

Connecticut Municipal Budget Adoption Experiences

FY 2005-06

For the sixteenth 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 the previous ten years to identify trends and establish a context. As of November 9, 167 of the 169 municipalities and all 17 regional school districts have adopted their budgets. Middlebury and Westbrook are the municipalities that have yet to adopt a budget. 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 approximately 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) 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.

Middlebury and Westbrook have had multiple failed votes. Middlebury has not voted on its budget since June and Westbrook had its fourth failed referendum in October. No other votes have been scheduled at this time.

	Budget Adoption Body ^A				Total Number of Votes ^B			
	2002	2003	2004	2005	2002	2003	2004	2005
Town Meeting	66	63	60	54	1 Vote 130 (77%)	129 (76%)	131 (78%)	124 (73%)
Referendum ¹	54	58	62	67	2 Votes 19 (11%)	15 (9%)	19 (11%)	18 (11%)
Council	35	37	33	34	3 Votes 13 (8%)	16 (10%)	10 (6%)	10 (6%)
Rep. Town Meeting	6	5	6	6	4 Votes 4 (2%)	5 (4%)	7 (4%)	8 (5%)
Other	7	4	6	6	5 Votes			2 (1%)
					6 + Votes 1 (1%)	2 (1%)		1 (1%)
NAAOP ²	1	2	2	2	NAAOP ² 1 (1%)	2 (1%)	2 (1%)	2 (1%)

A) Comment: The number of municipalities adopting their budgets by referendum, 67, is five more than last year and 9 more than in 2002 and 2003 (this doesn't include those towns which have not adopted their budgets yet, but will probably do so by referendum). The 67 towns adopting their budgets by referenda is the highest number doing so since ACIR started collecting this data and continues a steadily upward trend since 1997.

B) Comment: Of the 67 towns adopting budgets by referendum, only 35 were approved on the first vote. Considering multiple referenda in numerous towns, there has been a total of 129 municipal budget referenda held this year, fifteen more than last year. This does not include the two municipalities that had not adopted their budgets at the time of publication.

1. There are times when a town holds a referendum that fails, after which it adopts its budget by some other means. In 2005, this happened twice compared to once in 2004. In 2003, there were five occurrences, and in 2002, there were four such occurrences.

2. Not Adopted as of Publication

Dates of Adoption

Adoption Year*	Before June 1	June	July	August	Sept.	Oct.	Nov.	Not Adopted as of Publication
1995	133	21	6	2		1		6
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	121	27	11	4	4			5***
2004	121	33	4	3	6			2
2005	126	29	8	1	2	1		2

Comment: The budget approval process had another difficult year, the fifth year in a row this has occurred. By the time all the budgets are adopted, 14 municipalities, including Middlebury and Westbrook, will have adopted their budgets after the start of the fiscal year. 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. While the number of adoptions by July 1 (155) is higher than in 2004 and 2003, it is less than what the norm had been prior to 2001.

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., 2005 is the date of adoption for FY 2006.

**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. The year 2005 continued a four year trend that has seen municipalities experience much difficulty adopting budgets, especially in adopting budgets by July 1. Fourteen municipalities, including Middlebury and Westbrook, went beyond the July 1 date of the new fiscal year in 2005, 1 less than in 2004, but still higher than normal. Twenty-three municipalities needed three or more votes to adopt their budgets, four more than in 2004. 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 sixteen years, it is clear that when the country and the state are in good economic times, municipalities generally seem to adopt their operating budgets with relative ease. When overall economic times are more difficult, 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 this year many towns had to deal with revaluations which created even more havoc with the tax rates. This is compounded in rough economic times when there is less federal and state money coming in and the municipalities raise taxes to maintain services. However, even in good economic times there are some towns that for specific internal factors, still have difficulty adopting budgets. Taxpayer groups have become effective again in some towns which has slowed the process of adopting budgets while they fight for their objectives.

Intervals Between Votes - 2005
(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	5	5/11, 5/18, 5/31, 6/7, 6/21	Killingly	7	5/9,5/17,5/23,6/6,6/13,6/20,7/21
Ashford	4	5/3, 5/16, 6/30, 7/20	New London	2	5/4, 9/27
Bethel	4	5/10, 5/24, 6/8, 6/21	Oxford	2	6/7, 7/6
Canterbury	3	6/2, 7/6, 8/23	Sterling	3	6/14, 6/30, 7/14
Chester	3	6/7, 6/28, 7/26	Thomaston	2	5/25, 7/6
Coventry	5	5/3, 5/31, 6/28, 8/30, 10/18	Thompson	2	5/26, 6/16
Easton	3	5/3, 5/31, 6/21	Vernon	4	5/3, 5/24, 6/7, 6/16
East Windsor	4	5/26, 6/9, 6/23, 7/7	Voluntown	3	5/24, 6/23, 7/14
Ellington	4	5/18, 6/1, 6/15, 6/29	Watertown	4	6/7, 6/28, 8/16, 9/13
Franklin	2	5/24, 6/21			

Comment: Twenty-one municipalities (including Middlebury and Westbrook) adopted their budgets after June 15 in 2005. This is a decrease from both 2004 and 2003, but is still higher than any of the ten previous years. The 2003 figure of 34 was 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 2005-2006 Budget Data

The ACIR has started collecting budget data from municipalities and regional school districts. For this year, the Commission has collected the FY '05 and FY '06 adopted budget figures and in those towns that required multiple votes to adopt their budgets it collected the initial budget as well as the final adopted budget. ACIR anticipates that as this data is collected over time, it will be able to do more analysis on the increase/decrease in municipal budgets. The following is data collected this year from the 165 municipalities that adopted their budgets as of November 1, 2005.

Municipalities

Cumulative Adopted Budget Total - \$10,232,859,318, a 6.1% increase from the previous year.

Highest Increase: Marlborough - 12.6%

Lowest Increase/Decrease: Durham - (-.62, the only town to lower its budget from the previous year)

4 Towns had budget increase over 10%	5 Towns had budget increase under 2%
7 Towns had budget increase over 9%	13 Towns had budget increase under 3%
17 Towns had budget increase over 8%	37 Towns had budget increase under 4%
36 Towns had budget increase over 7%	64 Towns had budget increase under 5%

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Regional School Districts

Cumulative Adopted Budget Total - \$397,827,954, a 5.7% increase from the previous year.

Highest Increase: Region 8 - 9.8%

Lowest Increase/Decrease: Region 4 - 3.24%

3 districts had budget increase over 7%	0 Towns had budget increase under 3%
5 Towns had budget increase over 6%	12 Towns had budget increase fewer than 5%

Regional School District Responses

Budget Adoption Body

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
District Meeting	3	7	7	3	5	3	2	16	
Referendum	14	10	10	14	12	13	14	1	17
Other									
Not Adopted as of Publication						1	1		

Number of Votes

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1 Vote	12	17	15	15	11	12	9	11	9
2 Votes	3		1	2	1		5	3	5
3 Votes	1		1		2	2	2	1	3
4 Votes					3	1		1	
5 Votes	1								
6 Votes								1	
7 Votes						1			
Not adopted as of Publication						1	1		

Date of Adoption

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Before June 1	15	17	16	17	12	12	12	13	12
June	1		1		2	2	4	2	4
July	1				3	1		1	1
August								1	
September						1			
Not Adopted as of Publication						1	1		

Comment: 2005 was a year of mixed results for regional school districts. Although eight districts needed multiple votes to adopt their budgets, only one district (Region 5) adopted its budget after the start of the fiscal year. For the first time since we started tracking this information, every district adopted their budget by referendum. What makes this even more interesting is that last year 16 of the 17 districts adopted their budget by means of the district meeting. The total number of referenda in 2005 is 28, one more than last year.