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**Commissioner of Finance Michele Madigan revises 2020 Financial Plan in light of voluntary only furlough and wage reduction initiatives pertaining to Covid-19 pandemic**

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Saratoga Springs, NY – At the May 19, 2020 City Council Meeting, Commissioner of Finance Michele Madigan will present the Council with an option to issue a Tax Anticipation Note (TAN) for \$6.3M. Madigan had earlier presented the Council with a plan for a furlough program and other wage reductions that would reduce wage related expenses by approximately \$3M. The plan presented by the Unions and Council, however, produced only \$277K in wage related savings, falling short of the much-needed \$3M goal.

Madigan presented her plan to address revenue shortfalls due to the Covid-19 virus at several Council meetings and at a press conference on May 6. She outlined a plan for \$4.7M general expense reduction, another \$3M in reductions via furloughs and other union contractual wage reductions, \$2.4M via the issuing of a budget note, and using the city's Fund Balance in the amount of \$4.5M. The Council and Unions chose to make the furlough program voluntary, which was counter to the plan presented by Madigan and made an almost negligible contribution to addressing the City's serious financial challenges. "This is why I cast the sole dissenting vote against implementing the furlough program as presented to the Council on May 15, 2020. Current circumstances required difficult decisions to be made regarding involuntary furloughs as an alternative to layoffs, which the Council has chosen not to make at this time – which is quickly running out."

Madigan said "that although obtaining a Tax Anticipation Note (TAN) should help postpone the date at which we deplete our cash (pushing it from June to December) it also presents new challenges and costs to our taxpayers, as the principal must be repaid within 12 months and the interest rate will likely be high given current economic conditions."

Madigan now plans to access \$6.5 million in fund balance, \$2 million more than originally planned, to help the City meet its financial obligations through November. "Projections are changing regularly and with little notice. For example, if the city does not receive State Aid or VLT revenue in amounts revised by NYS, the month and date for running out of cash will arrive much sooner."

At some point Madigan will discuss the financial impact the Covid-19 virus will have on the 2021 Comprehensive Budget, a process that begins in July, when she issues the Budget Call Letter to each Department. The Comprehensive Budget is due for presentation by the Commissioner of Finance at the October 6, 2020 Council Meeting.

Madigan concluded "Section 4.4.8 of the City's Charter requires the Commissioner of Finance to submit a remedial action plan to the Council if at any time during a fiscal year it appears that revenue will be insufficient to meet budgeted expenses. It is the Council's responsibility to take action based on the information provided by the Finance Commissioner. Each Council member has a fiduciary duty to the City, and are all accountable – collectively and individually – for protecting the interests of the City and its stakeholders."

Madigan will also bring a resolution to the May 19<sup>th</sup> Council Meeting requesting Covid-19 federal stimulus funds on behalf of the city.