



# City of Hartford

## FY2021 Recommended Budget

**Mayor Luke A. Bronin**

[www.hartford.gov](http://www.hartford.gov)





**LUKE A. BRONIN**  
MAYOR

April 27, 2020

Dear Fellow Hartford Residents:

Over the past four years, we worked hard to build a strong foundation for Hartford's future. We made tough choices. We built new partnerships. We confronted challenges honestly. We took our city from crisis to stability, and we began to see the kind of investment and growth that Hartford hadn't seen for many years.

Even with all our progress, our fiscal situation was still fragile. We knew that we would still face difficult choices. And we knew that our long-term fiscal stability would depend on continued growth and investment, as well as careful management and discipline. But we had a path, and we were sticking to it.

Over the past two months, our city, our state, and our nation have been tested in a new way. Like cities across the country, we have seen unprecedented job losses and business closures. We do not know when the pandemic will pass, or how long the recovery will take.

We also don't know how this crisis will affect our budget. The economic devastation from the coronavirus pandemic will result in lower revenue - possibly much lower revenue. We have no way of estimating with any confidence just how large that revenue loss will be.

The budget I am presenting to the Court of Common Council this year is, in many ways, similar to the budget adopted last year. This budget does not raise property taxes. We continue to prioritize essential services, public safety, critical maintenance, and support to our most vulnerable residents.

Facing the uncertainty of the coronavirus, we have reduced our revenue estimates by about \$5 million, and our budgeted expenditures are approximately one percent lower than last year. We have already made deep cuts in recent years, and city services and staff are already lean. However, we believe that we can close the gap this year - in part because of revised savings estimates, and in part by reducing the amount allocated to capital investment this year.

But I must tell you that I do not know whether the revenue reductions assumed in this budget are big enough. And if the revenue loss is much greater, we will have more difficult decisions ahead. If that happens, we will deal with that challenge the same way we dealt with our last fiscal crisis: honestly, transparently, and with a focus on the long-term health and strength of our city. And we will do it together.

Sincerely,

A handwritten signature in black ink, appearing to read "Luke A. Bronin", written in a cursive style.

Luke A. Bronin  
Mayor



## City of Hartford FY2021 Recommended Budget Executive Summary

### FY2021 Recommended Budget Top Lines

The Fiscal Year 2021 (FY2021) Recommended Budget is \$567.8 million, a 1% reduction from FY2020 budgeted expenditures of \$573.3 million.

Consistent with the four prior adopted budgets, the FY2021 Recommended Budget prioritizes basic city services, including public safety and core public works functions, while maintaining support for the City's most vulnerable residents and young people. There is no long-term borrowing, and no increase in the property tax rate (mill rate).

The FY2021 Recommended Budget keeps the City on track with the five-year financial recovery plan adopted by the City and approved by the State's Municipal Accountability Review Board (MARB) in 2018.

<b>General Fund:</b>	<b>FY2020 Adopted Budget</b>	<b>FY2021 Forecast</b>	<b>FY2021 Recommended Budget</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>
Total Revenues	573,280,741	567,758,310	567,758,310	(5,522,431)	-1.0%
Total Expenditures	573,280,741	567,758,310	567,758,310	(5,522,431)	-1.0%
<b>Surplus / (Deficit)</b>	—	—	—	—	

Figure 1: FY2020 Adopted Budget, FY2021 Forecast & FY2021 Recommended Budget, Revenues and Expenditures

The FY2021 Recommended Budget is balanced and it does not rely on any one-time revenues, asset sales, or deferments of obligations. The Recommended Budget anticipates funding a more modest Capital Improvement Plan (CIP) through operating funds, coupled with additional funding from grants, grant reimbursements, and prior year project prefunding.

The City continues to provide basic services with a significantly smaller workforce than in prior decades. In FY2021, the City workforce is 1,392 General Fund positions, which is 25% smaller than in FY2001 and 44% smaller than in FY1990.

### Impact of the Coronavirus Pandemic

The coronavirus pandemic continues to have a profound impact on the health and wellbeing of Hartford residents. While necessary for public health, the restrictions on economic activity and the "stay home, stay safe" order will likely affect the collection of property taxes, which made up 49.5% of the City's General Fund revenues in the FY2020 Adopted Budget.

The FY2021 Recommended Budget assumes a revenue loss of \$5 million from pre-pandemic revenue projections. However, there is a strong possibility that the revenue loss will exceed \$5 million, requiring either additional sources of funding or additional expense reduction.

We do not believe that it is responsible at this time to reduce services beyond the cuts already made in recent years, until the full fiscal impact of the coronavirus and the full extent of state and federal recovery funding is known. However, we must be prepared to make whatever decisions are necessary, including significant mid-year adjustments in FY2021.

### Education Funding

The FY2021 Recommended Budget includes \$284 million for Hartford Public Schools, which continues the City's practice over the prior four budgets of maintaining education funding. In FY2020, the City supplemented its budgeted education spending with additional in-kind funding, through an allocation of prior-year surplus. Given the decline in enrollment over the past four years, per pupil spending by the City of Hartford has increased in each year.

In addition, the Recommended Budget continues to fund long-overdue school renovation projects, including the renovation of Martin Luther King School and Bulkeley High School. School renovation and construction represents the largest share of City capital expenditure.

**Funding Capital Improvements with Operating Funds**

In FY2019, the City began making capital investments exclusively with General Fund revenue and grant reimbursements. This continues in the FY2021 Recommended Budget, which assumes a CIP budget of approximately \$30 million, with only \$6.5 million in new allocations from FY2021 General Fund revenue.

Capital investments remain focused on critical needs that preserve City assets, including education facilities, prevent material risks, or are vital to public health and safety. The City continues to seek opportunities to leverage other sources of funding and work to obtain school construction reimbursements.

If the coronavirus pandemic has a significant impact on City finances, further reductions in planned capital expenditures may be required.

**Adhering to the City's Municipal Recovery Plan**

Since the Municipal Accountability Review Board's approval of the City's 5-year Municipal Recovery Plan in 2018, the City has produced public financial reports on a monthly basis, including monthly projections, cash flow analysis, and a rolling 3-year financial plan.

In February 2020, Moody's Investors Service noted the city's "adherence to its financial recovery plan" and "cost saving measures taken by the city through labor contract agreements and tight expenditure controls," when it upgraded the City's long-term issuer rating from B1 to Ba3. Moody's announcement came after S&P Global Ratings revised its outlook on the City's long-term issuer credit rating from stable to positive, noting that "[t]he positive outlook reflects Hartford's improving management environment and financial controls, which have yielded balanced operations and greater operating flexibility."

The FY2021 Recommended Budget is consistent with the Municipal Recovery Plan, and reflects the City's commitment to fiscal discipline through stringent revenue and expenditure assumptions, continued savings, and avoidance of one-time revenues.