

The 2021 Recommended Budget

September 14, 2020

The Bottom Line

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▶ No layoffs

- ❖ Elimination of 47 FTEs, 6% reduction
- ❖ Placement strategy for 18 impacted employees

▶ Revenue concerns

- ❖ 8.9% decrease in sales tax
- ❖ 55% decrease in casino revenue
- ❖ Potential 20% reduction in State aid, or greater

▶ Levy up 4.97%

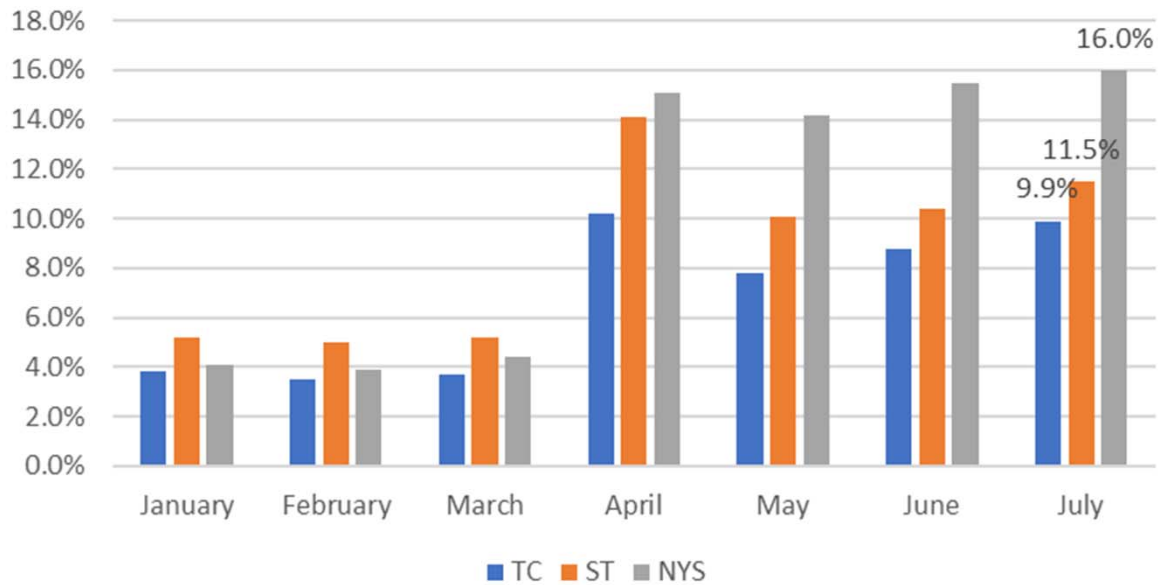
- ❖ Rate only up 1.17%
- ❖ \$5 increase of solid waste fee

▶ \$83 impact for average home owner

Economic & Fiscal Indicators

(Factors Affecting the Economy)

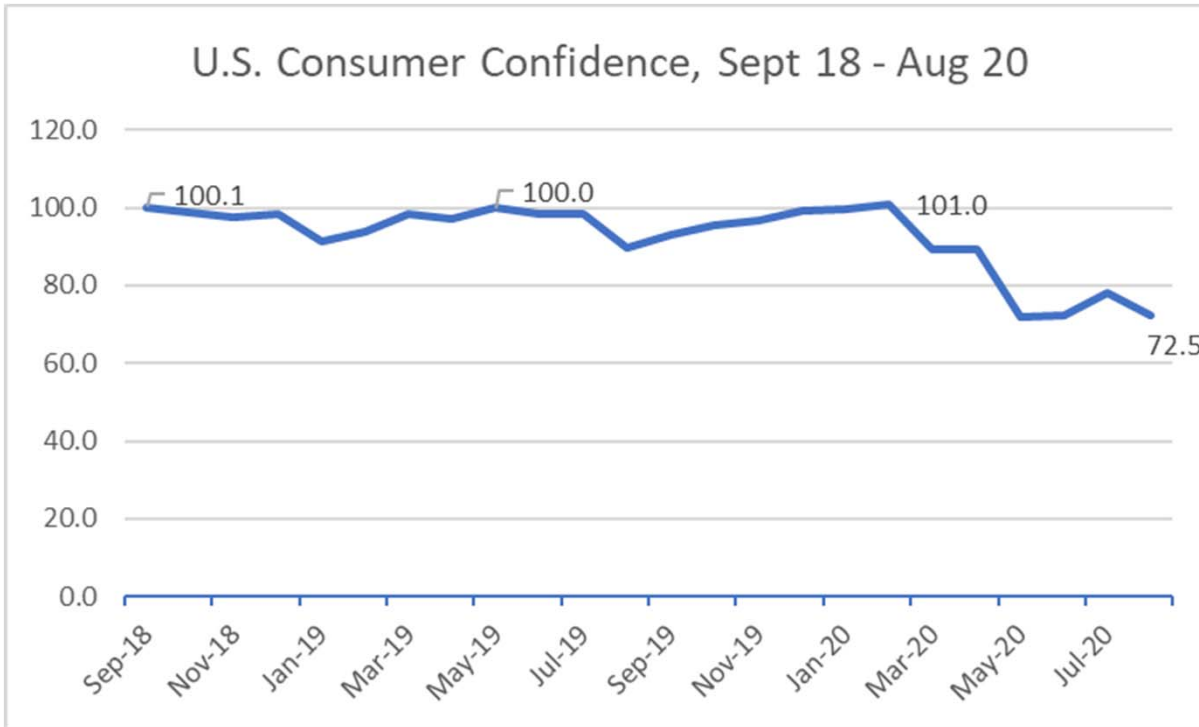
Unemployment Rate 2020



NYS Dept. of Labor

July '19

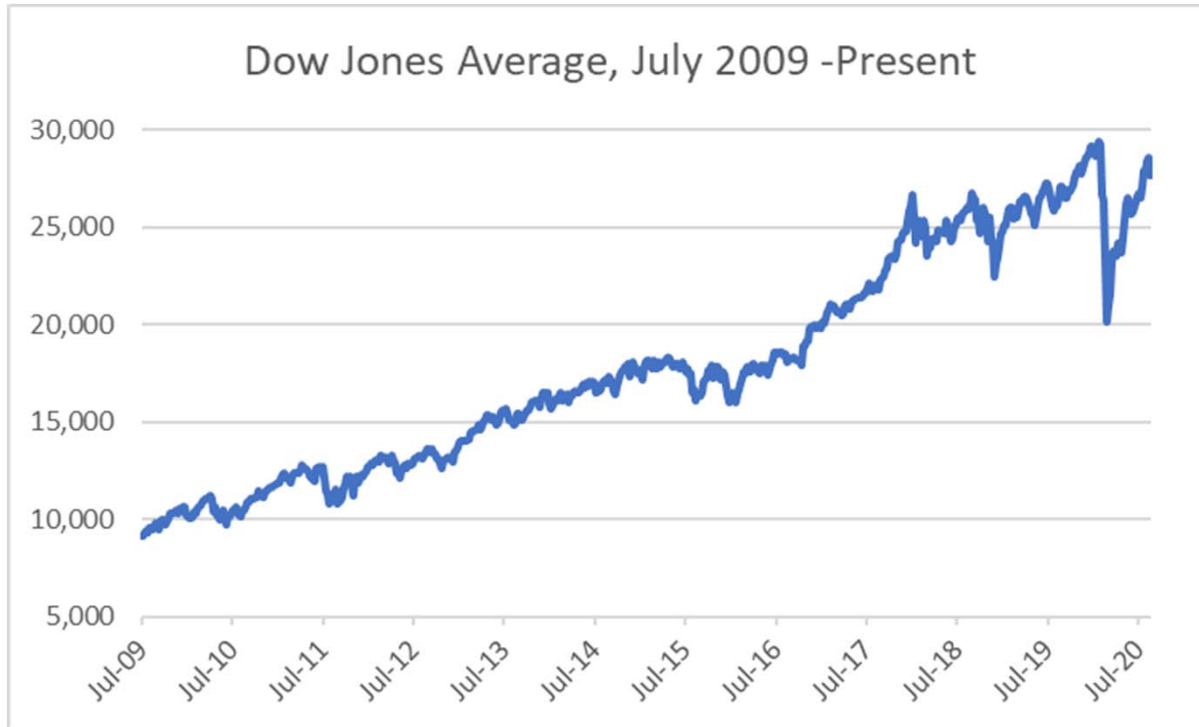
Tompkins County – 3.9%
Southern Tier - 4.2%
New York State – 4.2%



University of Michigan: Consumer Sentiment

U.S. consumer confidence hit a 14-year high in March 2020

Currently lowest since July 2012

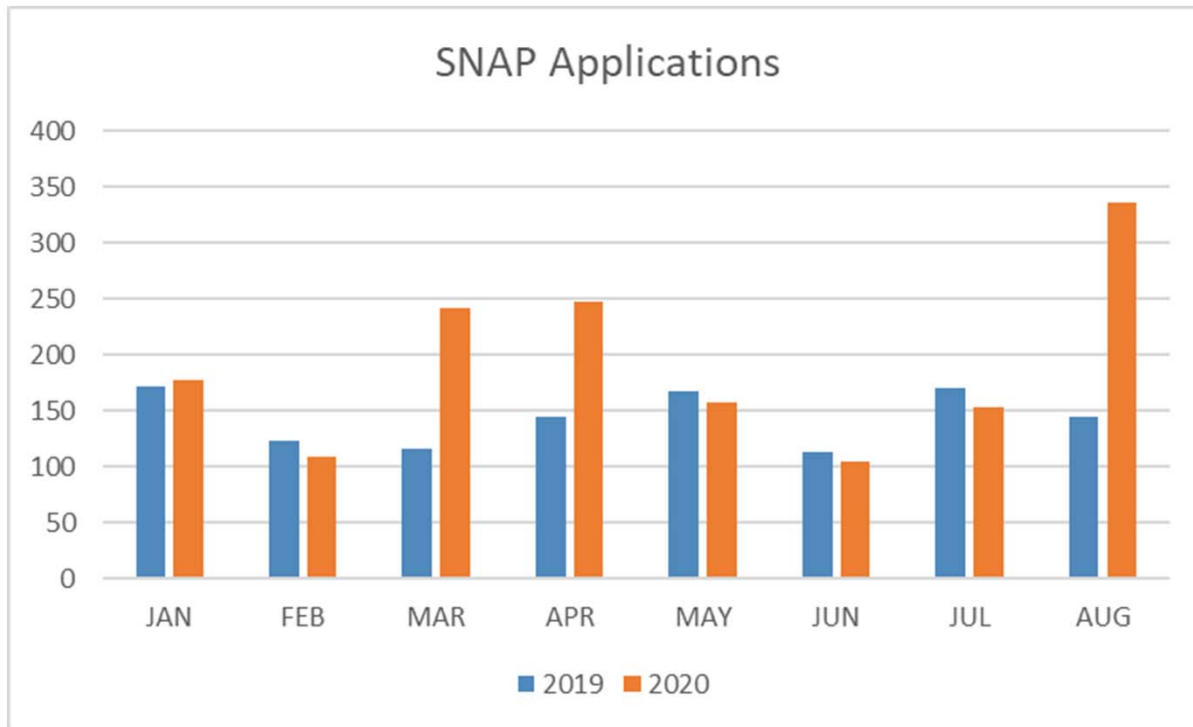


Dow Jones Industrial Average

Market still performing well, despite dip earlier this year

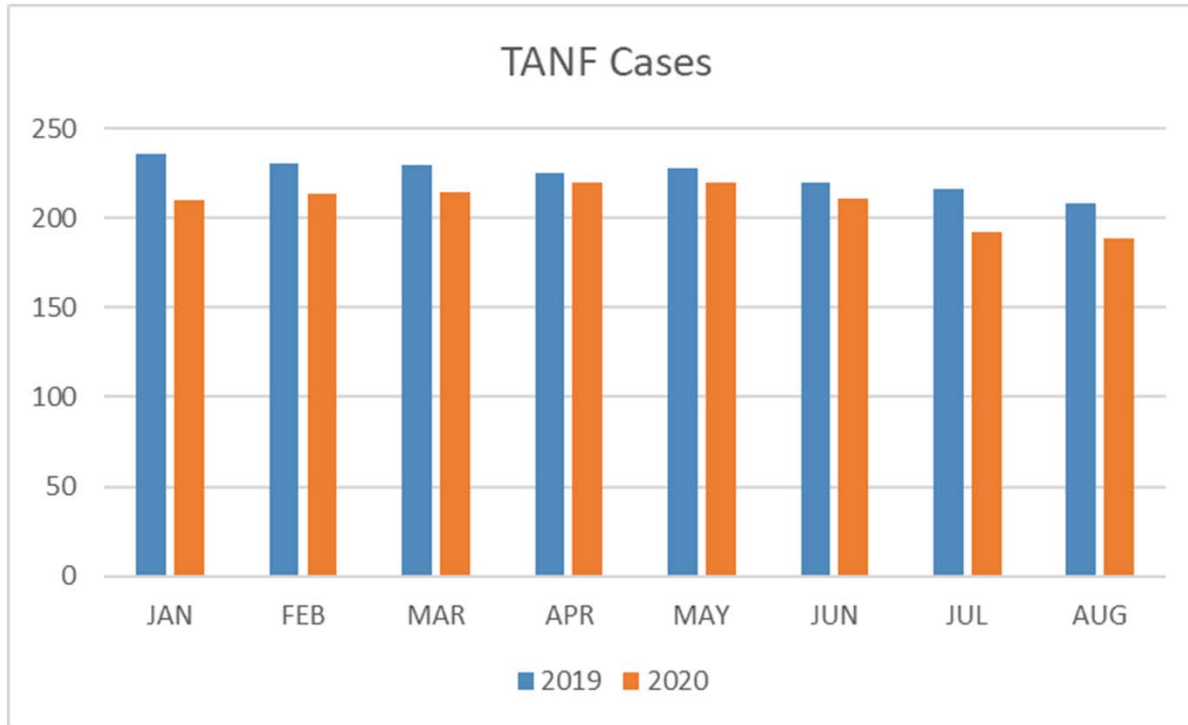
Economic & Fiscal Indicators

(Programmatic Indicators of Need)



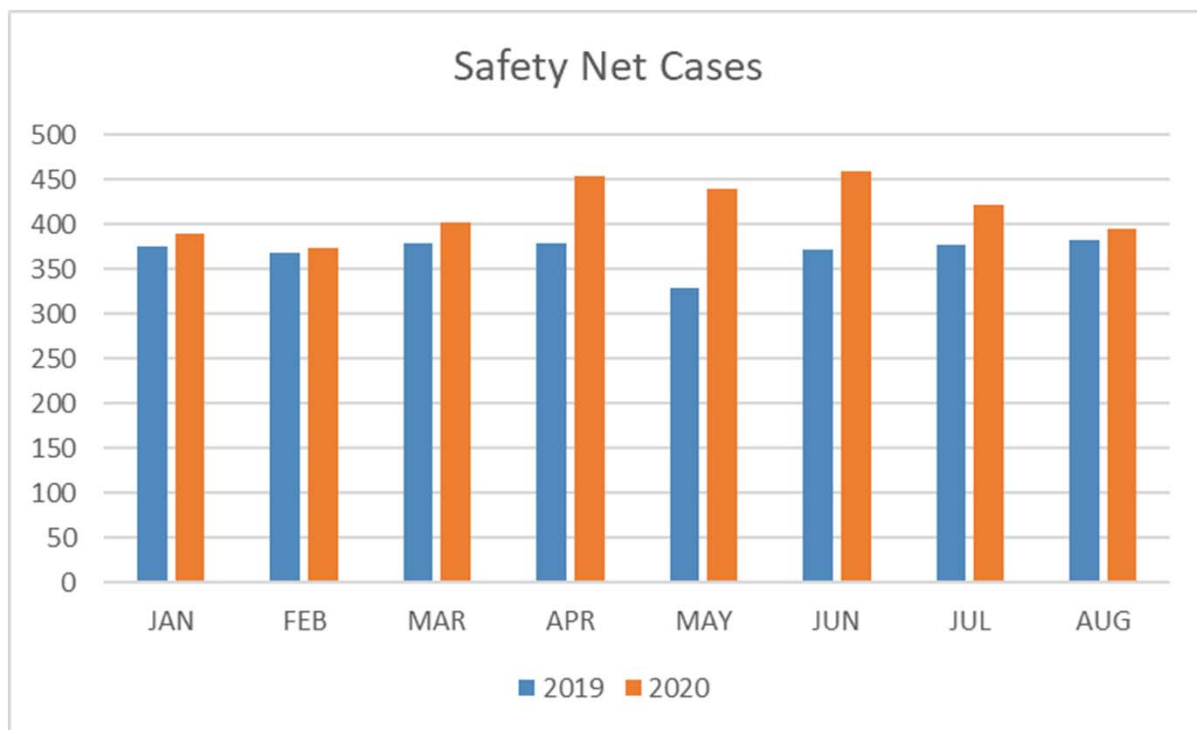
<http://otda.ny.gov/resources/caseload>

- SNAP (food stamp) caseloads generally declining
- # of applications decreased when enhanced unemployment was offered
- Still 40+% higher than January 2008 (pre-recession)



<http://otda.ny.gov/resources/caseload>

- Family Assistance (TANF) cases continue to decline
- Continue with downward trend since 2008
- No local cost (or savings)
- 5 year life time eligibility



<http://otda.ny.gov/resources/caseload>

- Safety Net cases remain 25% above January 2008 (pre-recession)
- Indicates that the vast majority of new applications submitted during the pandemic have been for SN households not TANF
- 71% local funding/ 29% NYS

Major Budget Drivers

▶ Revenues

- ❖ Sales tax
- ❖ Tax base
- ❖ Casino revenue

▶ Expenditures

- ❖ Capital Program
- ❖ Labor Costs
- ❖ Unfunded Mandates

Sales Tax

- ▶ Average annual sales tax growth has been approx. 2.0% for past decade
 - ❖ 2.5% for prior 15 years

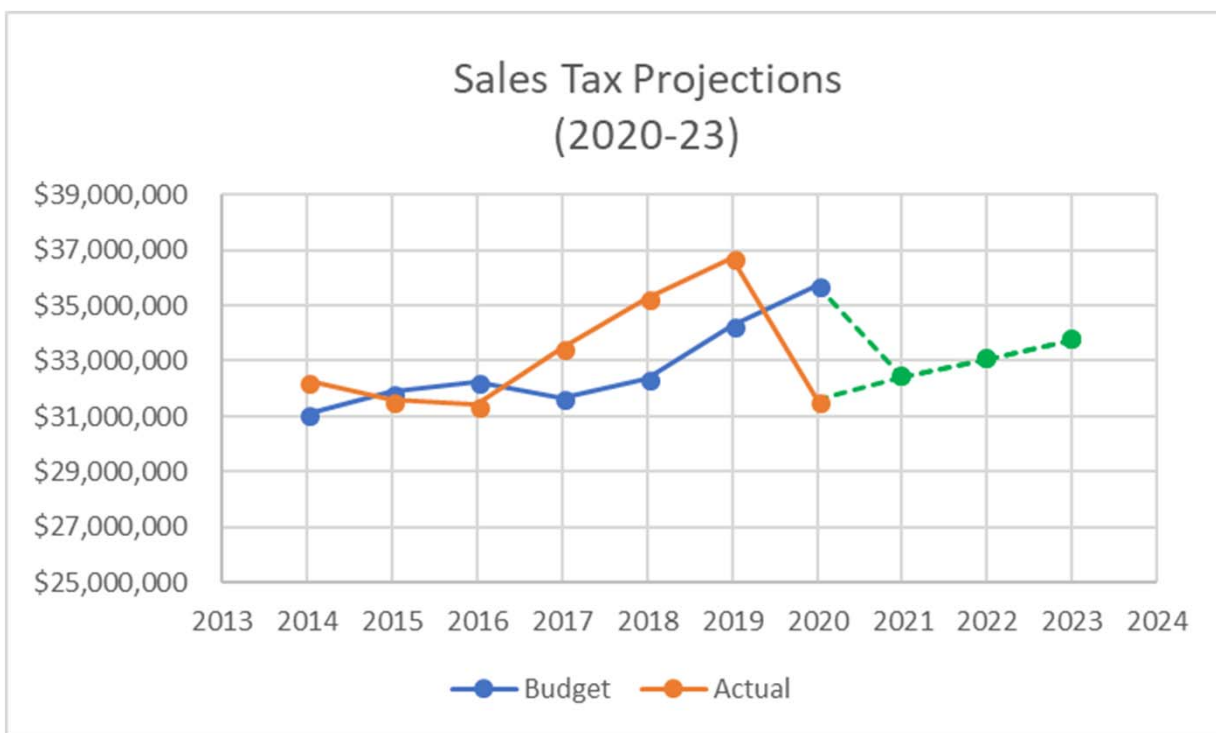
- ▶ Exception:
 - ❖ -6.07% (2009)
 - ❖ -2.17% (2015) & -.55% (2016)

- ▶ 2017- growth of 6.51%
- ▶ 2018 – growth of 5.41%
- ▶ 2019 – growth of 4.13%

- ▶ 2020 – est. decrease of -14% to 2019 actual

Sales Tax Projections

- 2021 Recommended Budget includes 8.9% decrease compared 2020 budget.
- There is no precedent for predicting future sales tax.
- Unemployment and economic recovery will determine how quickly sales tax recovers.



Sales Tax

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- ▶ Comparison of Jan. – Aug. to 2019: **-14.6%**.
- ▶ \$951,000 of State diversions takes away County sales tax
 - ❖ \$564,000 Distressed Hospital Fund
 - ❖ \$387,000 AIM aid
- ▶ Economic recovery is unpredictable.

- 3.87% growth in tax base over last year
- 17.1% growth in tax base over past five years
- 33.5% growth in tax base over past 10 years
- Robust growth allows cost of gov't to be spread across larger base



Casino Revenue

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- ▶ 2018 – 1st time in Budget
- ▶ Revenue from Tioga and Del Lago
 - ▶ 2018 Del Lago experienced bond downgrade & 2019 ownership changes
- ▶ 2019 Actual - \$2.035 million
- ▶ January – July collections of \$420,000 – both casinos have been closed since March.
 - ▶ August casino's were allowed to open at 25%
- ▶ 2021 budget is \$835,000 or 55% less than 2020

State Aid

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- ▶ State is experiencing liquidity issues
 - ▶ Withholding up to 20% of State aid in certain instances
- ▶ State is waiting for Federal Relief bill to provide financial relief due to pandemic
- ▶ Governor has indicated that if Federal Relief is not passed, municipalities may experience a 20% cut in State aid, possibly more.
 - ▶ 20% cut = \$5.1 million

Workforce

No lay offs

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- ▶ Proposed budget reduces workforce by 47 FTEs, or 6%
- ▶ Nearly 2/3 of departments experienced reductions in staffing
- ▶ 18 employees have been offered other positions in the organization resulting in no layoffs

Labor Costs

Wage Growth

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- ▶ Blue Collar agreement in place for 2021
- ▶ Budget assumes settlements within parameters
- ▶ Work item of 2021 is to get labor contracts with other units

Labor Costs

Fringe

- ▶ Healthcare premiums up 5%, but changes in retiree healthcare and decreases in # positions provided for a \$250,000 decrease in health insurance costs
- ▶ Pension contribution was up \$256,000
- ▶ Overall fringe is only up \$45,000 or 1%

Mandates

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- ▶ Human Service mandated expenses increased \$490,000 or 2.26%
 - ❖ Expected increase in Safety Net = \$947,000
 - ❖ Reduction on Foster Case aid = \$800,000
 - ❖ County assumes 100% of CPL 730 = \$360,000

- ▶ Increase eFMAP aid will reduce weekly Medicaid shares for the year = \$1.38 million

Sponsored and Partner Agencies

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- ▶ 12% decrease in baseline budgets.
- ▶ Plus \$344,250 in one-time OTR support for Agencies.
- ▶ TC3 total contribution stayed flat, Tompkins share decreased by \$48,000.

*Sponsored Agencies: Cornell Cooperative Extension, TCAD, TCAT, TCPL, Rural Libraries, Soil & Water, The History Center, Human Services Coalition and Agencies, TCAction, SPCA, Recreation Partnership

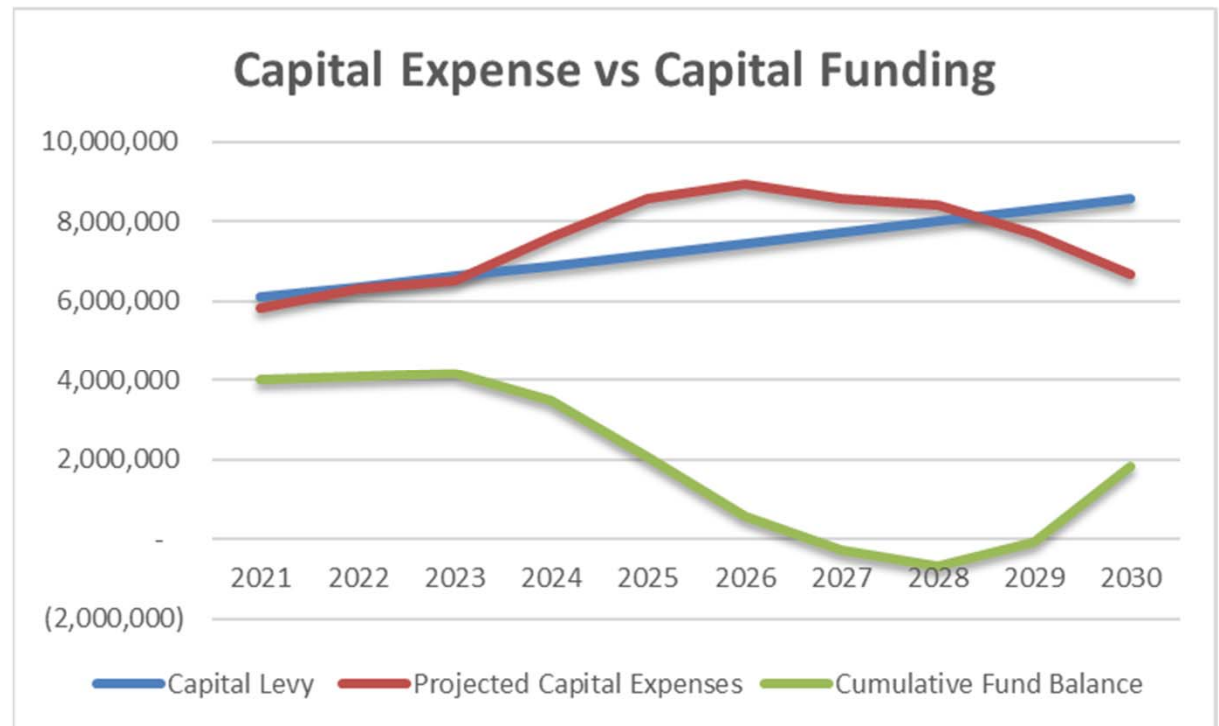
Contingency

- ▶ \$900,000 – consistent with prior year base line contingent budget and expenditures
- ▶ **\$1,000,000** – of additional contingent fund in anticipation of cuts in State aid or increased unfunded mandates

Capital Reinvestment

- ▶ Capital Plan proposes provides a financial strategy to achieving net-zero emissions by 2040.
- ▶ Recommends \$770,000 or 11% decrease in.
- ▶ Proposes using \$8 million in fund balance and capital reserves over next several years.

- Designates \$30 million for Green Facility improvements.
- Assumes \$28 million for downtown campus.
- Additional \$4 million for public safety building improvements.
- \$6 million committed to cover airport improvements.
- \$6.5 million for back up dispatch center and system upgrades.
- \$1.75 million to electrify our passenger fleet.



Cumulative balance in capital fund includes \$8M transfer from GF unassigned fund balance/Capital Reserves.

Fund Balance Policy Update

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- Current policy is **10%** of budgeted GF revenues = \$19M
- GFOA recommends, "at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures." = \$31M
- Median Aa1 Counties in NYS = **21.6%** & Median Aa1 Counties in US = **31.1%**
- Recommend change general fund balance policy to **18%** of budgeted GF revenues = \$34M

Fund Balance Policy Update

		<u>Amount</u>	<u>FB as % of Rev.</u>
As of 12/31/19	Unassigned FB	\$46,215,923	24.4%
2020	One-time/Rollover	\$ (1,870,000)	-1.0%
2020	Shortfall (est)	\$ (5,500,000)	-2.9%
Proposed 2021	Transfer To CF	\$ (2,750,000)	-1.5%
Proposed 2021	One-time OTRs	\$ (1,242,376)	-0.7%
Proposed 2021	Rollover (est)	\$ (640,754)	-0.3%
2021 Year-End		\$34,212,793	18.1%

- Fund balance projecting is subject to change – a snap shot in time.
- Assumptions do not consider current year shortfall.

Airport

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- ▶ Operations remain flexible with upcoming changes
 - ❖ Customs facility online, airline changes, COVID impacts

- ▶ Budget is proposed with \$324,000 operating loss
 - ▶ Uses \$84,000 of fund balance & \$240,000 of CARES Act aid to balance budget
 - ▶ \$165,970 of new cost for customs facility

- ▶ \$13 million local BAN to complete project
 - ❖ Est. \$3M in Passenger Facility Charges (PFCs)
 - ❖ NYSEG award pending (\$1.5M)
 - ❖ CARES Act funding = \$1.8 million (less operating uses)
 - ❖ \$6M has been included in Capital Program as local cost

Recycling & Materials Management

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- ▶ Budget recommends \$5 per unit increase in solid waste fee – from \$60 to \$65
- ▶ Budget is proposed with \$89,000 operating loss
 - ❖ Uses \$89,000 in fund balance to balance budget
 - ❖ Significant improvement over 2020 budget
 - ❖ 2020 projected to finish year with no operating loss
- ▶ Continued concerns over recycling industry
- ▶ 2020 Request for Proposal (RFP) submittal currently being reviewed

Major Over Target Requests Funded in Recommended Budget



- ▶ 2021 OTR requests
 - ❖ \$3.6 million

- ▶ 2021 OTR Recommended
 - ❖ \$3.1 million

- ▶ \$1.85M Target; \$1.2M One-time;
 - ❖ \$640k Rollover

Major Funded OTRs/Rollover (One-time)

- ▶ \$1.85M – All Target OTRs were restorations – mostly staff and contract services
- ▶ \$250k of One-time (Training & Vehicle)

Workforce

- ❖ ITS – GIS consolidation - \$41k
- ❖ Chief Equity & Diversity Officer - \$122k
- ❖ Wellness Court Cord. - \$79k
- ❖ Finance GTCMHIC - \$63k
- ❖ Innovation Initiative - \$122k

Succession

- ❖ DOER - \$51k
 - ❖ Finance - \$29k
-
- ▶ COW - \$60k
 - ▶ Health Homes - \$200k/\$250k
 - ▶ Streaming Technology - \$50k - \$180k

Major Funded OTRs (One-time)

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▶ Other Agency Requests

- ❖ \$15,000 – CCE – Ops & Efficiency Staff
- ❖ \$20,000 – CCE – Food System Planning
- ❖ \$50,000 – CDC – Building Access
- ❖ \$110,000 – OAR – College Initiative Upstate
- ❖ \$50,000 – OAR parolee/housing case manager
- ❖ \$4,250 – Advocacy Center
- ❖ \$8,802 – Recreation Partnership
- ❖ \$19,215 – TCAT
- ❖ \$50,000 – TCPL – Support Library Collection

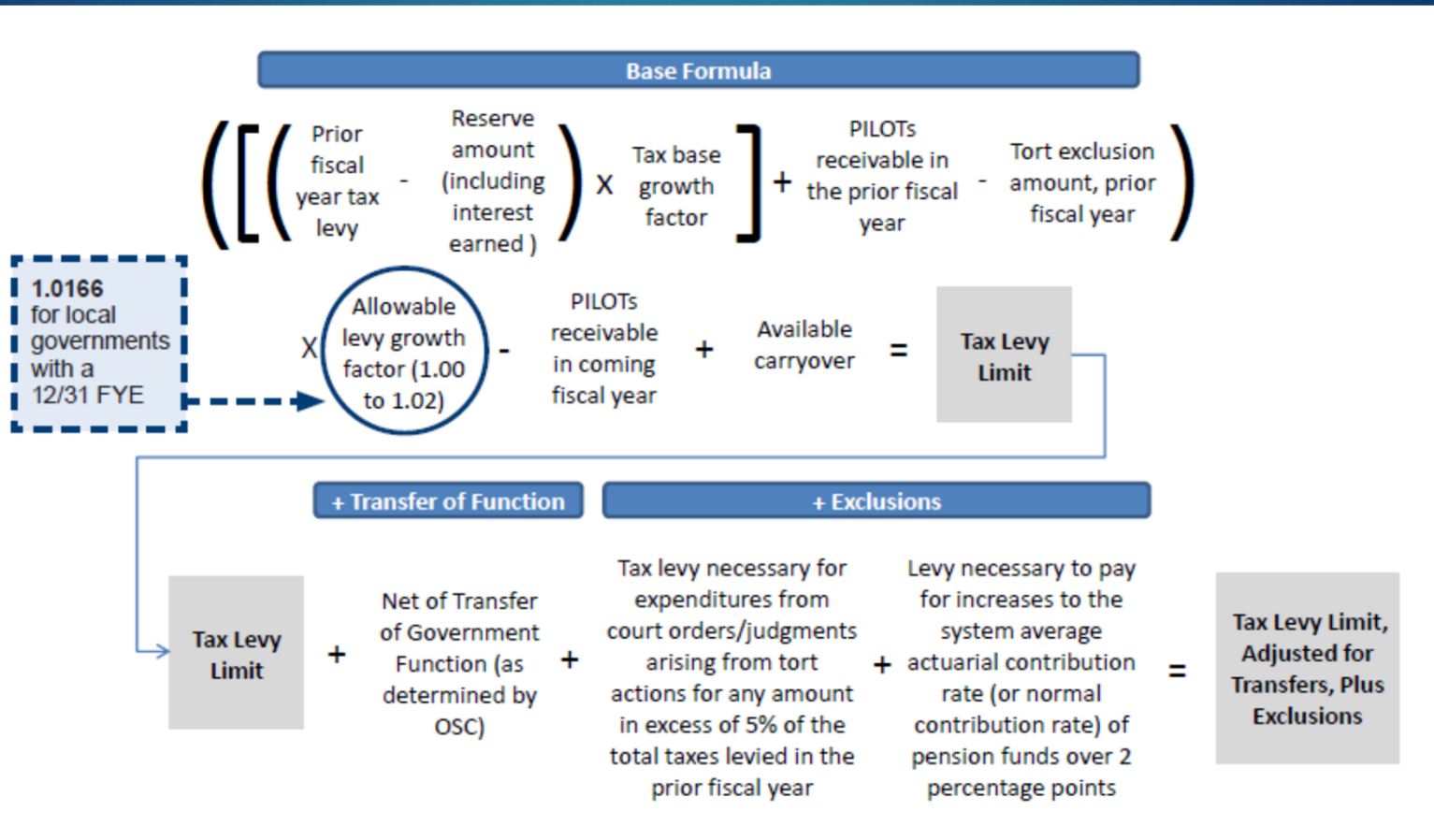
Over Target Requests

	<u>Total</u>	<u>One-time</u>	<u>Target</u>
Requested	\$3.64 mil.	\$1.23 mil.	\$2.4 mil.
Recommended	<u>\$3.09 mil.</u>	<u>\$1.24 mil.</u>	<u>\$1.85 mil.</u>
Difference	\$.55 mil.	-\$0.01 mil.	\$.55 mil.

Risks

- ▶ Sales tax
- ▶ State Aid
- ▶ Public Assistance
- ▶ Enterprise Units

Tax Cap Formula



Tax Cap (Assumptions)

- ▶ **Tax Cap Estimated at .88% = \$449k**
- ▶ Large roll over from last year = \$687k
- ▶ Sales tax credits to Town's decreased significantly - \$1.57M

Approach to 2021 Budget Review

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- ▶ 4.97% levy increase
- ▶ No lay offs despite 47 FTEs (6%) reduction in workforce
- ▶ Supports Capital Program
- ▶ Watch State aid closely
- ▶ Economic recovery will drive sales tax growth

Total Budget (Millions)

2021	\$189.6
2020	<u>\$193.5</u>
\$ Change	-\$3.7
% Change	-\$1.89%

Local Budget (Millions)

2021	\$91.8
2020	<u>\$93.0</u>
\$ Change	-\$ 1.3
% Change	-1.36%

Tax Levy (Millions)

2021	\$53.8
2020	<u>\$51.3</u>
\$ Change	\$ 2.5
% Change	4.97%

Tax Rate (Millions)

2021	\$6.38
2020	<u>\$6.31</u>
\$ Change	\$.07
% Change	1.17%

Average Tax Bill

(\$200,000 median in 2021,
\$190,000 in 2020)

2021 \$1,276

2020 \$1,198

\$ Change \$ 78

% Change 6.51%

Solid Waste Fee \$5

Impact on homeowner: \$83

The 2021 Recommended Budget

Tompkins County, NY
www.TompkinsCountyNY.gov