

East Lansing Financial Options

October 16, 2018

Hon. Mayor Mark M. Meadows



General Fund Revenue Total FY 2006-2017

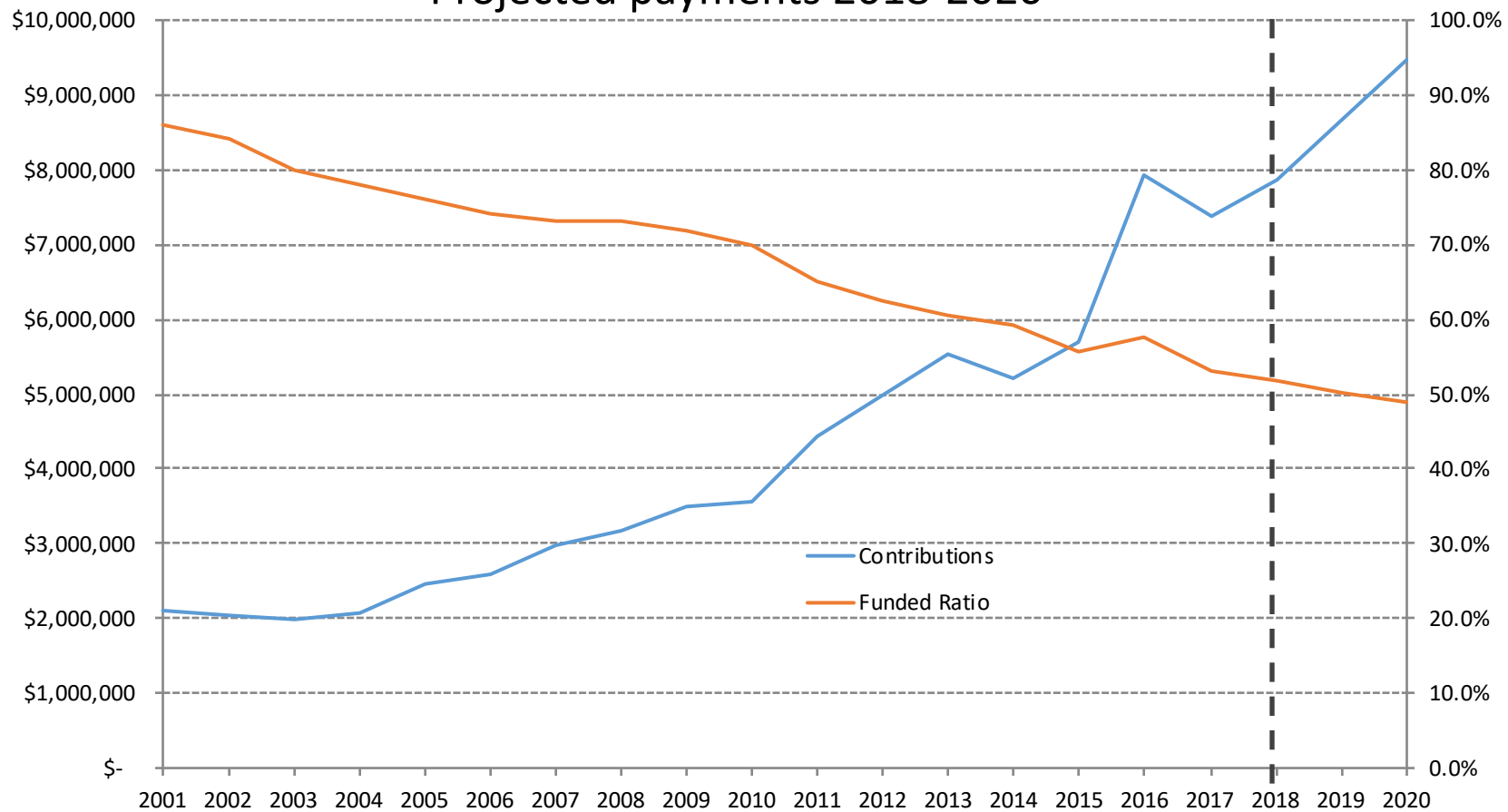
Fiscal Year	General Fund Revenue Total	Percent Change
2006	\$ 33,827,505	
2007	\$ 34,863,846	3.1%
2008	\$ 33,587,106	-3.7%
2009	\$ 32,990,309	-1.8%
2010	\$ 32,997,385	0.0%
2011	\$ 33,637,727	1.9%
2012	\$ 33,992,733	1.1%
2013	\$ 32,902,731	-3.2%
2014	\$ 32,062,290	-2.6%
2015	\$ 32,171,747	0.3%
2016	\$ 33,378,853	3.8%
2017	\$ 33,357,979	-0.1%
Percent change from 2006 to 2017	-\$469,526	-1.4%



Pension Payments

2001-2017

Projected payments 2018-2020



Number of Actives:
268

Number of
Retirees: 373

Total Allowance:
\$12,708,765

Average Benefit:
\$34,000



No Revenue Solution-Proposed Cuts	2019	
Eliminate CRC Funding	\$25,000.00	
Eliminate Community Agency Funding	\$46,700.00	Maintain Tri County at \$15k
Stop Plowing Private Sidewalks	\$25,000.00	No longer clear interior neighborhood streets
Reduction of 4 Fire/EMS employees	\$360,000.00	Through attrition (reduce to 42)
Reduction of 5 ELPD Officers	\$450,000.00	Through attrition (reduce to 49)
Allocate CDBG funds to Infrastructure		\$103k to be used for infrastructure; Eliminates staff intensive process for funding and oversight
Reduce \$150k from 54B	\$150,000.00	To be specified by the Court
Reduce PACE Officers	\$60,000.00	Eliminate 2 P/T staff
Reduce Aquatic Center Hours	\$18,000.00	Open one hour less per day
Televising Council & Planning	\$150,000.00	
Total	\$1,284,700.00	



No Revenue Solution-Proposed Cuts	2020	
Reduction of 4 additional Fire/EMS	\$360,000.00	
Reduction of 4 additional ELPD Officers	\$360,000.00	
Reduction of one Planning Staff	\$70,000.00	Contingent upon CDBG & Human Services change above
Reduce additional \$150k from 54B Court through Attrition	\$150,000.00	To be specified by the Court
Close Aquatic Center	\$30,000.00	
Close Hannah Center	\$1,010,000.00	
Eliminate Cash Support to Helping Hands	\$10,000.00	
Eliminate Support to Folk Festival	\$35,000.00	Eliminate Cash and in-kind support
Eliminate Park Stewardship Program	\$43,000.00	
Eliminate Cash Support to Jazz Festival	\$14,000.00	
Eliminate Community Events and Farmers Market	\$90,000.00	
Total	\$2,172,000.00	



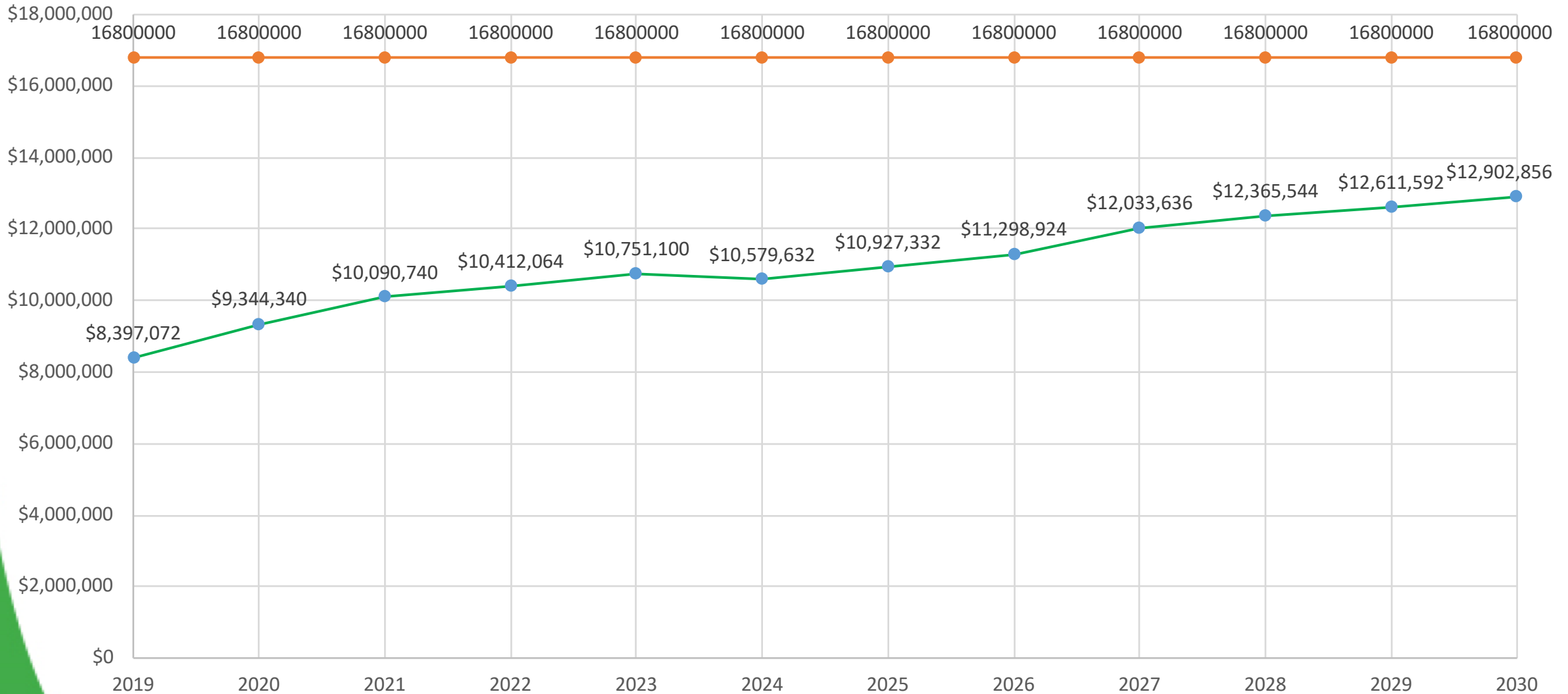
	If nothing is done	If we add another 5 million every year	
Valuation year ending 12/31	Required Annual Employer Contribution	Required Annual Employer Contribution	Difference
2019	\$8,397,072	\$8,047,968	\$349,104
2020	\$9,344,340	\$8,369,952	\$974,388
2021	\$10,090,740	\$8,709,888	\$1,380,852
2022	\$10,412,064	\$8,610,240	\$1,801,824
2023	\$10,751,100	\$8,491,644	\$2,259,456
2024	\$10,579,632	\$7,848,480	\$2,731,152
2025	\$10,927,332	\$7,664,988	\$3,262,344
2026	\$11,298,924	\$7,478,244	\$3,820,680
2027	\$12,033,636	\$7,280,100	\$4,753,536
2028	\$12,365,544	\$7,079,136	\$5,286,408
2029	\$12,611,592	\$6,874,656	\$5,736,936
2030	\$12,902,856	\$6,665,088	\$6,237,768



Impact of General Fund Mandatory Payments

- Property Tax Values
- If we don't have an Income Tax

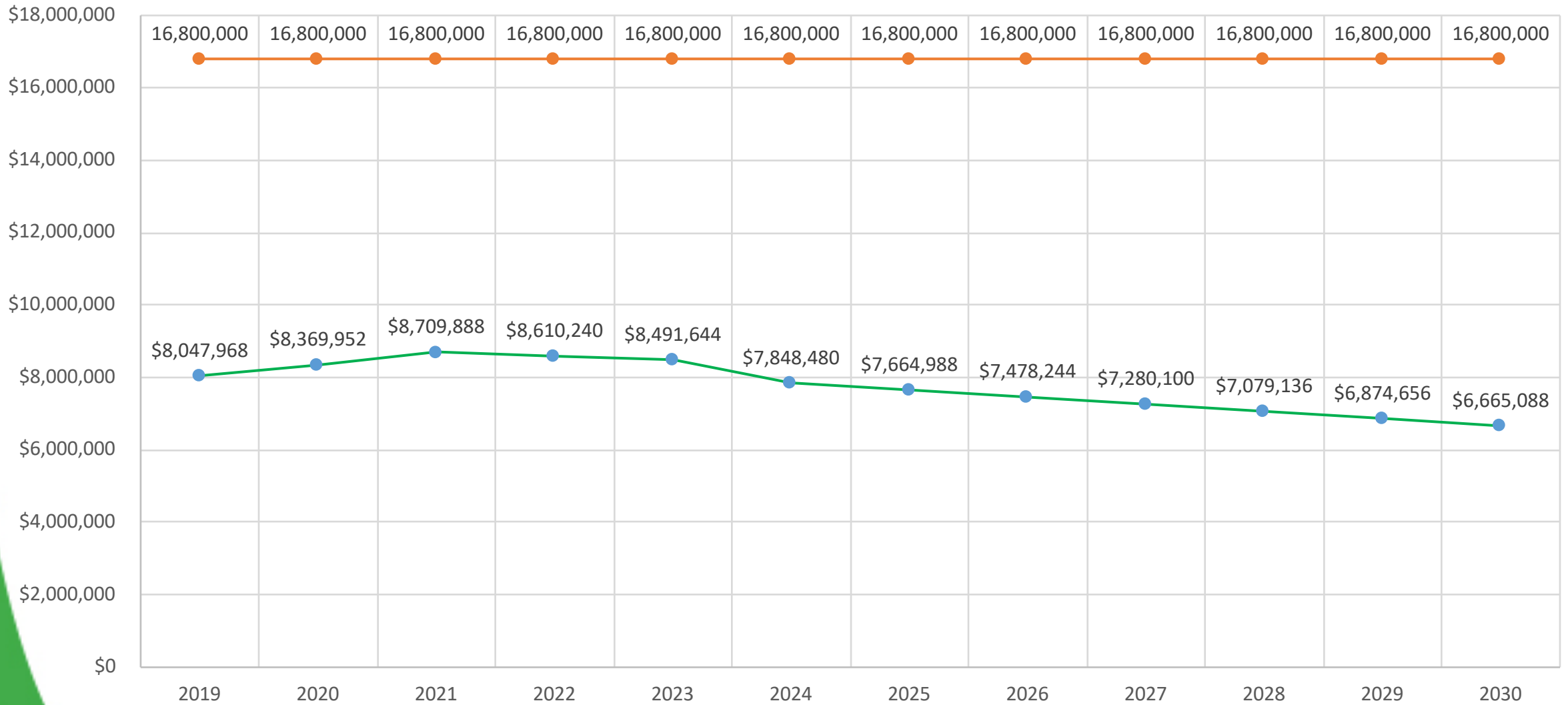
If We Do Nothing



Impact of General Fund Mandatory Payments

- Property Tax Values
- With \$5 Million Extra

Required Annual Payment After a \$5 Million Contribution



Non-Taxable Income

*May vary on a person to person basis.

- Gifts and bequests.
- Proceeds of insurance, annuities, pensions and retirement benefits. Amounts received for personal injuries, sickness or disability is excluded from taxable income only to the extent provided by the federal internal revenue code.
 - Social security, pensions, 401K, 457, 403B, annuities, IRA distributions after age 59 ½.
- Welfare relief, unemployment benefits including supplemental unemployment benefits, and workmen's compensation or similar payments from whatever source derived.
- Amounts received by charitable, religious, educational and other similar nonprofit organizations which are exempt from taxation under the federal internal revenue code.
- Amounts received by supplemental unemployment benefit trusts or pension, profit sharing and stock bonus trusts qualified and exempt under the federal internal revenue code.
- Interest from obligations of the United States, the states or subordinate units of government of the states and gains or losses on the sales of obligations of the United States.
- Net profits of financial institutions and insurance companies.
- Amounts paid to an employee as reimbursement for expenses necessarily and actually incurred by him in the actual performance of his services and deductible as such by the employer.
- Compensation received for service in the armed forces of the United States



Compensation and Benefits

Employee Wage Increases

2010: 2%
2011: 0%
2012: 0%
2013: 1%
2014: 1%
2015: 1%
2016: 1%
2017: 1.5%

Retirement and Health Care

- 1993: Began eliminating healthcare at retirement for new hires. All new public safety hires are enrolled in a defined benefit contribution and a health care savings account.
- 2010: New employees are enrolled in a hybrid plan.
- 2011: The defined benefit plan for the police and fire hires is reduced.
- The City made \$4 million in supplemental payments over the past three years, in addition to our annual required contributions.
- New hire plans cost between 7% and 11% of payroll.

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 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.

