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FOR IMMEDIATE RELEASE

Mayor Justin Elicker and City Staff Announce Budget Surplus, Despite Ongoing Pandemic

NEW HAVEN, Conn. – Today Mayor Justin Elicker, acting City Controller Michael Gormany, and City staff announced that the City ended FY 2020 with an estimated fund balance surplus of \$17.6 million, an increase of \$1.9 million. The City’s annual budget cycle ends June 30, but it takes approximately two months each year to reconcile and report exact year-end budget figures. That process is nearly complete.

Elicker attributed the bigger surplus this year to a combination of difficult financial decisions made by the City’s budget office, New Haven Public Schools, the Board of Alders and many department heads and hard work by staff of departments that bring in revenue. Reduced expenses related to the ongoing COVID-19 pandemic also contributed to the increase.

“Through various initiatives and expenditure controls introduced early in the fiscal year, The City was able to offset the decline in revenue by reducing expenditures by \$5.9 million,” Elicker said. “Our coordinated approach to trimming costs contributed to this positive outcome for City taxpayers, as did lower than expected expenses in health care and other areas. At a time when many municipal budgets are being upended, New Haven has managed through this fiscal year without laying off or furloughing City employees and without a deficit,” he concluded.

At a press conference Tuesday, Elicker and Gormany detailed the findings of a Pre-Audit Report issued by the controller’s office. The report will be available online later this week for review. According to the report, the City had a projected general fund deficit of \$650,000, a significant reduction from the \$13-\$15 million deficit projected in March. When the general fund deficit is combined with the medical fund, workers compensation fund and liability insurance fund, the City is ending with a \$1.9M surplus.

Contributing factors included higher tax collection, building permit, and real estate conveyance tax revenues. The City also collected more revenue from parking tags and meters between June and March. However, that revenue was still less than budgeted.

Cost control measures contributing to the \$5.9 million reduction in expenditures over revenue declines include:

- The Board of Education balancing its budget despite a significant deficit earlier in the year;
- Hiring controls enacted by the Office of Management and Budget and Human Resources departments;
- Switching retirees to a Medicare Advantage Plan, among other measures, that resulted in City Medical Fund revenue exceeding expenses by \$2.2 million;
- Savings from lower medical costs;
- Lower than expected workers compensation claims;
- Resolving outstanding claims within the Litigation Fund budget

“All these factors increased the City’s fund balance from \$15.7 to \$17.6 million,” Gormany said. “That’s good news for taxpayers and a testament to our ability to find significant savings even in these challenging times. I want to thank City department heads and staff for the hard work they did to help achieve these savings while still maintaining services. That is no small achievement. We can be very proud,” he concluded.

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