

A Message from the Mayor on the proposed 2025-26 budget

To my fellow Middletown residents:

This year's budget process has been shaped by forces familiar to anyone dealing with the impact of the current economy and political situation on their own household budget: prices are up, help from others is down, and the cost of deferred action grows steeper by the day. Let me explain how these realities converge in Middletown—and why my proposed 2025-26 proposal, while the most difficult of the six budgets I have been a part of as mayor, charts a responsible path forward.

What This Budget Means for Taxpayers

The proposed mill rate of **32.8** reflects an increase of **2.7 mills** over last year. For a home with a *fair market value* of \$250,000 (assessed value \$175,000), this translates to an annual increase of about \$490, or roughly \$40 per month. A full breakdown of the proposed increases and decreases in both spending and revenue is attached to this message.

Note: In Connecticut, the tax value of your home tax rate is determined as follows:

$(\text{Assessed Value} * \text{Mill Rate}) / 1000$

- The assessed value is 70 percent of the appraised (fair market value) determined by the assessor.

Example: If the assessor determines that the market value of a home is \$100,000, the assessed value will be \$70,000.

Local Reality: Doing More With Less

Like last year, this is not a budget of bold new initiatives. The vast majority of the overall increase in the budget is due to fixed costs, including a roughly 16% increase in health insurance costs that is unprecedented in recent years where Middletown has enjoyed relatively low rate hikes from our insurance provider. Furthermore, much of the commensurate increase in the mill rate is driven by a decline in projected revenue (independent of projected loss of federal and state grants).

The citywide revaluation of real estate two years ago forced us to confront how state law ties our hands. This year, a new change in state law created for Middletown an unprecedented challenge: **our grand list shrank**. For the first time in recent memory, the total value of taxable property in our city declined—not because homes lost value, or because businesses closed down, but because of a state-mandated change to how we tax cars.

Previously, cars were taxed based on their **fair market value**—what they're actually worth today. Now, they're taxed using a formula tied to the **original Manufacturer's Suggested Retail Price (MSRP)**, depreciated by a fixed percentage each year.

Here's why that hurts Middletown:

- **Example:** A 2020 Honda CR-V with an original MSRP of \$35,000 is now worth \$25,000 by fair market value. Under the old system, the \$25,000 would be taxed. Under the new system, the value that the formula invented in Hartford is closer to \$23,800. *Result:* The owner saves \$32/year, but the city loses revenue to the tune of millions.
- **Grand List Impact:** This change erased over \$50 million in value from the grand list, and even after the Common Council voted to adopt a modified formula passed by the state legislature this year (essentially an emergency backpedal after the massive impact on local budgets created an outcry), the grand list will still be down overall by over \$12 million.

State leaders called the formula change a “tax cut” at the time, but it’s really a tax shift, a fact that was acknowledged at least in part by the emergency modification. But either way, by forcing towns to undervalue cars, they’ve guaranteed your property taxes must rise to fill the gap.

In an era of exorbitantly rising costs, it’s also our own poor past decision-making, not just Hartford’s present failures, that is coming back to haunt us. For decades, Middletown patched roofs and postponed HVAC replacements. Now, that neglect is costing millions in urgent repairs identified citywide. This budget begins tackling that backlog by funding the Facilities Manager role to prioritize repairs, leverage state grants, and avoid costly crises.

In general, though, we understand the need to tighten our belts, even if that means deferring certain projects we can afford to put off for a year or two. My budget directive to the heads of city departments, which was submitted to them as well as to Common Council members and legislators in January and is included at the end of this message, instructed them to exercise extreme restraint and prioritize only the most urgent needs, which they did. Even so, my budget team and I made reductions in virtually every departmental budget that was prepared over the last month of deliberations, and it is that reduced figure that has been submitted in this proposal.

State Reality: A Broken Promise to Our Students

The State of Connecticut’s retreat from education funding is at the heart of Middletown’s budget strain. Connecticut’s Education Cost Sharing (ECS) formula has been unchanged since 2013, while costs for staff, materials, equipment, and essential services have soared. **Who fills the gap? We do -- to an increasing extent every single year.**

This isn’t just unfair—it’s unsustainable. The bipartisan **119K Commission**, on which I proudly served, has proposed common-sense reforms to reverse this trend:

- **Increase the ECS base to \$12,488 per student**, adjusted for inflation.

- **Weighted funding** for high-need students: +50% for disabilities, +40% for poverty, +35% for multilingual learners.
- **Statewide investment:** \$545 million to create stable funding for local schools and reconnect 119,000 at-risk youth to education and careers.

Attached to this message is an op-ed I co-authored with my fellow 119K Commission members along with dozens of other mayors -- Democrats and Republicans, from our biggest cities to our smallest towns and everything in between -- to help drive home the need for these investments and the failure by our state to deliver meaningful equity for taxpayers and students alike.

Inaction will cost no less in the long run, or even in the short run. Connecticut holds a **\$4.1 billion rainy-day fund** and a **\$1.8 billion budget surplus**, its seventh in a row. State leaders blame their inaction when it comes to investing this money in our people on self-imposed, decades-old spending “rules” that were overdue for revisions years ago. If now isn’t the time to invest in our children, and in tax relief for residents, it’s hard to know what a “rainy day” would look like for leaders in Hartford who year after year fail to see the forest for the trees when it comes to crafting budgets.

Federal Reality: Pure Chaos

I am reluctant to spend much time and space on factors that are completely out of our control, but it cannot be overemphasized how unpredictable and chaotic things have already gotten, and will continue to get, as our national leaders slash the federal government and inflict willful damage on the U.S. economy. Some local projects that receive federal dollars have already been put on hold based on directives from above; others face an uncertain future based on proposed cuts and “claw-backs” that have been stayed, for now, by federal courts.

Furthermore, the federal situation has also created even greater uncertainty for state government, and will certainly impact the willingness or ability for legislators to address local needs while responding to attacks from above. Setting aside the expiration of pandemic-era funding, which has been long anticipated and planned for (and allowed us to make numerous key investments that otherwise would have impacted local taxpayers further), the era of “D.O.G.E.,” tariffs, rising food and energy prices, and campaigns of fiscal McCarthyism against higher education and public institutions is upon us, and does not lend itself to a stable environment in which to prepare budgets and deliver services.

Conclusion: Collaboration is the Only Solution

Despite the challenges we face, Middletown remains a model of resilience. Our AAA bond rating stands; our commercial and residential tax base is growing; our retirement obligations are well-

funded; and our reserves meet policy targets. But no city can outrun systemic flaws forever when ultimately, as a municipality, we are a creature and a creation of state government.

That is why, more than ever, this moment calls for us to work collaboratively in Middletown.

It bears mentioning that the current fiscal year budget (2024-25) that was adopted last May is not the budget I proposed, but one that the Common Council passed over my veto. I still stand by that veto -- the first and only one I have ever issued -- as I'm sure the Council stands by its decision to override.

But atop everything else we face, and atop the fact that we cannot repeat actions like zeroing out essential funds like the salary reserve account and the Russell Library maintenance budget, we must above all else recognize that **all of us in Middletown who are a part of this budget adoption process, from myself to the Council to the Board of Education to the public, are in it together.** I submit this proposal with the understanding that it is just that, a proposal. I stand ready to accept feedback, collaborate on modifications, and -- perhaps most importantly -- strategize with any willing partners towards achieving meaningful reductions in the cost of living for our residents.

I know, and the Council knows, that another \$40 per month from residents' pockets isn't trivial. Neither is the prospect, or the reality, of crumbling buildings, soaring utility and healthcare costs, and a mindset of reaction and retrenchment in Hartford and Washington. But with your input—and courage on the part of our state leaders—we can turn this moment into progress.

To the community: please join us at the upcoming hearings. I am fortunate to work with an extraordinary team of professionals in developing the budget proposal each year, including Finance Director Carl Erlacher and Deputy Finance Directors Diana Doyle and Nikoleta McTigue; Bobby Knoll Peterson, my chief of staff; and the whole team in the mayor's office, including Linda DeSena, Joy Collins, Tina Mejias, and Rohan Manning. But ultimately, this budget is in the hands of the residents, and the more we hear from each other, the better off our future will be.

Sincerely,

Mayor Ben Florsheim

April 1, 2025

**Budget Message Supplement A:
52 Bipartisan Mayors Urge State Leaders to Do the Math**

March 26, 2025

At a time when there is a lot of division across the country, one thing we can all agree on in Connecticut is there is no more important priority to parents and to the future of our state than ensuring our children receive a high-quality education that puts them on a pathway for success in college, career, and life.

However, the sad truth is that far too many of our young people are currently off track and struggling.

About 119,000 young people in Connecticut are currently at-risk or disconnected from education and the workforce. That's nearly one in five of our youth ages 14 to 26. And, absent a change, this number will grow by another 10,000 youth ... every year.

To raise alarm bells even further, the signs on the horizon are also troubling. According to the most recent NAEP scores — known as the Nation's Report Card — which were released in January, only about one-third of Connecticut's eighth-grade students are proficient in reading and math.

While the challenge of disconnected youth is a multi-faced one that requires a multi-pronged approach, there is no more impactful lever that we have at our disposal than providing our children with a high-quality education alongside robust vocational and career training programs. Our teachers are working hard to educate, equip and empower our young people so they have the knowledge, habits and skills they need to connect them to higher education, good paying jobs and meaningful careers. We need to support our students and educators so they actually have the resources and support services to get the job done.

This starts in early childhood, and we commend Gov. Ned Lamont's proposal to establish a new Universal Preschool Endowment. This historic \$300 million investment will make preschool more accessible and affordable for families and help ensure more of our youngest learners get the very best start in life.

Similarly, though, we believe the state needs to make an equally bold investment in our K-12 learners. And, while the state has made some progress in recent years, it is still falling far short.

The primary way the state supports local school districts is through the Education Cost Sharing formula, and the state's base contribution is currently \$11,525 per student. That amount hasn't increased in more than a decade. And you know what has increased in cost over the last 10 years? Everything. Teacher salaries, student support services, facilities costs, school busing and transportation costs have all gone up, and understandably so. Since 2013 (when the foundation amount was last updated), inflation has averaged 2.77% per year.

So, who's been picking up the bill? Property taxpayers and municipalities in the form of higher local property taxes. That's not "education cost sharing" by the state — that's the state passing the buck.

The infusion of federal COVID relief funds helped bridge the funding gap from the state in recent years, but those federal funds are now gone — and many of our local budgets are now at a breaking point. We've been doing our part and increasing our local contributions to our schools year after year, and now we need the state to do its part and increase its contribution to our schools.

Our school districts have teacher shortages and staff shortages with social workers and school psychologists that have student-to-staff ratios in the hundreds, all the while our students are facing increasing mental health challenges that require more investment in these services.

We especially need the state's support for our highest need students — students from economically disadvantaged backgrounds, multilingual learners, and students with disabilities.

The state provides the same amount of foundation funding for a student without disabilities as it does for a student with disabilities, when we all know it costs thousands of dollars more — and often tens of thousands of dollars more — to properly support students who have more diverse and complex learning needs. The state also does not provide adequate funding for students living in poverty or multilingual learners who we also know require significantly more resources. We have a moral obligation to do right by all our children — and that requires a new level of financial commitment from the state.

And you know what? The state actually has the money to make this investment.

The state has had seven consecutive years of significant budget surpluses. Last fiscal year, 2023-24, the state ended the year with a \$400 million surplus in its general fund and a budget reserve fund of \$4.1 billion. As chief executives of our towns and cities, we appreciate the need for responsible budgeting, spending within our means, and having a rainy-day fund. But guess what? The state has the means, it's raining on our students, and the forecast shows more storms are headed their way.

So, here's our proposal, as outlined by the bipartisan 119K Commission's Young People First report and the Connecticut Conference of Municipalities:

- Increase the state's annual foundation amount by approximately a thousand dollars per student from \$11,525 to \$12,488 — and index the amount for inflation moving forward.
- Provide a financial weight for students with disabilities of 50%, which was also proposed by the State Legislature's Select Committee on Special Education.
- Adjust the current financial weights for students from economically disadvantaged backgrounds and for multilingual learners to 40% and 35%, respectively.

All in, that's a \$545 million investment statewide. That may seem like a big number in the aggregate, but when you break it down across 160-plus school districts, it ranges from \$3,000 to \$59 million per district depending on district size and student population. Another way to look at it is, on

average, it's an additional \$1,120 per student, and that's certainly not too much to ask for each of our kids.

Most importantly, it's an investment that will pay dividends in the lives of our young people both today and for decades to come. We urge Governor Lamont and the Connecticut General Assembly — whom we know care about our youth just as much as we do — to join us and make a lasting investment in our young people and in our future workforce that will keep our state and local economy growing and moving forward.

Signed:

Bethany First Selectwoman Paula Cofrancesco

Bloomfield Mayor Danielle Wong

Branford First Selectman James Cosgrove

Bridgeport Mayor Joseph Ganim

Bristol Mayor Jeff Caggiano

Canterbury First Selectman Chris Lippke

Colchester First Selectman Bernie Dennler

Danbury Mayor Roberto Alves

Darien First Selectman Jon Zagrodzky

East Haddam First Selectman Irene Haines

East Hartford Mayor Connor Martin

East Haven Mayor Joseph Carfora

East Windsor First Selectman Jason Bowsza

Ellington First Selectman Lori Spielman

Groton Mayor Keith Hedrick

Guilford First Selectman Matt Hoey

Hamden Mayor Lauren Garrett

Hartford Mayor Arunan Arulampalam

Killingworth First Selectman Eric Couture

Madison First Selectwoman Peggy Lyons

Manchester Mayor Jay Moran

Meriden Mayor Kevin Scarpati

Middletown Mayor Ben Florsheim

Milford Mayor Tony Giannattasio

New Haven Mayor Justin Elicker

Newington Mayor Jon Trister

New London Mayor Michael Passero

New Milford Mayor Pete Bass

North Haven First Selectman Michael Freda

Norwalk Mayor Harry Rilling

Norwich City Manager John Salomone

Orange First Selectman Jim Zeoli

Pomfret First Selectman Maureen Nicholson

Portland First Selectman Michael Pelton

Putnam Town Administrator Elaine Sistare

Roxbury First Selectman Patrick Roy

South Windsor Mayor Audrey Delnicki

Stamford Mayor Caroline Simmons

Stonington First Selectman Danielle Chesebrough

Stratford Mayor Laura Hoydick

Thomaston First Selectman Edmond Mone

Trumbull First Selectman Vicki Tesoro

Wallingford Mayor Vincent Cervoni

Waterbury Mayor Paul Pernerewski, Jr.

West Hartford Mayor Shari Cantor

West Haven Mayor Dorinda Borer

Wethersfield Mayor Ken Lesser

Wilton Town Administrator Matt Knickerbocker

Windham Mayor Tom DeVivo

Windsor Mayor Nuchette Black-Burke

Wolcott Mayor Thomas Dunn

Woodbridge First Selectman Mica Cardozo

**Budget Message Supplement B:
Mayor's Budget Directive to Department Heads**

January 28, 2025

Dear all,

I have struggled mightily in coming up with a budget directive this year, less because of the many uncertainties that always exist in this process (and there are plenty of those) than because of the things we *do* know and that are poised to make this budget incredibly challenging. Among these “known knowns” are the following factors:

- Five years of flat or near-flat budgets that have really been reductions in practical terms, given the rising costs faced by city departments to continue delivering services.
- New state legislation granting expanded property tax exemptions and reformulating motor vehicle taxes to reduce the amount of revenue municipalities are able to collect.
- A governor who started the legislative session in a biennial budget year by brushing aside municipal leaders' concerns about the increasingly disproportionate fiscal burden faced by local taxpayers, telling us “don't always come running to the state” (despite the persistent habit of running to the cities and towns to pay for state programs and initiatives).
- A president who has unilaterally frozen the distribution of federal dollars appropriated by Congress to aid schools, nonprofits, and municipalities, with the stated intent to review the programs and their recipients for ideological compliance with his agenda.
- A Common Council which last year adopted the current, badly flawed City budget over my veto and has indicated a willingness to do the same this year, but has yet to indicate its fiscal priorities for the upcoming budget.
- An increasingly urgent need to deal with historic underinvestment in our city's capital needs and physical plant, from fleet vehicles to municipal buildings and beyond.
- The pending renegotiation of three of the city's four collective bargaining agreements this year.
- Residents whose household budgets are being stretched ever thinner by everything from property taxes to energy costs to rising grocery prices and more, and who cannot be expected to carry the entire burden created by all of the above in the form of a huge tax increase.

In summary, what these and other known factors add up to is this: as our fixed costs continue to rise, the City of Middletown faces a significant reduction in revenue flowing into our coffers to meet those rising costs. The uncertainty only lies in how significant those reductions will be.

We're in a difficult spot.

The question I've been struggling with over the past month as some of these realities started to take shape is whether to pursue the leanest budget possible, or to pursue a budget that accurately reflects the real costs Middletown will face if we want to maintain services and staffing at current levels. In years past I have tried to balance these two objectives as much as the fiscal and political situation would allow. This year, I am not confident that such a balance can be struck. But I believe we have to try.

Each department should have received their current-year budget numbers in AUC a few weeks ago. Based on those numbers, please submit a flat budget by the end of business on Friday, February 28. In addition, please plan to come to your budget meeting with me and the Finance Department, which will be scheduled for March, prepared to discuss the following items:

- Any emergency capital/facilities needs your department is facing that must be addressed in the next fiscal year.
- A five-year look-ahead for any upcoming capital/facilities needs that are not emergencies but will require attention in the near future.
- A list of all state and federal grants or other funding your department receives and administers.
- A list of all third-party vendors and contractors who work with your department, and copies of the associated contracts.

Despite the extraordinary headwinds we are facing, my two primary goals in terms of the process of this budget are, first, to make it as collaborative as possible at the local level between the Council and the administration, avoiding miscommunication and ensuring that everyone's voice is heard; and second, to be as vocal as I possibly can at the state and now the federal level about the urgent crisis cities and towns are facing if current trends continue. Clearly, that will be a multi-front battle and there is no guarantee of success, but just as I am asking you to do with your departmental budgets, I am going to try my best.

Thank you for reading this and for all you do every day for our residents. I am grateful to be part of this team and look forward to the continued good work we will do together.

Ben

January 28, 2025