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Dear Mayor and Council Members,

I would like to thank the staff, especially the Finance Director, Jill Feldpausch, for pulling together the proposed budget for FY2021. It is clear that a great deal of work went into it as it is very detailed, yet organized in such a way as to be easily followed. I do have a couple of comments to share. These comments are made from a pre-pandemic perspective, and I realize that significant modifications will need to be made in order to offset the severe effect the pandemic is sure to have on our city.

- The overall headcount numbers since 2019 have increased significantly. When the income tax was presented to the voters, there were three main areas of concern: pension debt, infrastructure, and public safety (police & fire). Overall FT/PT headcount has increased from a 2019 actual of 329 to a 2021 budget request of 349, an increase of 20 heads. Only six of these heads were in the combined police and fire budgets. Overall contingent hours increased from a 2019 actual of 106,452 hours to a 2021 budget request of 117,745 hours – an increase of 11,293 hours, which is equivalent to 5-6 full time persons. Only 3,884 hours (or 1.5 full time persons) were in the combined police and fire budgets.

In my opinion, the City has not changed enough to warrant those types of increases. Our city limits have not expanded. We have not seen a significant increase in population over the past few years. What specifically has changed to warrant these increases? Are we trying to expand the services the city provides, and including activities that are best handled in the private sector? If increases need to be made in other departments, we need to find offsetting department(s) to pull those resources from.

- Personnel costs across the board are increasing, some of which are due to labor contracts. Others, however, are due to step increases, and general compensation and benefit increases. I recognize we need to be able to provide compensation packages that retain high caliber employees, but those increases need to be offset by other cost reductions.

By virtue of voters passing the income tax initiative only after including a finite end period and specific purposes where the money can be used, I believe the voters were voicing consent that these items, specifically Pension Payments, Public Safety, and Infrastructure were a priority for East Lansing. Until these priority areas are addressed, it would seem more prudent to decrease the emphasis on other areas that are nice, but not absolutely necessary. An example is in our parks and rec activities. Significant funding has been spent in both capital and operating costs over the past several years, and we seem to be ever expanding our parks and rec system. Please do not misunderstand. I think our area parks and other recreational programming are wonderful. However, the expansion that has occurred over the past decade or more has caused our operational costs for these properties and associated buildings and personnel to expand exponentially. I recommend we put a temporary pause on any expansion over the next one to

two years until we get better handle on the priorities the voters deemed as important enough to agree to have their personal incomes temporarily taxed. These expenses can be resumed at a later point in time. As so often happens in any organization, when additional funds become available it is easy to find things we would like to do with the money. We cannot lose sight of what the voters deem a priority.

As I mentioned earlier, all of these observations and comments are pre-pandemic. Finance Director Feldpausch clearly outlined specific areas of risk and uncertainty going forward. We will no doubt see significant reductions in revenues and will need to reduce expenses. The full scope cannot be seen at this time, and we will need to modify as we go. As an East Lansing resident and taxpayer, I will be monitoring regularly both revenues and expenses against the 2019 actual amounts when voters approved our income tax for a limited time and purposes.

Respectfully,

Anne Hill

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