



ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

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Dear ACIR Members:

Enclosed, please find the report *Connecticut Municipal Budget Adoption Experiences, FY 2008-09*, prepared by the Advisory Commission on Intergovernmental Relations. This report, the 17th in a series, was put together based on the results of a survey sent to the municipal clerks and was adopted at the September meeting.

The next ACIR meeting will be on November 20. An agenda will be sent out closer to the meeting date.

If staff can be of any service to you, please feel free to call at 418-6438.

Sincerely,

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Research Analyst

Connecticut Municipal Budget Adoption Experiences FY 2008-09

For the nineteenth time, the ACIR surveyed all 169 Connecticut municipalities and 17 regional school districts for their experiences in adopting their operating budgets. This information is compared with data from previous years to identify trends and establish a context. As of October 2008, 166 of 169 municipalities and all 17 regional school districts have adopted their budgets. The following is a summary of the responses from the municipalities and regional school districts.

Municipal budget-making authorities generally begin to hold meetings on local budgets as early as January or February. This schedule provides a period of four to five months for the budget adoption process before the beginning of the new fiscal year. This report includes two ways of measuring whether a municipality has had difficulty adopting its budget: 1) the date of adoption and 2) the number of votes necessary to adopt that budget. If the budget is not adopted by June 30, then the municipality has to start the new year without an updated financial plan in place.

| | Budget Adoption Body ^A | | | | Total Number of Votes ^B | | | |
|-------------------------|-----------------------------------|------|------|------|------------------------------------|-----------|-----------|----------|
| | 2005 | 2006 | 2007 | 2008 | 2005 | 2006 | 2007 | 2008 |
| Town Meeting | 54 | 52 | 50 | 49 | 1 Vote 128 (76%) | 129 (76%) | 133 (79%) | 131(78%) |
| Referendum ¹ | 67 | 70 | 73 | 68 | 2 Votes 18 (11%) | 18 (11%) | 12 (7%) | 17 (10%) |
| Council | 34 | 35 | 35 | 37 | 3 Votes 10 (6%) | 14 (8%) | 8 (5%) | 12 (7%) |
| Rep. Town Meeting | 6 | 6 | 6 | 6 | 4 Votes 8 (5%) | 6 (4%) | 11 (7%) | 4 (2%) |
| Other | 6 | 6 | 5 | 6 | 5 Votes 2 (1%) | 2 (1%) | 2 (1%) | 2 (1%) |
| | | | | | 6 + Votes 1 (1%) | | 3 (2%) | |
| NAAOP ² | 2 | | | 3 | NAAOP ² 2 (1%) | | | 3 (2%) |

A) Comment: The number of municipalities adopting their budgets by referendum, 68, continues the trend of the number of municipalities adopting by referenda going up and the number of town meeting adoptions going down.

B) Comment: Of the 68 towns adopting budgets by referendum, only 45 were approved on the first vote. Considering multiple referenda in numerous towns, there has been a total of 124 municipal budget referenda held this year, thirty-six less than last year and twenty-one less than in 2006. The 2008 figure does not include the multiple referenda of the three towns that have not adopted a budget.

1. There are times when a town holds a referendum that fails, after which it adopts its budget by some other means. In 2008, this happened eight times compared to four times in 2007.

2. Not adopted as of publication of this report.

Dates of Adoption

| Adoption Year* | Before | Dates of Adoption | | | | | | Not Adopted as of Publication |
|-------------------|--------|-------------------|------|--------|-------|------|------|----------------------------------|
| | June 1 | June | July | August | Sept. | Oct. | Nov. | |
| 1996 | 133 | 26 | 5 | 1 | | 1 | 2 | 1 |
| 1997 | 132 | 25 | 7 | 3 | | | | 2 |
| 1998 | 139 | 26 | 3 | | | | | 1 |
| 1999 | 143 | 22 | | 4 | | | | 0 |
| 2000 | 140 | 24 | 2 | 2 | | | | 1 |
| 2001 | 131 | 27 | 5 | 4 | 1 | | | 1 |
| 2002 | 118 | 34 | 6 | 5 | 2 | | | 4** |
| 2003 | 119 | 27 | 10 | 4 | 4 | | | 5*** |
| 2004 | 121 | 33 | 4 | 3 | 6 | | | 2 |
| 2005 | 126 | 29 | 8 | 1 | 1 | | | 4 |
| 2006 | 131 | 26 | 8 | | 4 | | | |
| 2007 | 127 | 25 | 6 | 5 | 4 | 2 | | |
| 2008 | 126 | 27 | 6 | 4 | 3 | | | 3 |

Comment: By the time all the budgets are adopted, 16 municipalities will have adopted their budgets after the start of the fiscal year. This compares to 17 in 2007 and 12 in 2006. Prior to 1998, the number of municipalities that adopted budgets after the start of the fiscal year ranged from 10 to a high of 24 in 1991.

Note: For towns belonging to regional school districts, the adoption date mentioned here is the date the town adopts its general government budget, except when the regional school budget is not adopted at the time of publication. When this happens, those towns are included on the list of those not adopting their budgets at the time of publication.

*Refers to the year in which the budget for the next ensuing fiscal year was adopted, i.e., 2006 is the date of adoption for FY 2007.

**Bethany, Orange and Woodbridge make up Regional School District 5. Although each town has adopted its general government budget, they are listed here because the school district had yet to adopt a budget.

***Andover, Hebron and Marlborough make up Regional School District 8. Although each town has adopted its general government budget, they are listed here because the school district had yet to adopt a budget.

The number of votes needed to adopt a budget is reported because it can be an indicator of division within the municipality. 2008 continued an eight year trend that has seen municipalities experience some difficulty adopting budgets, especially in adopting budgets by July 1. In every year since 2001, there have been between 11-24 municipalities that have adopted their budgets after July 1. Eighteen municipalities needed three or more votes to adopt their budgets (not including those not adopted as of publication), six less than in 2007. Section 7-405 of the Connecticut General Statutes stipulates that if a municipality hasn't adopted a budget by July 1, it may make necessary expenditures for ninety days as authorized by the budget-making authority. If there is still no budget at the end of the 90-day period, municipalities may make necessary expenditures on a month-by-month basis, within the limits of appropriations specified in budgetary line items for the previous fiscal year. This does not include charter towns, which may adopt their own provisions.

Having collected data on municipal budget adoptions for the past nineteen years, it is clear that when the national and regional economic indicators are good, municipalities generally seem to adopt their operating budgets with relative ease. When those same indicators are not good, it is evidenced at the municipal level by more scrutiny of the budget, which means towns must work harder to adopt budgets. Another factor influencing the budget adoption process is the property tax and in a period where property values are skyrocketing, it creates even more havoc with the tax rates. In a number of municipalities, this has resulted in the formation of anti-tax

groups that have tried to force municipalities to lower their budgets (although in a very few cases the groups have moved to increase the budget). However, even in good economic times there are some towns that for specific internal factors, still have difficulty adopting budgets.

Intervals Between Votes - 2008
(For budgets adopted after June 15*)

| <u>Town</u> | <u>Votes</u> | <u>Dates</u> | <u>Town</u> | <u>Votes</u> | <u>Dates</u> |
|--------------|--------------|------------------------------|-------------|--------------|----------------------------|
| Andover | 3 | 5/27, 6/24, 7/15 | New London | 2 | 5/22, 9/9 |
| Avon | 4 | 5/14, 6/4, 6/25, 6/26 | Plainfield | 3 | 5/19, 6/14, 6/16 |
| Bethel | 3 | 5/20, 6/10, 7/1 | Preston | 3 | 5/6, 6/3, 7/8 |
| Canterbury | 3 | 5/27, 6/24, 8/20 | Prospect | 3 | 5/12, 6/3, 6/23 |
| East Haddam | 2 | 5/25, 8/5 | Sterling | 3 | 5/22, 6/11, 6/25 |
| East Windsor | 3 | 5/29, 6/10, 6/24 | Stonington | 5 | 4/29, 5/20, 6/10, 7/1, 8/5 |
| Mansfield | 2 | 5/13, 6/24 | Thomaston | 2 | 6/4, 7/14 |
| Middlebury | 4 | 5/22, 6/26, 8/26, 9/30 | Watertown | 3 | 5/20, 6/17, 8/5 |
| Montville | 2 | 7/1, 7/8 | Windham | 3 | 5/13, 6/10, 7/15 |
| Naugatuck | 5 | 5/15, 6/30, 7/15, 8/26, 9/15 | Woodstock | 2 | 6/3, 6/24 |

Comment: By the time all municipalities have adopted budgets in 2008, twenty-three will have adopted their budgets after June 15, one less than in 2007, but still more than any year since 2003. The 2003 figure of 34 is the highest number ACIR has recorded since it started to keep track in 1990.

* June 15 is considered the latest date a town can adopt its budget and still have time to get its tax bills out in a timely manner prior to the beginning of the fiscal year.

FY 2008-2009 Budget Data

The ACIR has started collecting budget data from municipalities and regional school districts. The Commission has collected the FY '09 adopted budget figures and in those towns that required multiple votes to adopt their budgets, ACIR collected the initial budget as well as the final adopted budget. ACIR anticipates that as this data is collected, the Commission will be able to do analysis on the increase/decrease in municipal budgets. The following is data collected this year from the 169 municipalities. (Does not include data from municipalities without a budget at the time of publication)

Municipalities

Cumulative Adopted Budget Total - \$11,663,650,602, a 4.2% increase from the previous year.

Highest increase: Haddam - 12.5% Lowest increase/decrease: North Stonington - (-3.3%)

Of 24 towns needing multiple votes, the average change from the initial budget to the final budget is -1.82%.

| | |
|--|--|
| 3 Towns had budget increases over 10% | 26 Towns had budget increases between 4-5% |
| 1 Town had a budget increase between 9-10% | 37 Towns had budget increases between 3-4% |
| 1 Town had budget increases between 8-9% | 22 Towns had budget increases between 2-3% |
| 5 Towns had budget increases between 7-8% | 9 Towns had budget increases between 1-2% |
| 17 Towns had budget increases between 6-7% | 12 Towns had budget increases between 0-1% |
| 28 Towns had budget increases between 5-6% | 5 towns had budget decreases |

Regional School Districts

Cumulative Adopted Budget Total - \$448,272,469, a 3.8% increase from the previous year.

Highest increase: Region 13 - 6.3% Lowest increase/decrease: Region 11 - 0%

Of 6 districts needing multiple votes, the average change from the initial budget to the final budget is -4.3%

| | |
|--|--|
| 2 Districts had a budget increase between 6-7% | 6 Districts had budget increases between 3-4% |
| 2 Districts had a budget increase between 5-6% | 1 District had budget increases between 2-3% |
| 4 Districts had a budget increase between 4-5% | 2 Districts had a budget increase between 0-2% |

Regional School District Responses

Budget Adoption Body

| | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| District Meeting | 7 | 3 | 5 | 3 | 2 | 1 | | | | |
| Referendum | 10 | 14 | 12 | 13 | 14 | 16 | 17 | 17 | 17 | 17 |
| Other | | | | | | | | | | |
| Not Adopted as of Publication | | | | 1 | 1 | | | | | |

Number of Votes

| | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1 Vote | 15 | 15 | 11 | 12 | 9 | 11 | 9 | 15 | 14 | 11 |
| 2 Votes | 1 | 2 | 1 | | 5 | 3 | 5 | 1 | 2 | 1 |
| 3 Votes | 1 | | 2 | 2 | 2 | 1 | 3 | 1 | | 4 |
| 4 Votes | | | 3 | 1 | | 1 | | | | 1 |
| 5 Votes | | | | | | | | | 1 | |
| 6 Votes | | | | | | 1 | | | | |
| 7 Votes | | | | 1 | | | | | | |
| 8 Votes | | | | | | | | | | |
| 9 Votes | | | | | | | | | | |
| Not adopted as of Publication | | | | 1 | 1 | | | | | |

Date of Adoption

| | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Before June 1 | 16 | 17 | 12 | 12 | 12 | 13 | 12 | 15 | 16 | 12 |
| June | 1 | | 2 | 2 | 4 | 2 | 4 | 1 | | 4 |
| July | | | 3 | 1 | | 1 | 1 | 1 | | 1 |
| August | | | | | | 1 | | | 1 | |
| September | | | | 1 | | | | | | |
| Not Adopted as Of Publication | | | | 1 | 1 | | | | | |

Comment: Regional school districts had slightly more difficulty adopting budgets this year in comparison to the past couple of years. Six districts required more than one vote to adopt their budget, compared to 3 in 2007 and 2 in 2006, but only District 14 adopted its budget after the July 1 start of the fiscal year. For the fourth year in a row, all seventeen districts adopted their budgets by means of a referendum, using a total of 27 referenda, four more than last year. Only one budget has been adopted by a district meeting in the last five years. As recently as 1998 and 1999, seven districts adopted their budgets by means of the district meeting and even in 2001, five districts used this method. All the districts combined for a much smaller increase in their budgets (3.8%) with no district having an increase over 6.5%.