



## **PRESS RELEASE TOWN OF EAST HARTFORD**

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### **Mayor Leclerc Releases Budget**

**East Hartford, CT**-Mayor Marcia Leclerc released the town Fiscal Year 2020-2021 Town Budget, which includes the town services budget, the capital financing budget and the education budget today.

#### **Revenues**

The Town's October 1, 2019 taxable grand list, the economic engine that produces \$135.6 million of revenue for the town to use to balance its budget grew by \$23.9 million raising \$1.2 million of new revenues. The growth in the grand list was attributable to \$20.9 million of new personal property led by new equipment purchases at Pratt and Whitney, as well as an increase in new motor vehicle purchases of \$11.8 million. Real Estate was lower compared to the prior year by \$8.8 million as taxable properties moved off the grand list.

Revenues in the form of grants from the State of Connecticut totaling over \$50 million annually were held flat in the fiscal year 21 budget projections. However, \$1.8 million of new funds in the form of an increase in the Municipal Projects Grant is expected to be received from the State. Special thanks to Governor Ned Lamont and the East Hartford Legislative Delegation of Jason Rojas, Henry Genga, and Jeff Currey for securing these much-needed funds for the town as we strive to provide services affordably.

#### **Expenditures**

Board of Education (BOE) spending will increase by \$1.0 million and will be coupled with nearly \$2.0 million of new Alliance Grant State funding as the State fulfills its promise to better fund and more equitably allocate educational funding across the State by 2025. Both funding sources will allow the Board of Education to provide educational excellence to the students who attend school within East Hartford and will allow the Board to meet the rising cost of magnet school tuition payments and transportation arising out of the application of the provisions of the Sheff and ECJF educational funding lawsuit settlements.

East Hartford, like nearly every town and state in the nation struggles with unfunded pension and Other Post Employment Benefit (OPEB) liabilities. In an effort to continue the long process to reduce those liabilities, the town will contribute \$1.1 million more toward the Pension Plan based on a reduced projected investment return of 7.55% and an annual amortization rate of 3.25%.

With respect to OPEB, the Town finished the FY 19 year with a strong financial performance and with the OPEB trigger contribution ordinance required to be followed when Fund Balance exceeds 10% of the budget, East Hartford was mandated to contribute \$2.7 million toward retiring our OPEB unfunded liability. That transfer will in turn allow the town in FY 21 to reduce the usual \$2.0 OPEB contribution by \$513 thousand providing residents with some relief while continuing to meet the annual minimum funding requirements of the newly adopted OPEB Trust Fund funding ordinance.

Debt for the town increased by \$278 thousand year over year with the increase attributable to the placement of permanent bonds used to fund roads maintenance, levee work to protect the community from flooding, and the renovation work occurring now on the new senior center. East Hartford bonds are issued over 10 years to keep the cost of our capital improvements as low as possible while enjoying a low interest rate on tax exempt bonds driven by the short time period our bonds are outstanding before they are extinguished.

Other noteworthy increases in expenditures year over year included town contractual settlements of \$1.0 million, \$700 thousand for a calendar payroll anomaly called a 53<sup>rd</sup> pay period, \$322 thousand for MDC and their Clean Water Project, \$275 thousand for MIRA tipping fees for waste incineration and disposal, \$250 thousand for partial funding for the start of State mandated revaluation, \$187 thousand for scheduled labor contract settlements, \$275 thousand in assorted funding for IT (security software/GIS flyover), a Zoning regulations consultant, and Inspections staffing.

### **Key Budget Statistics**

- Total budget spending is \$196.6 million. This is an increase of \$1.2 million or 0.6% higher than the current year
- Spending for Town government is budgeted at \$61.7 million. This is \$1.9 million or 3.2% higher than the current year
- Health Benefit/Insurances spending is budgeted at \$11.9 million. This is \$3.3 million or 21.4% lower than the current year
- Pension & Retirement spending is budgeted at \$19.8 million. This is \$1.1 million or 5.9% higher than the current year
- Educational spending is budgeted at \$92.7 million. This is \$1.0 million or 1.1% higher than the current year
- Town and BOE Debt Service spending is budgeted at \$8.5 million. This is \$278 thousand or 3.4% higher than the current year
- Capital Improvement spending is budgeted at \$2.1 million. This is \$135 thousand or 6.9% higher than the current year

The recommended mill rate of 49.92 for Real Estate and Personal Property is 0.81 mills or 1.6% higher than the current year while the motor vehicle mill rate remains at 45.00 with no year over year increase. Accordingly, in total, the average taxpayer with two cars will see a \$43 or a 0.69% increase in taxes beginning in July of 2020.