



Commission on Fiscal Stability & Economic Growth

Municipal Issues & Challenges

Betsy Gara, Executive Director, COST

John Elsesser, Town Manager, Coventry, Past President, COST



Fiscal Uncertainty on the Local Level

CT's ongoing budget challenges have resulted in:

- Deep Cuts in Municipal Aid
- Midyear holdbacks and lapses
- Imminent loss of funding for Town Aid Road, Local Bridge and other local transportation projects
- Shift in Obligations from State to Towns for a variety of programs, i.e.
 - Renters' Rebate Program
 - Elderly Circuit Breaker Program
 - Noise Pollution
 - Transportation of Unclaimed Remains
 - Charitable Raffles & Bazaars
 - Other Issues



Cuts in Municipal Aid = Property Tax Increases

Due to cuts in municipal aid, lapses, and deficit mitigation holdbacks, many towns have been forced to:

1. Issue supplemental tax bills
2. Reduce Services and Personnel
3. Deplete Fund Balances, jeopardizing bond ratings
4. All of the above



Towns Facing Perfect Storm

- Cuts in Municipal Aid leave towns with little choice but to increase property taxes or cut critical services
- Uncertainty regarding transportation funding and other municipal aid is jeopardizing projects that are critical to local economies
 - Towns must enter into contracts now to begin construction in spring
- Elimination of SALT deduction on federal level/Additional pressure on property tax levels
- Fiscal uncertainty affecting municipal bond ratings, triggering higher borrowing costs
- Property taxpayers at tipping point



How do we Position Towns to Address Fiscal Uncertainty?

- Education spending comprises 70 - 80% of local budgets
- Unfortunately, towns have very little control over education budgets
- Midyear cuts, lapses and holdbacks - even in education aid - have generally impacted town budgets not education budgets
- Boards of Education not required come to the table and work with local governments to address budget shortfalls

Give Towns the Tools to Control Local Expenditures

- **Reject efforts to shift teachers' pension costs to municipalities**
 - Towns have had no role in managing pension funds or making decisions to defer state contributions for > 70 years, resulting in millions of dollars in unfunded pension liabilities
 - Towns have no authority to negotiate changes in teachers' pensions, such as moving from defined benefit plans to defined contribution plans
 - Shifting teachers' pension costs to towns would overwhelm property taxpayers
- **Eliminate the Minimum Budget Requirement (MBR) for Non-alliance districts**
 - Although lawmakers have provided towns with greater flexibility to reduce education spending to reflect declining enrollment and savings due to increased efficiencies, the MBR calls into question the extent to which towns can reduce education budgets

Give Towns the Tools to Control Local Expenditures

➤ Address Binding Arbitration/Collective Bargaining Issues

- Allow towns to reopen collective bargaining agreements to negotiate savings if education aid is reduced by a significant percentage or changes are needed to facilitate consolidation/shared services agreements;
- Strengthen recent legislation to establish an irrebuttable presumption that a municipality's budget reserve of 15% or less is not available to pay the costs of any item subject to municipal binding arbitration;
- Reform binding arbitration laws to: 1) Allow parties in binding arbitration to mutually agree to have their case heard by a single neutral arbitrator; 2) Require decisions in the to be issued not later than 60 days after the post-hearing briefs are filed; and 3) Provide for the random selection of neutral arbitrators.



Facilitate the Consolidation of Non-Educational Expenditures

- Last session, the legislature adopted many new provisions to encourage towns and boards of education to work together
 - Permits a town and BOE to enter into a cooperative agreement for administrative and central office functions
 - Requires a BOE to notify the town prior to the start date for any person hired to fill a central office administrative personnel position with a salary > \$100,000 not included in the approved education budget
 - Allows a regional BOE to establish a finance committee to provide information concerning local budget issues
 - Requires towns and BOEs to consult when possible regarding the joint purchasing of property insurance, casualty insurance and workers' compensation insurance.



Facilitate the Consolidation of Non-Educational Expenditures

➤ New Provisions Adopted last session:

- Requires local BOEs, after going out to bid for a good or service and receiving submissions, to consult with town to determine whether the town has a lower cost option
- Requires local BOEs to consult with the town prior to purchasing payroll processing or accounts payable software systems to determine whether such systems may be purchased or shared on a regional basis
- Requires local and regional boards of education to file a signed copy of any contract for administrative personnel with the town clerk(s) and posted on the municipal website



Facilitate the Consolidation of Non-Educational Expenditures

This year, more needs to be done...

- Require, rather than encourage, municipalities and boards of education to work together to facilitate the consolidation of non-educational expenditures to improve efficiencies and reduce costs.
- Require, rather than allow, regional school districts to establish finance boards consisting of representatives from member towns to provide input on local budget issues;
- Provide towns in regional school districts with greater oversight of collective bargaining agreements by requiring that such agreements be approved by each local governing body;
- Authorize towns to reduce education spending to reflect cuts in education funding, including cuts resulting from lapses or deficit holdbacks, without going to referendum

Give Towns the Tools to Control Local Expenditures - More needs to be done...

- Assist towns in managing special education costs by (1) requiring Regional Education Service Centers to provide increased special education services to school districts; (2) shifting the burden of proof in special education hearings from the school district to the claimant, consistent with federal standards; and (3) requiring the state to pay 100% of the costs of special education for severe-needs students;
- Reduce student transportation costs by eliminating the requirement that school districts provide a seat on the school bus for every student enrolled in the district;
- Ensure that BOEs adhere to the Uniform Chart of Accounts to provide greater transparency of education spending and the ability to compare spending levels across categories;
- Require BOEs to use, and comply with, all purchasing procedures used by the municipality where the board is located, regardless of any conflicting special act, municipal charter, or home rule ordinance;
- Prohibit boards of education from hiring any administrative personnel for positions which are not included in the proposed and approved budget without town concurrence.



Regionalization & Shared Services Programs

- Commission report noted “Our structure of 169 towns produces fragmented and expensive municipal service and education systems, thereby inflating local property tax burdens and ultimately state costs.”
- Be wary of assumptions
- Towns have long supported efforts to share services/regionalize services where it is COST EFFECTIVE and does not undermine the quality of services
- Regionalism not always a silver bullet for budget savings
 - CT Economic Quarterly - Steve Lanza
 - Town Studies - Some concluded regionalism would not save \$\$
 - New England Public Policy Center Report on Regionalism



Regionalization & Shared Services Programs

- Connecticut's Regional Councils of Government (COGS) have worked with towns to successfully identify and support municipal opportunities to regionalize services and improve efficiencies
- Number of success stories
 - Regional Health Districts
 - Regional Dispatch Centers
 - Regional Animal Control Facilities
 - Consolidation of Back Office Functions, i.e. IT, human resources, accounting
 - Regional Transfer Stations/Solid Waste Management
 - Regional School Districts
 - Resident Trooper Program
 - Insurance & Health Insurance Pools
 - Nutmeg Network - Allowing towns to share back office functions



Regionalization & Shared Services Programs

Building Successful Programs

- Assist municipalities in facilitating the regional consolidation of services to achieve savings, such as 9-1-1 Call Centers, by addressing barriers to consolidation, such as collective bargaining issues/local opposition;
- Address statutory barriers to consolidation, such as statutory terms for building officials and fire marshals, which undermine efforts to share services;
- Protect the viability of the Resident State Trooper program, a critical shared services program, which allows towns to provide public safety services without creating separate, standalone police departments;
- Continue to support regional and municipal shared services through the Councils of Government (COGs).



Regionalization & Shared Services Programs

Building Successful Programs

- Example - Consolidation of Public Safety Answering Points
- Benefits to Consolidation
 - Safety First - Improved Quality of Service
 - Increased Number of Dispatchers - Higher Availability for Peak Hours
 - Focus on Dispatch rather than other Duties
 - Consistency and Improved Quality of Training/Cross Training
 - Enhanced Interagency Information Sharing & Communication
 - More Efficient Dispatch Collaboration for Fire and EMS

PSAP Consolidation - Benefits

- ▶ Long-term Savings/Significant Cost Avoidance - Software and Technology Upgrades Shared by Towns
- ▶ Potential for Short-term Savings
- ▶ Software Upgrades to Address Interoperability
- ▶ Shared Costs for Training on New Systems
- ▶ Additional Staff if Communities want to Avoid Dark Stations



PSAP Consolidation - Challenges

- ▶ Rushed consolidation may create transition problems
- ▶ Public Perception that “Dark Stations” undermine safety
- ▶ Perception that regional dispatchers will be less familiar with local roads, public safety issues/not an issue given technological advances
- ▶ Software Compatibility - Information must be seamlessly shared between Computer Aided Dispatch (CAD) software and Record Management System (RMS)
- ▶ Radio Compatibility - Different bandwidth and frequencies used in systems
- ▶ Liability Issues - How are liability costs apportioned among towns
- ▶ Opposition of Police Chiefs/Lack of Community Support

PSAP Consolidation - Challenges

- ▶ **One of the biggest challenges - Collective Bargaining Issues**
- ▶ Existing Labor Contracts/Different Wage & Benefit Levels
- ▶ Is consolidation expressly prohibited under the current Collective Bargaining Agreement?
- ▶ Do the towns have different expiration dates for agreements?
- ▶ Is the decision to consolidate a mandatory subject of collective bargaining? If consolidation is likely to lead to layoffs, changes of hours, and conditions of employment, may very well be considered a mandatory subject of collective bargaining
- ▶ Towns must avoid actions that may be considered Unfair Labor Practices
- ▶ Legislature must provide towns with mechanism to address collective bargaining issues to facilitate consolidation of PSAPS



Mandate Relief

Refrain from adopting any new or expanded unfunded mandates during the 2018 legislative session and require any future unfunded mandates to be approved by a 2/3 majority of the legislature

Reduce construction costs for municipal projects by 1) revising the prevailing wage threshold for renovations to \$500,000; 2) exempting donated services from the prevailing wage laws; and 3) increasing the \$50,000 project threshold for municipal set aside requirements

Suspend the state mandated Renters' Rebate program and other mandated property tax exemptions until the state restores funding for the programs

Reform the Municipal Employees Retirement System by creating an additional defined benefit plan tier for new hires, consistent with the state's tier III

Eliminate Legal Notices mandate



Provide Towns with Greater Fiscal Stability

Release the 2nd installment of Town Aid Road grants, which are critical to maintaining the transportation infrastructure needed to support economic growth

Prioritize funding for critical infrastructure programs: Local Capital Improvement Program, Local Bridge program, Town Aid Road, and Clean Water Fund

Eliminate the authority to impose midyear cuts in municipal aid, including lapses and holdbacks

Restrict the use of “budget implementer” bills to ensure that any policy/fiscal implications for municipalities are fully analyzed and considered

Refrain from adopting any new/expanded property tax exemptions and eliminate the car tax cap, which shift a greater burden onto homeowners

Provide towns with alternative revenue sources, such as authorizing towns to charge a fee for tax exempt properties equal to the public safety services provided



Municipal Fiscal Stability - Issues & Challenges

COST recognizes the importance of working with policymakers to address Connecticut's fiscal stability and competitiveness

COST stands ready to be a resource to policymakers to assist them in developing recommendations to address Connecticut's ongoing budget challenges

COST is committed to working with policymakers to ensure Connecticut's continued status as an attractive place to work, live, and raise a family



Questions?

www.ctcost.org

Tel. 860-676-0770