

# Board of Finance

Special Meeting, May 18, 2020

# Who's on the Board of Finance?

Member	BOF member since	Other public service
Geoff Alswanger	2019	BOE – 7 years BOE President – 4 years
Frank Cerasoli	2020	BOE – 2 years BOR – 8 years
Richard Freedman	2013 Current BOF chair	BOE – 3 years BOE President – 1 year Member, Fire Pension Trust Fund board
David Mannis	2020	BOE – 3 years BOE President – 1 year
Mary Lou Rinaldi	1995 Former BOF chair	BOR – 16 years BOR President – 2 years Member, CERF board
Kieran Ryan	2017	BOR – 4 years Stamford Transit District member

# COVID-19 impact on Stamford

3,006 confirmed infections

165 reported deaths

Highest number of infections in CT

Highest per capita infections in CT

# COVID-19 impact on Stamford

Declining hospitalizations

Declining rates of infection, about 10/day

# Stamford's Budget Process

BOE = Board of Education BOF = Board of Finance BOR = Board of Representatives
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1. BOE sets budget (February)
2. Mayor sets budget (early March)
3. BOF & BOR review budgets (March-April)
4. BOF votes on cuts\* (mid-April)
5. BOR votes on cuts\* (mid-May)
6. BOF sets final revenue estimates and mill rate (late May)

\* Can only cut budget; cannot add to budget. Only the Mayor can initiate spending.

# Stamford's Budget Process

1. BOE sets budget – February 13, 2020
2. Mayor sets budget – March 10, 2020
3. BOF & BOR review budgets
4. BOF votes on cuts
5. BOR votes on cuts
6. BOF sets final revenue estimates and mill rate

March 12 - First COVID-19 Executive Order issued by Gov. Lamont

# What are revenues? What is the mill rate?

Revenues – All money collected other than property tax.

Example: State aid, parking ticket fines, building permit fees, conveyance taxes on the sale of real estate.

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Mill rate: The tax rate factor used to compute property taxes.

Example: Your house is assessed for \$300,000. The current mill rate is 26.11.

Your real estate taxes are:  $1/1000 \times 26.11 \times \$300,000 = \$7,833$ .

The % increase in the mill rate is the % increase in taxes

# Stamford's Budget Process

1. BOE sets budget – February 13, 2020
2. Mayor sets budget – March 10, 2020
3. BOF & BOR review budgets
- 3a. BOF sets *initial* revenue estimates and mill rate
4. BOF votes on cuts
5. BOR votes on cuts
6. BOF sets final revenue estimates and mill rate



# Stamford's Budget Process

3a. BOF sets *initial* revenue estimates and mill rate – April 13

Set using 33 key economic indicators

# COVID-19 impact on Stamford

3,006 confirmed infections

April 13 – 1,186 confirmed infections

# FY 2020-21 Proposed Budget

Proposed expenses: \$630m

Proposed revenues: \$630m

# How does the City generate revenue?

Revenue Source		
Property taxes		
State aid		
Other revenues		
Total		
Revenue Deduction		
Reserve for Uncollected		
Other reserves		
Total		

# How does the City generate revenue?

Revenue Source	Mayor/BOE Proposed Budget	
Property taxes	\$597 million	
State aid	\$17 million	
Other revenues	\$37 million	
Total	\$651 million	
Revenue Deduction		
Reserve for Uncollected	(\$6 million)	
Other reserves	(\$15 million)	
Total	(\$21 million)	

$\$651 \text{ million} - \$21 \text{ million} = \$630 \text{ million net revenue}$

# How does the City generate revenue?

Revenue Source	Mayor/BOE Proposed Budget	Board of Finance estimate
Property taxes	\$597 million	\$574 million
State aid	\$17 million	
Other revenues	\$37 million	
Total	\$651 million	
Revenue Deduction		
Reserve for Uncollected	(\$6 million)	
Other reserves	(\$15 million)	
Total	(\$21 million)	

4.1% increase in mill rate

0% increase in mill rate

# Key economic indicator: State Financial Outlook

April 12 meeting

16.8% (state)

Today

20.9%

Stamford

18.9%

39% of people working in February with a household income below \$40,000 reported a job loss in March.

- Report on the Economic Well-Being of U.S. Households, Federal Reserve System, May 2020

# Unemployment Benefits

\$600 Federal pandemic benefit extends until July 31

Sen. Lindsey Graham said he and his colleague Sen. Tim Scott would allow a \$600 per week pandemic unemployment benefit to extend past July “over our dead bodies” – April 30



# Loss of Household Income

43% of U.S. adults now say that they or someone in their household has lost a job or taken a cut in pay due to the outbreak.

- Pew Research Center, May 15

# How does the City generate revenue?

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Other revenues	\$37 million	
Subtotal	\$651 million	
<b>Revenue Deduction</b>		
Reserve for Uncollected	(\$6 million)	
Other reserves	(\$15 million)	
Total	(\$21 million)	

# Key economic indicator: State finances

## April 12 meeting

State of CT projecting revenue loss of \$1.4 billion in 2020-21

No Federal funding to states and towns to make up for lost revenue.

## Today

State of CT projecting revenue loss of \$1.9 billion in 2020-21

No Federal funding to states and towns to make up for lost revenue.

CARES Act funding can only be used for expenses directly related to COVID-19. Stamford applied to the State for \$3.1 million on 5/1. No response to date.

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Subtotal	\$651 million	
Revenue Deduction		
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Revenue Source	Mayor/BOE Proposed Budget	Board of Finance estimate
Property taxes	\$597 million	\$574 million
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Subtotal	\$651 million	\$616 million
Revenue Deduction		
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Other reserves	(\$15 million)	
Total	\$630 million	

Lost revenue: \$35 million

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Subtotal	\$651 million	\$616 million
<b>Revenue Deduction</b>		
Reserve for Uncollected	(\$6 million)	(\$36 million)
Other reserves	(\$15 million)	(\$15 million)
Total	\$630 million	

1.0% of taxes not paid

6.1% of taxes not paid

2011 - worst tax collection year of Great Recession – 2.1% of taxes not paid

Stamford is uniquely vulnerable to unpaid property taxes among CT's largest cities

City	Total Budget (General Fund)	Revenue from Property taxes	% of Budget from Property taxes
Waterbury	\$421m	\$257m	61%
Hartford	\$567m	\$282m	50%
New Haven	\$569m	\$290m	51%
Bridgeport	\$572m	\$325m	57%
Stamford	\$630m	\$597m	95%



# Key economic indicator: Loans in forbearance

## April 12 meeting

Total number of loans in forbearance grew from 0.25% to 2.66% from March 2 to April 1, 2020  
- Mortgage Bankers Association, April 7

## Today

Total number of loans in forbearance is 7.91%  
- Mortgage Bankers Association, May 3

# Key economic indicator: Commercial Rents

## April 12 meeting

Nationally, for the period March 26 to April 1:

- Grocery store sales are up 7%
- Lodging spending is down 80%
- Restaurant sales are down between 35% and 80%
- Shopping at brick-and-mortar stores is down between 40% and 90%
- Gym spending is down 70%.

- New York Times, April 11

## Today

Overall, national retail chains paid 58% of billed rent in April, down from 96% during the same period last year.

More than 1 in 5 large chains aren't paying, including Supercuts, Barnes & Noble, GNC, Gap, H&M and Foot Locker.

Subway and Five Guys paid some rent but less than half of what they paid a year ago.

- Datex Property Solutions

Stamford collects \$33m in real estate tax from retail properties
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Subtotal	\$651 million	\$616 million
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Other reserves	(\$15 million)	(\$15 million)
Total	(\$21 million)	(\$51 million)

\$30 million increase in revenue deductions  
aka "Deferred Revenue"

Deferred Revenue: \$30 million

Use Rainy Day fund *and* borrow *and*  
use other City reserves

Lost Revenue: \$35 million

Reduce Expenses

# Stamford's Budget Process

1. BOE sets budget – February 13
2. Mayor sets budget – March 10
3. BOF & BOR review budgets - Now
4. BOF votes on cuts – May 27
5. BOR votes on cuts – Between May 28 and June 3
6. BOF sets final revenue estimates and mill rate – June 4