

Testimony Regarding Governor's Proposed FY 2013/14 Budget

Appropriations Committee – Public Hearing February 11, 2014

Elizabeth C. Paterson (Mayor) and Matthew W. Hart (Town Manager)
Town of Mansfield

We are here today to address our concerns regarding the Governor's Proposed FY 2014/15 Mid-term Budget Adjustments and state aid to municipalities.

Mansfield is home to the University of Connecticut's main campus in Storrs (pop. approximately 26,000; 15,000 year-round). Outside of the university, we are still in many ways a rural community with a limited tax base consisting of residential and some commercial properties. We are building the mixed-use Storrs Center project to serve as our downtown, and this initiative will positively impact our grand list.

Mansfield's FY 2013/14 Operating Budget totals approximately \$45.9 million. Of that amount, approximately \$30.7 million is dedicated to education costs and \$15.2 million is allocated for general government and capital expenditures. With the presence of UCONN and the Bergin Correctional Institute, we are very reliant on intergovernmental revenue, receiving approximately \$17.2 million or 37.5% of our general fund revenues from the state. Our grand list is approximately \$1 billion and the value of state property in Mansfield totals \$1.2 billion. Our payment-in-lieu-of-taxes grant (PILOT) for state-owned property totals approximately \$6.8 million, or 15% of general fund revenues. We are probably the only town in Connecticut where the value of exempt property exceeds the value of private property in the community, and no other municipality in the state is as reliant on PILOT funding as is Mansfield. As you will see on the attached spreadsheet, under statute Mansfield should be receiving 45% on the assessed value of UConn property and the actual grant amount is closer to 19% of that figure.

We are very concerned that for FY 2014/15 Mansfield's PILOT grant is scheduled to decrease even further – from \$6,784,862 to \$6,317,789, or a reduction of \$467,073. Compounding the problem is that the fact that the Municipal Aid Adjustment, which is designed to hold municipalities harmless, would also decrease from \$625,545 to \$317,773, or by \$307,772. When you combine all of Mansfield's state grants, we are looking at a reduction of \$746,717 (4%) from FY 2013/14. That's a big number for a town our size and represents approximately .75 mills under the current grand list. If you compare FY 2014/15 with FY 2008/09, Mansfield is looking at a reduction in state aid of \$1,667,630 or 8.6%.

The proposed Municipal Aid Adjustment for FY 2014/15 is not sufficient to close the gap created by the reduction in the PILOT grant. And, this Adjustment is only scheduled to be temporary with the biennial budget. What happens for FY 2015/16?

The timing of this reduction in PILOT funding is at odds with the state's \$2 billion investment in UCONN's *Next Generation Connecticut* initiative, which will include the hiring of many new faculty and staff, and the addition of as many as 5,000 new students in Storrs. While *Next Generation Connecticut* will likely have many benefits for Mansfield and the region, it will also impact our natural resources, municipal services and quality of life. Mansfield needs this important PILOT funding in order to provide the services resulting from UCONN's development.

In summary, we ask that you revisit the formula for the state-owned PILOT grant to ensure that cities and towns that host major state institutions are treated in a fair and equitable manner. Please also contrast the PILOT for state-owned property to the PILOT for private colleges and hospitals – why is the reimbursement rate for the PILOT on state-owned property set at 45% while the rate for the PILOT on private colleges and hospitals is set at 77%? Are the two classes of exempt property appreciably different? It is hard for us to see that distinction. As UCONN continues to develop and thrive as Tier I research university, and we are very proud of UCONN's success, the service demands on Mansfield will only continue to increase. Our grand list is not sufficient to bear the load. Consequently, we need this important state funding to stabilize at a sustainable level to enable Mansfield to remain a viable host community for the state's flagship university. In our view, stabilizing the PILOT for state-owned property in a sustainable manner would certainly represent sound state policy.

We appreciate the opportunity to speak with you today and are happy to answer any questions you may have.

TOWN OF MANSFIELD
PILOT GRANT
STATE OWNED REAL PROPERTY
GRANT IN LIEU OF TAXES

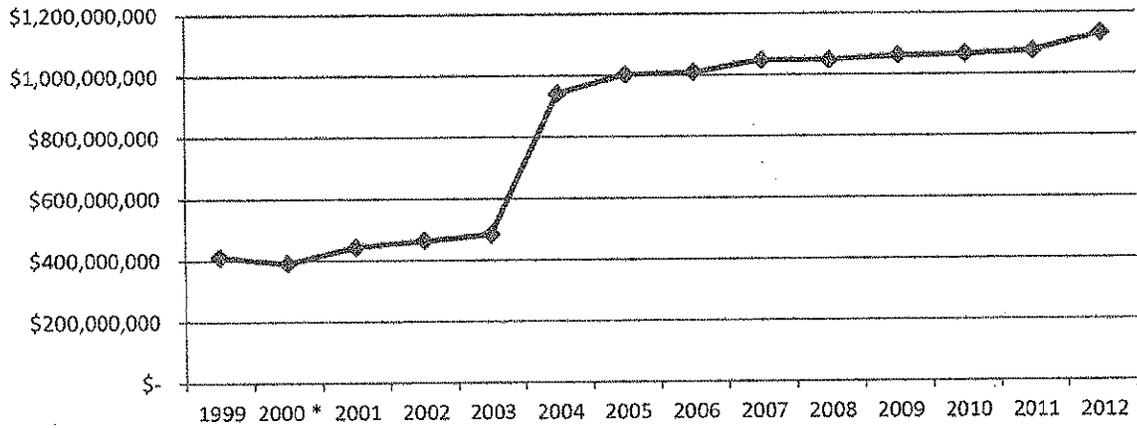
	1999	2000 *	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
October 1 Grand List	\$ 405,991,190	\$ 390,458,450	\$ 443,620,780	\$ 463,020,780	\$ 483,020,780	\$ 541,613,470	\$ 1,002,219,242	\$ 1,007,933,938	\$ 1,047,181,652	\$ 1,047,417,552	\$ 1,060,861,563	\$ 1,064,605,653	\$ 1,074,892,430	\$ 1,131,222,460
University of Connecticut														
DOT & Right of Way	16,964,460	18,089,770	18,089,770	18,089,770	18,089,770	17,727,976	17,727,976	17,727,976	17,727,976	17,727,976	17,727,976	17,727,976	17,727,976	17,727,976
Northeast Correctional Facility	1,995,090	3,049,340	3,049,340	3,049,340	3,049,340	3,521,560	3,521,560	3,521,560	3,521,560	3,521,560	3,521,560	3,521,560	3,521,560	3,521,560
Eastern CT State University														
Other Real Property	\$ 428,860,740	\$ 411,997,560	\$ 464,159,890	\$ 484,159,890	\$ 505,403,650	\$ 965,378,665	\$ 1,025,984,438	\$ 1,031,287,870	\$ 1,070,535,584	\$ 1,070,771,484	\$ 1,082,111,099	\$ 1,085,855,189	\$ 1,098,479,546	\$ 1,154,809,576
Totals														
Fiscal Year	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14 Est	14/15 Projected
Calculated PILOT Grant	\$ 5,042,759	\$ 4,880,518	\$ 5,743,979	\$ 6,523,086	\$ 7,034,461	\$ 9,561,593	\$ 10,563,536	\$ 11,077,579	\$ 12,285,857	\$ 12,388,291	\$ 12,591,826	\$ 13,271,322	\$ 13,934,762	\$ 14,649,137
Actual PILOT Payment	\$ 5,855,929	\$ 4,549,319	\$ 4,797,840	\$ 6,343,657	\$ 7,703,004	\$ 7,620,936	\$ 8,020,784	\$ 8,396,689	\$ 8,955,354	\$ 7,265,843	\$ 7,038,654	\$ 7,021,354	\$ 6,784,882	\$ 6,224,901
Prior Year Mill Rate	.02613	.02635	.0275	.02894	.03093	.03201	.03238	.03237	.032542	.03271	.03268	.032716	.032819	.032819
Reimbursement Rate	45.12%	41.95%	37.58%	43.76%	49.28%	33.87%	34.17%	34.11%	29.60%	26.39%	24.45%	23.81%	21.91%	19.43%

Note 1. The Mansfield Training School Facilities have been combined with UConn Depot Campus

Note 2. Full funding equals 45% of taxes receivable

* Revaluation Year- Mansfield Training School Campus Reduced in Value

University of Connecticut October 1 Grand List Values



Town of Mansfield - PILOT Grant

