. The RCTA realizes that staying within a budget is difficult, but other Tax Cap communities seem to be able to make the difficult decisions. Why is such a difficult problem for Rochester? Instead of making difficult decisions they continually want to override the Tax Cap by using scare tactics and inaccurate information.

CITY/TOWN	2009 TAX PROPORTION
Barrington	8.5734%
Dover	26.7775%
Durham	7.8569%
Farmington	4.5157%
Lee	4.2179%
Madbury	2.0581%
Middleton	1.5861%
Milton	3.9412%
New Durham	4.0014%
Rochester	21.2060%
Rollinsford	2.4145%
Somersworth	8.4677%
Strafford	4.3837%
Total Taxes	100.0001%

CITY/TOWN	2009 TAX RATE APPORTIONMENTS
Barrington	2,251,008
Dover	7,030,640
Durham	2,062,901
Farmington	1,185,628
Lee	1,107,432
Madbury	540,362
Middleton	416,434
Milton	1,034,787
New Durham	1,050,609
Rochester	5,567,792
Rollinsford	633,952
Somersworth	2,223,263
Strafford	1,150,982
Total Taxes	26,255,790

CITY/TOWN	2010 TAX RATE ESTIMATES
Barrington	2,292,918
Dover	7,161,525
Durham	2,101,293
Farmington	1,207,704
Lee	1,128,059
Madbury	550,430
Middleton	424,195
Milton	1,054,057
New Durham	1,070,157
Rochester	5,671,452
Rollinsford	645,747
Somersworth	2,264,649
Strafford	1,172,401
Total Taxes	26,744,561

CITY/TOWN	INCREASE/DECREASE
Barrington	41,910
Dover	130,885

Durham	38,392
Farmington	22,076
Lee	20,627
Madbury	10,068
Middleton	7,761
Milton	19,270
New Durham	19,548
Rochester	103,660
Rollinsford	11,795
Somersworth	41,386
Strafford	21,419
Total Taxes	488,771

Tax apportionments are set by the State of NH Dept of Revenue Administration for the year in approximately September.

These are estimates based on 2009 apportionments and 2010 budget figures.

This table can be found on the RCTA website.

Also mentioned at the County meeting and read into the minutes was the fact that while the County laid off numerous employees and didn't fill other openings in an effort to stay within the confines of the tax caps, those city's who have caps have done little to curtail spending. Everyone needs to take a real long hard look at how the county budget affects Rochester's tax rate. Look at www.rochestertaxpayers.org.