

Hartford's Options for Tomorrow (HOT) Revenue Enhancement Study

HOT Member Meeting
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Data ♦ Dialogue ♦ Direction

Presentation Overview

1. Revenue Enhancement Study
2. Findings
3. Recommendations
4. Implementation

Revenue Enhancement Study

- Purpose: Identify innovative strategies to generate revenue to support human services in Hartford
- Process:
 - Interviews with range of leaders/stakeholders
 - Survey of HOT member agencies
 - Literature search
 - Study Advisory Group

Fiscal Context

- Challenge: influencing the amount and direction of public and philanthropic investment:
 - State Budget (*vital ongoing effort – not considered as new strategy for Study*)
 - City Budget
 - Philanthropic Investment

Findings

- Challenging funding landscape:
 - Devolution
 - Increased competition
 - Greater measurement burden
 - Lack of operating support
- Negative perceptions decrease revenue
- Need for greater community engagement
- Need for increased collaboration

Findings (*cont.*)

- Human assets should be leveraged
- Regional solutions:
 - Hartford bears burden of region's social issues (needs regional support)
 - Connecticut lacks regional government needed to produce regional solutions
 - Growing momentum for regionalism

Recommendations:

Criteria for evaluating strategies

1. Potential for significant/sustainable revenue
2. Political feasibility
3. Complexity of administration
4. Expected competition for revenue from other interests
5. Breadth of HOT agencies expected to benefit

Key: ● = Strength of Strategy; ⊙ = Neither Strength nor Weakness; ○ = Weakness of Strategy

Strategy	Sustainable Revenue Potential	Political Feasibility	Complexity of Administration	Outside Competition	Beneficiaries Range
Prioritized Strategies					
1. Increase Collaboration to Pursue Larger Grants	⊙	●	⊙	●	●
2. Create a Federal Revenue Maximization Initiative	●	●	⊙	⊙	●
3. Establish a Human Services Trust Fund	●	⊙	⊙	⊙	●
Secondary Strategies					
1. Increase Administrative Claiming in Federal Programs	⊙	⊙	⊙	●	○
2. Leverage the City Pension Fund	⊙	○	⊙	○	⊙
3. Mechanism to Secure Benefits from Development Activities	⊙	○	○	⊙	⊙
4. Empower Regions	●	○	⊙	○	⊙

Prioritized Strategy #1 – Increase Collaboration to Pursue Larger Grants

- Create a process to identify and pursue national grant opportunities in coalitions (*Tampa Bay case*)
- Target grants to build scale (*St. Louis case*)
- Advantages:
 - Increases competitiveness
 - Reduces inter-agency competition
 - Facilitates other types of collaboration
 - Spreads application & administrative costs
 - Cuts operating costs & builds capacity
 - Increases responsiveness to client needs
- Lead – City Management & Budget Office

Prioritized Strategy #2 – Create a Federal Revenue Maximization Initiative

- Create a process to identify and pursue untapped/underutilized federal funding streams
- Should involve HOT agencies, City Hall, funders, state (OPM) and federal (Rep. Larson) partners
- Lead – City Management & Budget Office (coordinate with strategy #1)

Prioritized Strategy #3 – Establish a Human Services Trust Fund

- Explore various funding sources to create a trust fund that provides ongoing revenue to human services
- Advantage – Provides substantial & sustainable funding
- Challenge – Must identify and appropriate sizeable (\$10 million+) chunk of seed money
 - State-funded development project (new coliseum)
 - Unreimbursed PILOT funds
 - Joint regional endowment (and education) campaign
 - Corporate and philanthropic match
- Leads: HOT agencies and Mayor's delegate

Secondary Strategy #1 – Increase Administrative Claiming in Federal Programs

- Administrative Claiming – Makes use of available administrative funds to cover costs based on local match funding
- Advantage – Brings new revenue for activities the community is already conducting
- Limitation – Not all HOT agencies could benefit
- Requires agreement between state agency and local community
- Lead – Coalition of HOT agencies
- Minnesota case study

Secondary Strategy #2 – Leverage the City Pension Fund

- Use the Pension Fund to support affordable housing or nonprofit facilities development
- Limitation – Investments must be “prudent” and provide a market rate of return (limits options)
- Lead – City Treasurer
- LISC Hartford case study

Secondary Strategy #3 – Secure Benefits from Major Development Activities

- Community Benefits Agreement – Negotiated pact to fund services as part of large project (*L.A. case study*)
- Tax Increment Financing – Invests incremental taxes generated by a development into services
- Challenges:
 - Can discourage development (hard sell in cool economy)
 - “Linkage” does not typically extend broadly to human services
- Must make “return on investment” argument

Secondary Strategy #4 – Empower Regions to Create Regional Solutions

- Advocate for broad regional solutions (regional government able to tax and distribute revenues)
 - Regional Asset Districts – Dedicates portion of state sales tax to regional funding pool that supports assets
 - Regional Tax Sharing – Redistributes regional property tax revenues to towns based on need
- Regional solutions require structural change at state level (long-term strategy)

Implementation: Lead Organization Needed Skills

- Ability to convene all stakeholders
- Knowledge of human services
- Project management staff
- Ability and willingness to advocate