

City of East Lansing

Budget Discussion

Some data and slides provided by MSU Extension

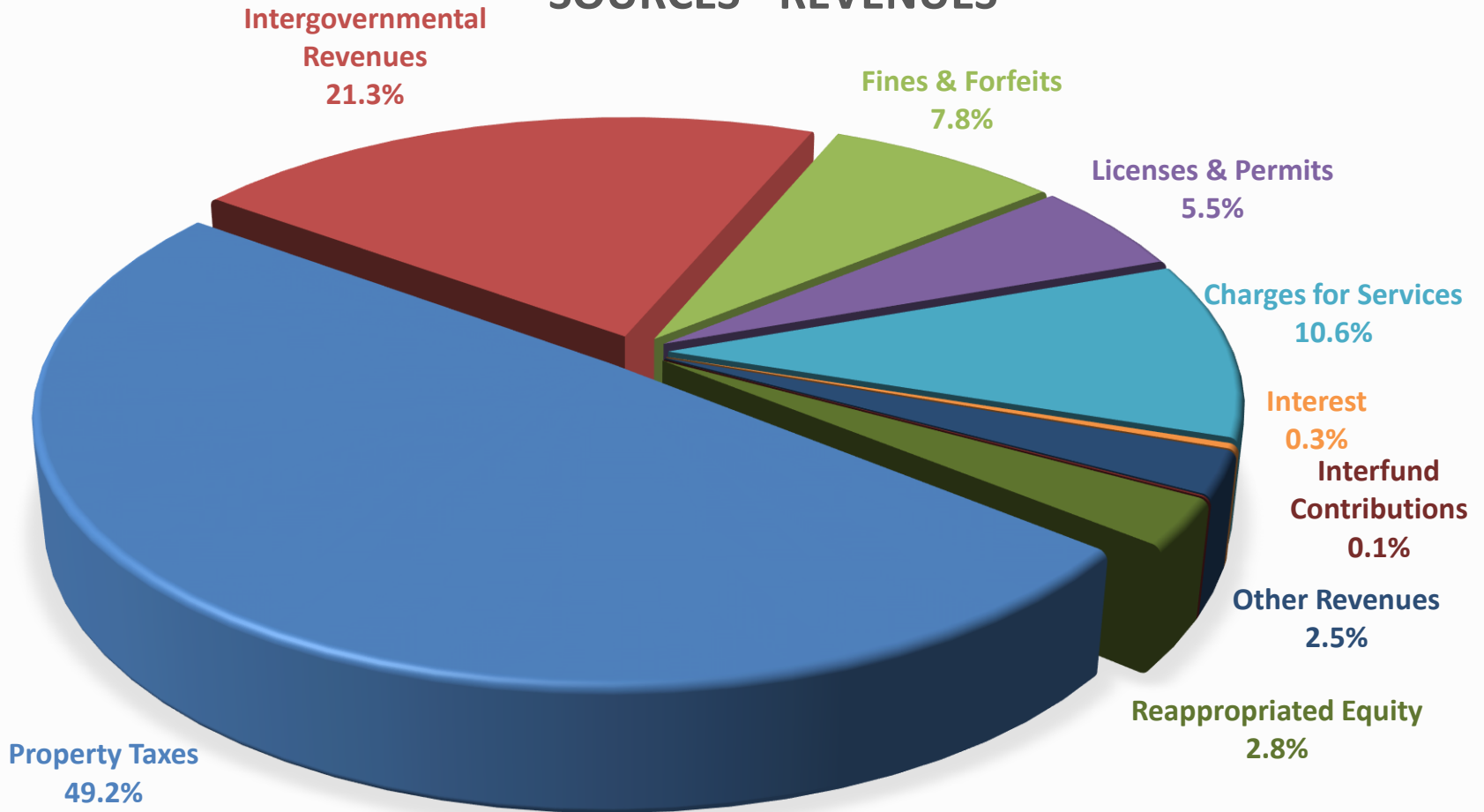


City of East Lansing

FY2018 GENERAL FUND ADOPTED BUDGET

\$34,207,540

SOURCES - REVENUES

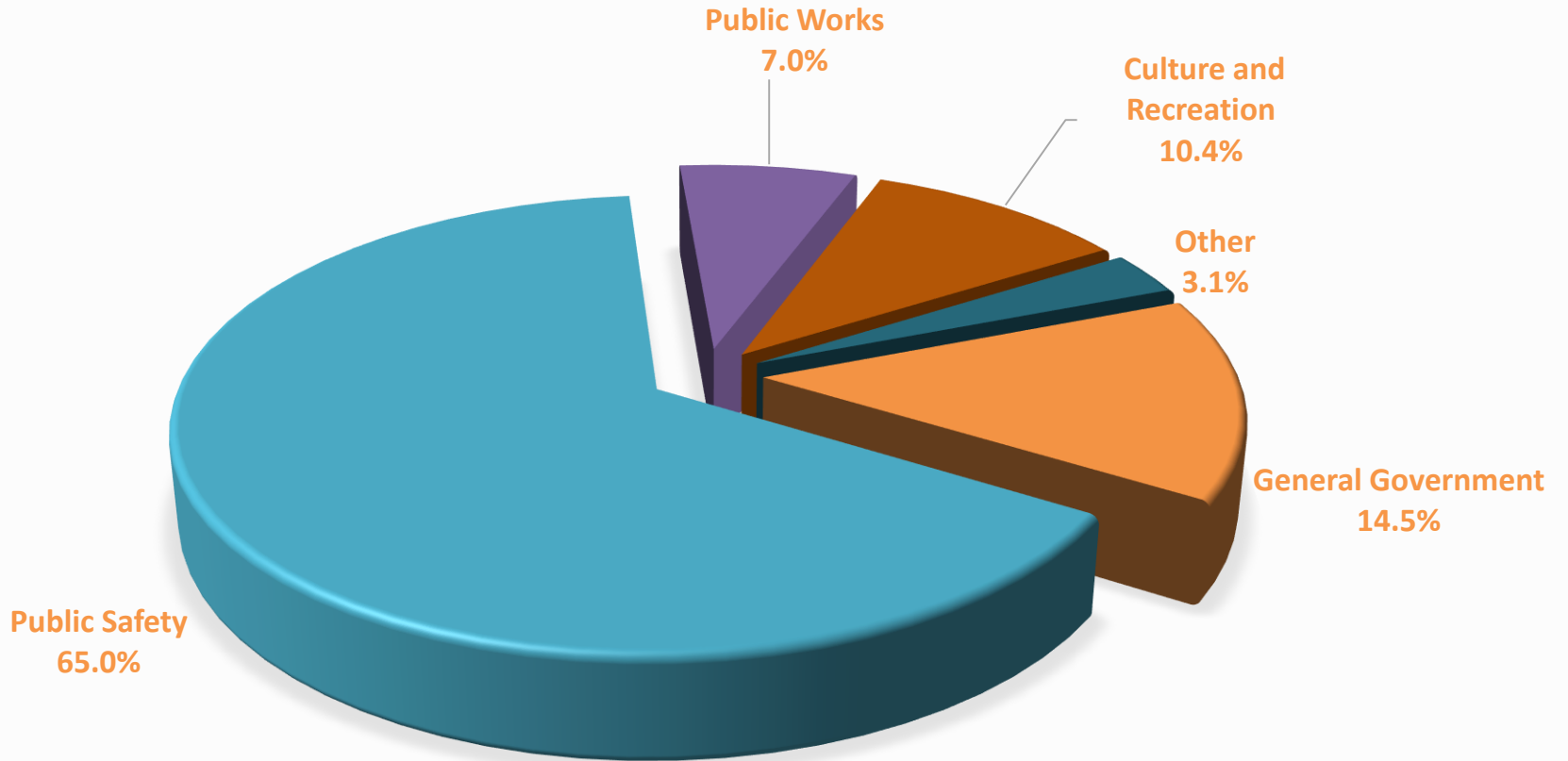


City of East Lansing

FY2018 GENERAL FUND ADOPTED BUDGET

\$34,207,540

SOURCES - EXPENDITURES

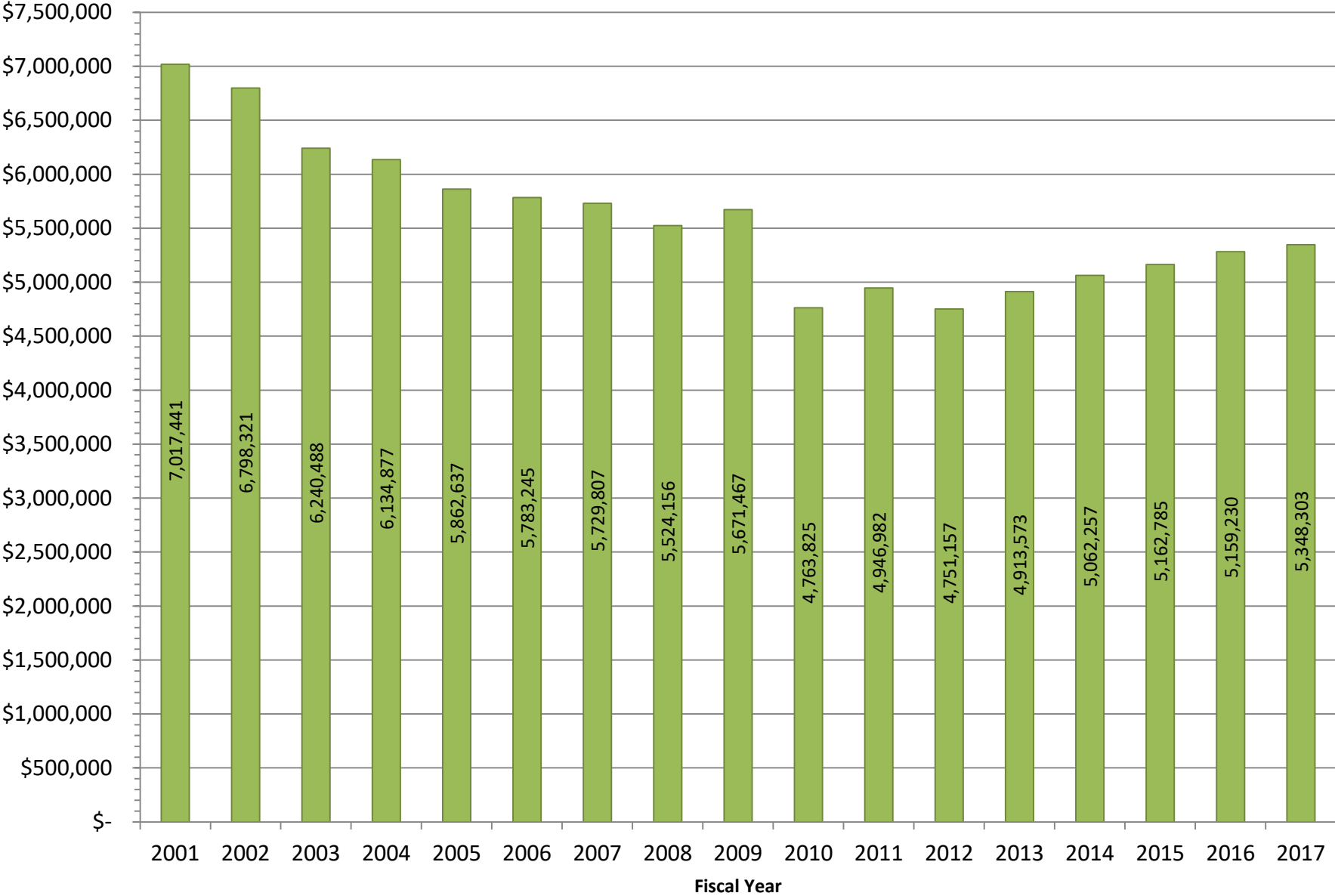


Main Causes of Fiscal Stress

- Tight restrictions on local's revenue raising ability
- Collapse in property values due to Great Recession
- Deep cuts in revenue sharing
- Increase in legacy costs due, in large part, to below average market returns



State Revenue Sharing



General Fund Revenue Total FY 2006-2017

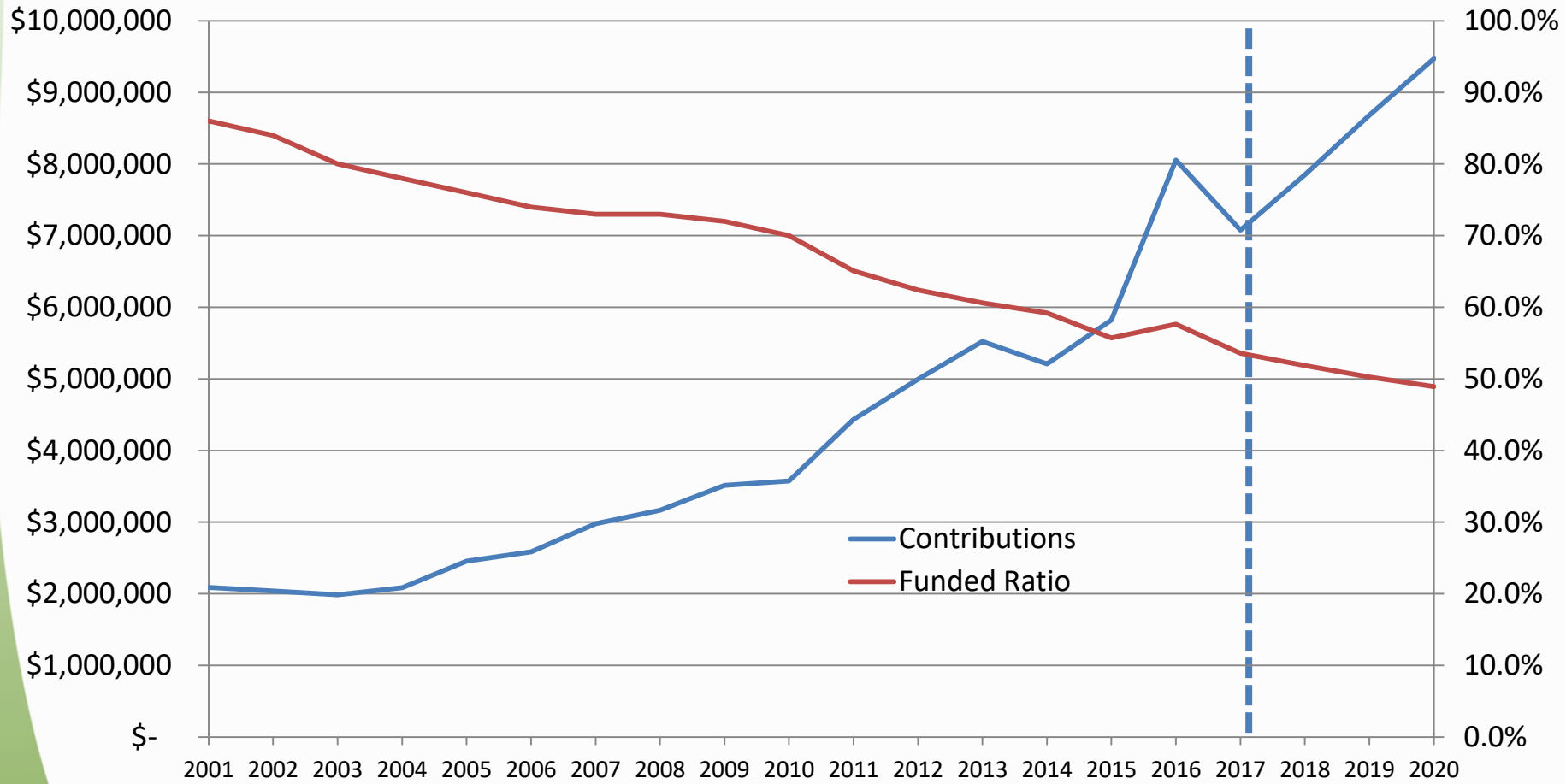
Fiscal Year	General Fund Revenue Total	Percent Change
2006	\$ 33,827,505	
2007	\$ 34,863,846	3.1%
2008	\$ 33,587,106	-3.7%
2009	\$ 32,990,309	-1.8%
2010	\$ 32,997,385	0.0%
2011	\$ 33,637,727	1.9%
2012	\$ 33,992,733	1.1%
2013	\$ 32,902,731	-3.2%
2014	\$ 32,062,290	-2.6%
2015	\$ 32,171,747	0.3%
2016	\$ 33,378,853	3.8%
2017 Preliminary	\$ 33,131,220	-0.7%
Percent change from 2006 to 2017	-\$696,285	-1.3%



Pension Payments

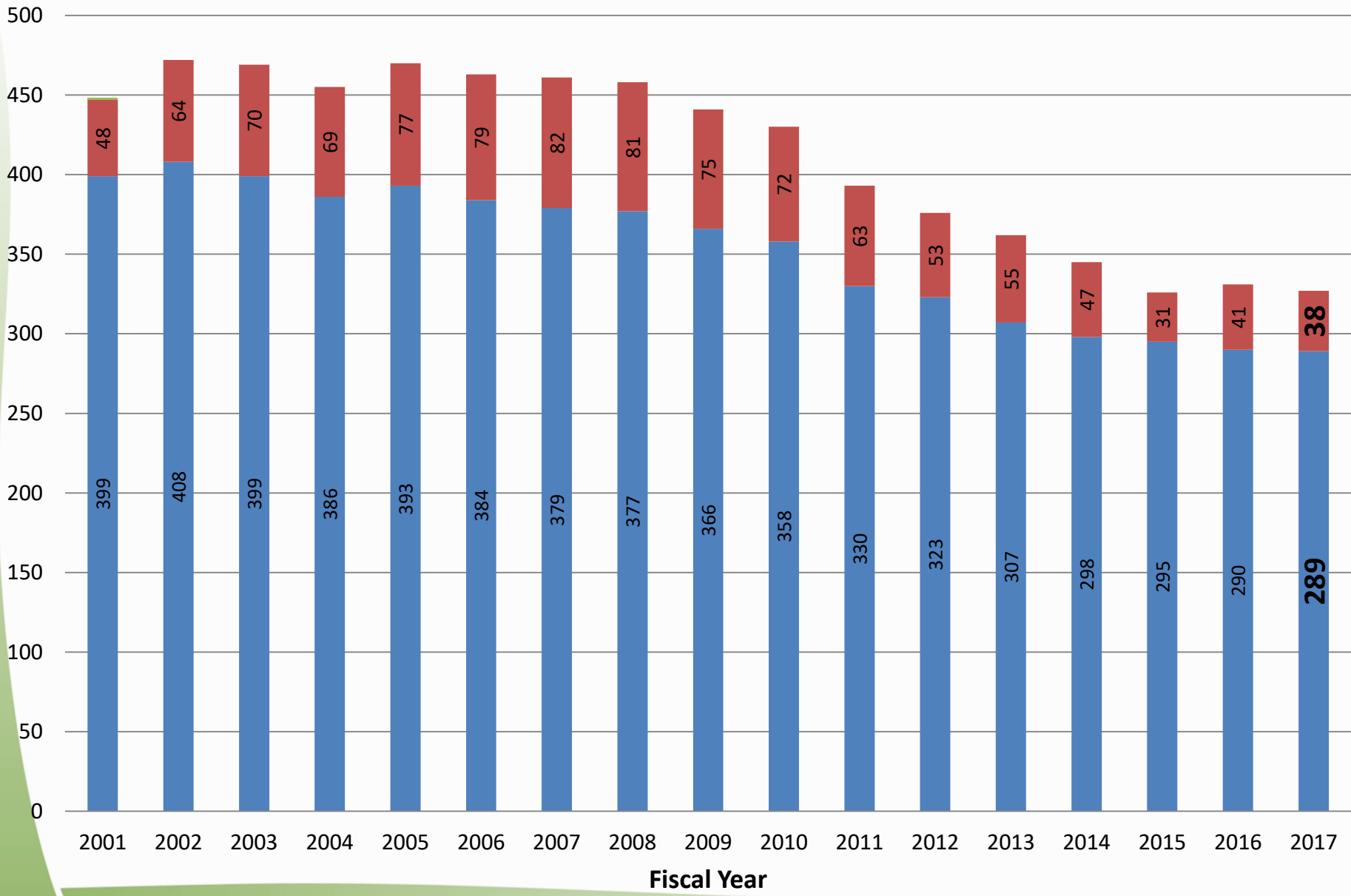
2001-2016

Projected payments 2017-2020



City of East Lansing

Employee Head Count



■ Regular Full Time Employees ■ Regular Part Time Employees



City of East Lansing

Compensation and Benefits

Employee Wage Increases

2010: 2%

2011: 0%

2012: 0%

2013: 1%

2014: 1%

2015: 1%

2016: 1%

Retirement and Health Care

1993 Eliminated healthcare at retirement for non-union new hires

1999 Moved from defined benefit pension to defined contribution for new hires in non-union and two other unions. Other non-public safety groups followed.

2010 Moved from defined contribution to hybrid plan for new hires in all non-public safety groups

2011 Changed retiree healthcare and pension plan structure for new hires in public safety.

Pushed back the age of access for retiree healthcare for existing non-public safety employees

The City's Health Care Task Force has controlled plan costs for the past 12 years and consistently meets the hard caps established by the State.



What Now?

- Add Revenue-Strengthen Public Services
 - Maintain Police/Fire/EMS
 - Add to Seniors Program, Library, infrastructure

OR

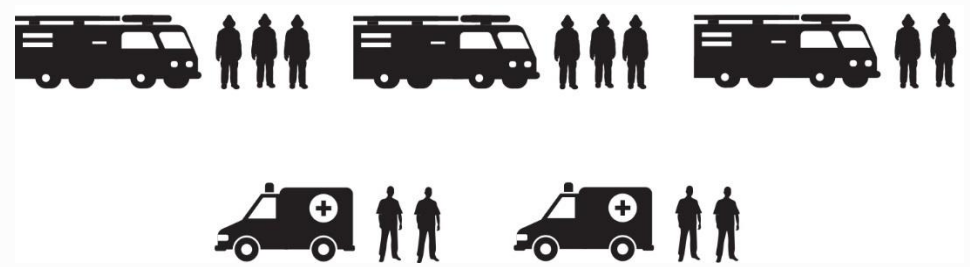
- Continue Cuts
 - Police/Fire/Parks & Recreation
 - Reductions could result in 14 public safety positions in the next 2 years



STAFFING

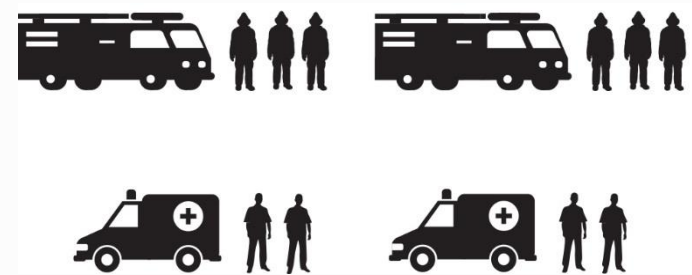
PRE-2005

1 COMMAND OFFICER
12 STAFF



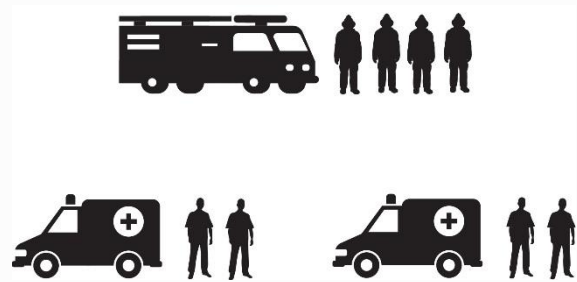
CURRENT

1 COMMAND OFFICER
10 STAFF



FUTURE

1 COMMAND OFFICER
8 STAFF



What does an Income Tax Look Like?

Who would pay the East Lansing income tax?

Residents would pay a **1%** income tax (whether they work in East Lansing or another community) and non-residents would pay a **.5%** income tax.

If a resident lives in East Lansing and works in another community with an income tax or works in East Lansing and lives in another community with an income tax, they would pay .5% to East Lansing and .5% to the community in which they work or live.

Proceeds for pensions, annuities, and retirement benefits **(including social security)** are not taxed. Deferred compensation is taxable, for example, 457 plans.



Frequently Asked Questions

Why is the income tax question going on the ballot alongside a property tax rollback question? Why not just raise taxes?

By combining an income tax with a reduction in property tax, the ballot proposals will spread the cost of running the City across a larger tax base. Much of the new revenue will come from people who work in East Lansing, but live elsewhere.

If it passes, what will the property tax rollback look like?

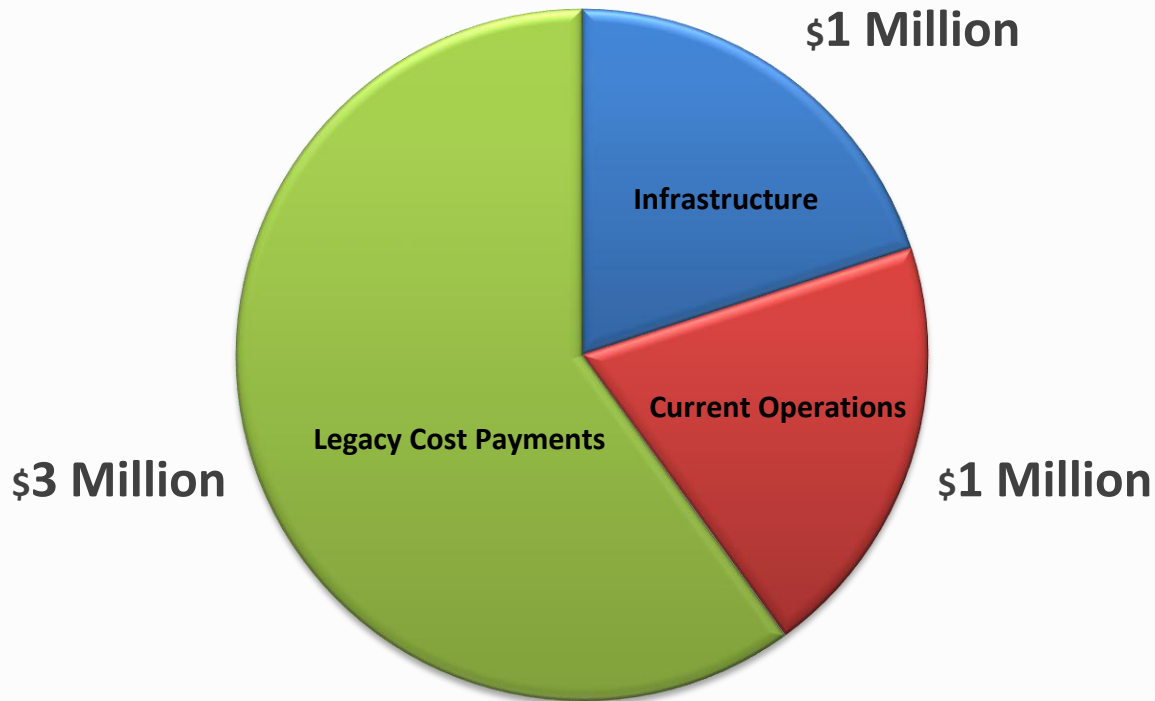
Property taxes will be reduced from the 20 mill limitation under the City Charter to 13 mills. This will result in a minimum reduction of 4.5679 mills since the current rate is 17.5679 mills. It is Council's intent to levy less than that and reduce the actual amount levied by 5 mills to **12.5679 mills**, which will minimize the impact of the estimated income tax paid by residents and, in some cases (i.e. retirees exempt from the income tax), decrease the overall amount of taxes paid.

- Please visit the website at: <http://www.cityofeastlansing.com/incometax>



Example Breakdown of How the Net Increase In Revenue Would Be Used

Estimated Net Increase to Revenue of \$5 Million



Questions or Comments?

City of East Lansing

