

Budgeting for State Aid in Times of Uncertainty

Scott Shanley, General Manager

Brian Wolverton, Budget & Research Officer

State Aid in Manchester

- Constitutes roughly 25% of General Fund revenues
- GM budgets typically based on State Aid revenue estimates from Governor's Proposal
- Legislature can and does amend up to and beyond the first day of the fiscal year
- Until FY14, adopted Legislature's figures have not differed radically from the Gov's proposals

FY2013-14 Budget Year

	Governor's Proposed	Actual
PILOT - STATE PROPERTY	\$ -	\$ 751,664
PILOT - TAX EXEMPT PROPERTY	\$ 803,560	\$ 802,713
PEQUOT PILOT - STATE PROPERTY	\$ -	\$ 594,716
PILOT - PHONE COMPANY	\$ 120,000	\$ 116,102
TOWN AID ROAD	\$ 648,672	\$ 647,713
GRANT FOR MUNICIPAL PROJECTS	\$ -	\$ 910,226
GENERAL STATE AID	\$ 31,408,209	\$ 30,593,408
PUBLIC SCHOOL TRANSPORTATION	\$ -	\$ 283,543
PRIVATE SCHOOL TRANSPORTATION	\$ 111,325	\$ 112,770
	\$ 33,091,766	\$ 34,812,854

Governor's Proposal:

- Eliminate MME transition grant (property tax relief for equipment)
- Eliminate Pilot for State Property
- Eliminate Pequot grant
- Eliminate Public School Transportation
- Double Alliance Grant and LoCIP (both off-budget)

FY2015-16 Budget Year

ACCOUNT DESCRIPTION	Governor's Proposed	Actual
PILOT - STATE PROPERTY	\$ 808,775	\$ 566,228
PILOT - TAX EXEMPT PROPERTY	\$ 826,622	\$ 826,527
PEQUOT PILOT - STATE PROPERTY	\$ 603,833	\$ 605,863
PILOT - PHONE COMPANY	\$ 116,000	\$ 102,952
TOWN AID ROAD	\$ 646,353	\$ 644,881
GRANT FOR MUNICIPAL PROJECTS	\$ 967,812	\$ 1,072,449
GENERAL STATE AID	\$ 30,619,100	\$ 30,593,874
PUBLIC SCHOOL TRANSPORTATION	\$ 368,992	\$ 339,509
PRIVATE SCHOOL TRANSPORTATION	\$ 145,238	\$ 150,916
	\$ 35,102,725	\$ 34,903,200

Adopted:

- Significant cut to PILOT- State Property
- Greater increase to Grants for Municipal Projects
- Overall decrease in total state aid

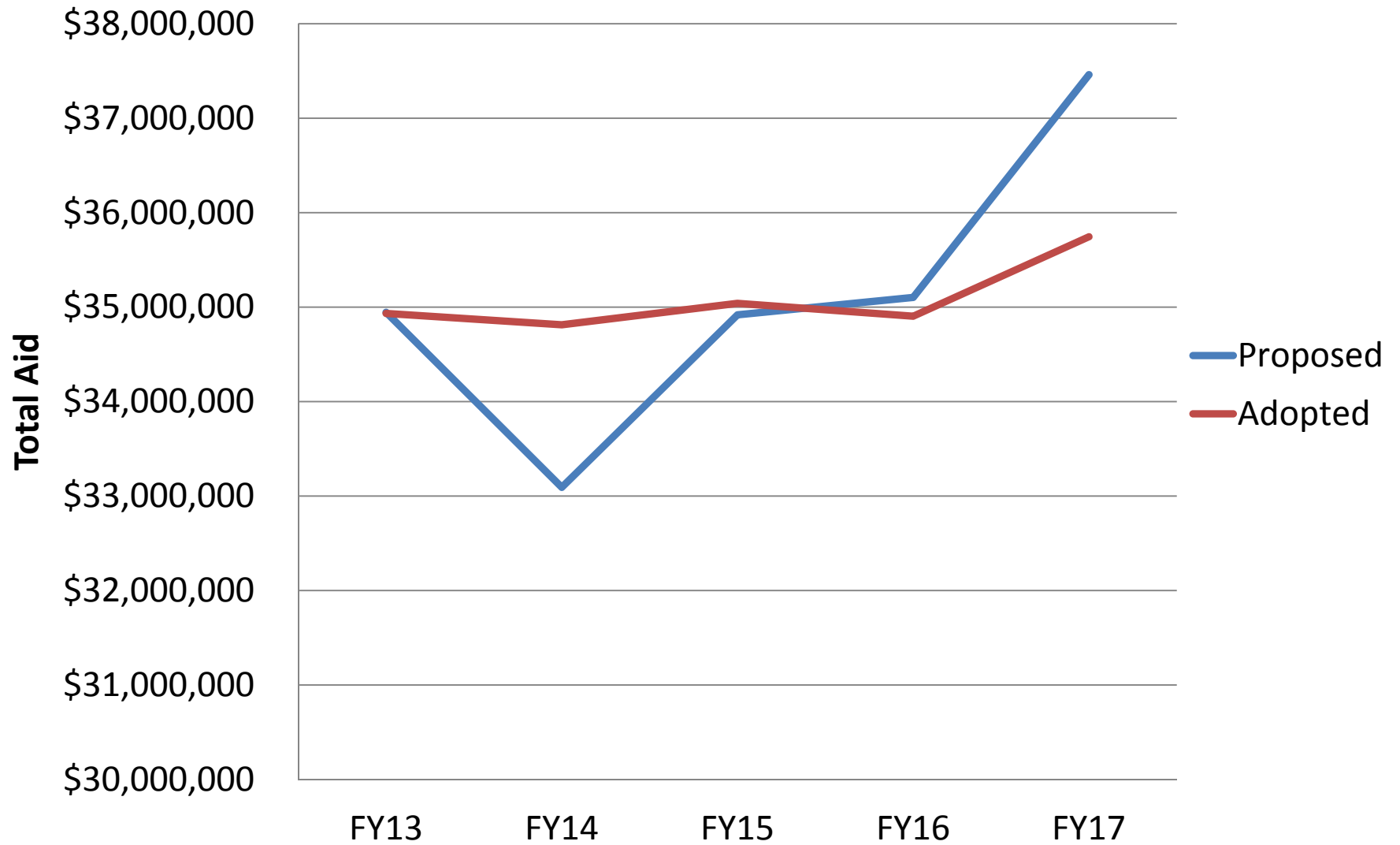
FY2016-17

- Governor's proposal created appearance of \$1M increase
- Reduction in car taxes creates confusion with Legislature and local (32 or 37 mills?)
- Final budget forced Town to adopt a revised mill rate in late May (motor vehicles)
- Actual State Aid left General Fund with a revenue deficit of \$1.2M in current year.
- Mid-year cuts \$500,000, LoCIP \$250,000, Alliance

FY2016-17: Town Budget vs State

Grants	FY 16 est.	FY17 TOWN BUDGET	STATE ADOPTED FY17	GEN ASSEMB - TOWN
State Property PILOT	808,775	559,667	555,314	(4,353)
College & Hospital PILOT	826,622	817,246	810,890	(6,356)
Phone Company PILOT	116,000	108,000	108,000	-
Pequot	603,833	572,303	570,820	(1,483)
Public School Transportation	345,930	337,990	-	(337,990)
Nonpublic School Transportation	139,421	146,098	-	(146,098)
Education Cost Sharing	30,619,100	30,619,100	30,619,100	-
Town Aid Road	646,353	644,881	644,881	-
Grants for Municipal Projects	1,072,449	1,072,449	1,072,449	-
Net Revenue Gain/ Loss from MRSA		1,971,540	1,363,227	(608,313)
Car Tax Grant		1,328,752	-	(1,328,752)
Car Tax Revenue	11,135,230	10,417,776	11,345,610	927,834
General State Aid reduction		(300,000)		300,000
Total General Fund	46,313,712	48,295,802	47,090,291	(1,205,511)

Major State Aid to Manchester- Proposed vs Actual



Complications with FY18 Proposal

Grants	FY17 TOWN BUDGET	GOVERNOR'S PROPOSED BUDGET FY18	GOV FY18 vs FY17 ADOPTED TOWN
State Property PILOT	555,314	513,352	(41,962)
College & Hospital PILOT	810,890	-	(810,890)
Pequot	570,820	565,397	(5,423)
Public School Transportation	-	-	-
Nonpublic School Transportation	-	-	-
Education Cost Sharing	30,619,100	29,038,994	(1,580,106)
Town Aid Road	644,881	643,949	(932)
Grants for Municipal Projects	1,072,449	-	(1,072,449)
Net Revenue Gain/Loss from MRSA	1,972,491	1,971,540	(951)
Special Education	-	10,025,415	10,025,415
Excess Cost Grant	800,000	-	(800,000)
Teachers Retirement Contribution	-	(5,081,279)	(5,081,279)
Car Tax Grant	1,205,511	3,094,791	1,889,280
Car Tax Grant- Fire Fund Portion	(609,264)	(1,152,271)	(543,007)
Car Tax Revenue	11,345,610	10,519,210	(826,400)
Total General Fund	48,987,802	50,139,098	1,151,296

Complications with FY18 Proposal

- No direction on how \$10M Special Education “reimbursement grant” would work
- Figures assumed ECHN was still non-profit and would be taxed at 100%
- Governor showed \$750k increase to LoCIP; is only restoration of mid-year cuts
- Figures presented to the public ignored net loss due to lower MV tax cap
- Teacher pension transfer this year?

Conclusion

- Major reforms unlikely to be fully adopted?
- Any new State Aid may come in a form that does not provide actual tax relief, such as the Alliance Grant or Special Ed
- Town budget must, by charter, be adopted well in advance of any final decisions by the General Assembly

Recommendation

- Deal with State Aid in net (bottom-line) terms, since individual components of State proposals are subject to erratic redistribution
- Assume some reduction to aid in FY18 based on difficult financial outlook for the State
- Make use of reserve availability to buffer Legislative action

Questions?