

**TESTIMONY BEFORE THE JOINT COMMITTEE**

**ON LABOR AND PUBLIC EMPLOYEES**

**PUBLIC HEARING ON HB 5741**

**MARCH 16, 2006**

**PROVIDED BY MICHAEL GUARCO**

**CHAIRMAN – BOARD OF FINANCE**

**TOWN OF GRANBY**

CHAIRMEN PRAGUE AND RYAN, AND MEMBERS OF THIS COMMITTEE, I THANK YOU FOR THE OPPORTUNITY TO COMMENT IN SUPPORT OF HB 5741 – RAISING THE THRESHOLDS UNDER PREVAILING WAGE FROM THE CURRENT \$100M/400M LEVELS TO \$500M/1MM. WITH THE RISING TIDE OF TAXPAYERS DEMANDING ACCOUNTABILITY AND FISCAL PRUDENCE IN GOVERNMENT..... AND THE FACTS THAT CONSTRUCTION COSTS HAVE RISEN STEADILY AND SIGNIFICANTLY IN THE PAST 15 YEARS WHILE THE THRESHOLDS HAVE REMAINED FIXED..... IT SHOULD BE DEEMED BOTH FAIR AND REASONABLE TO SEE THIS BILL APPROVED, AND AS BEING IN THE BEST INTERESTS OF THE PUBLIC MAJORITY..... WHO FOOT THE BILL.

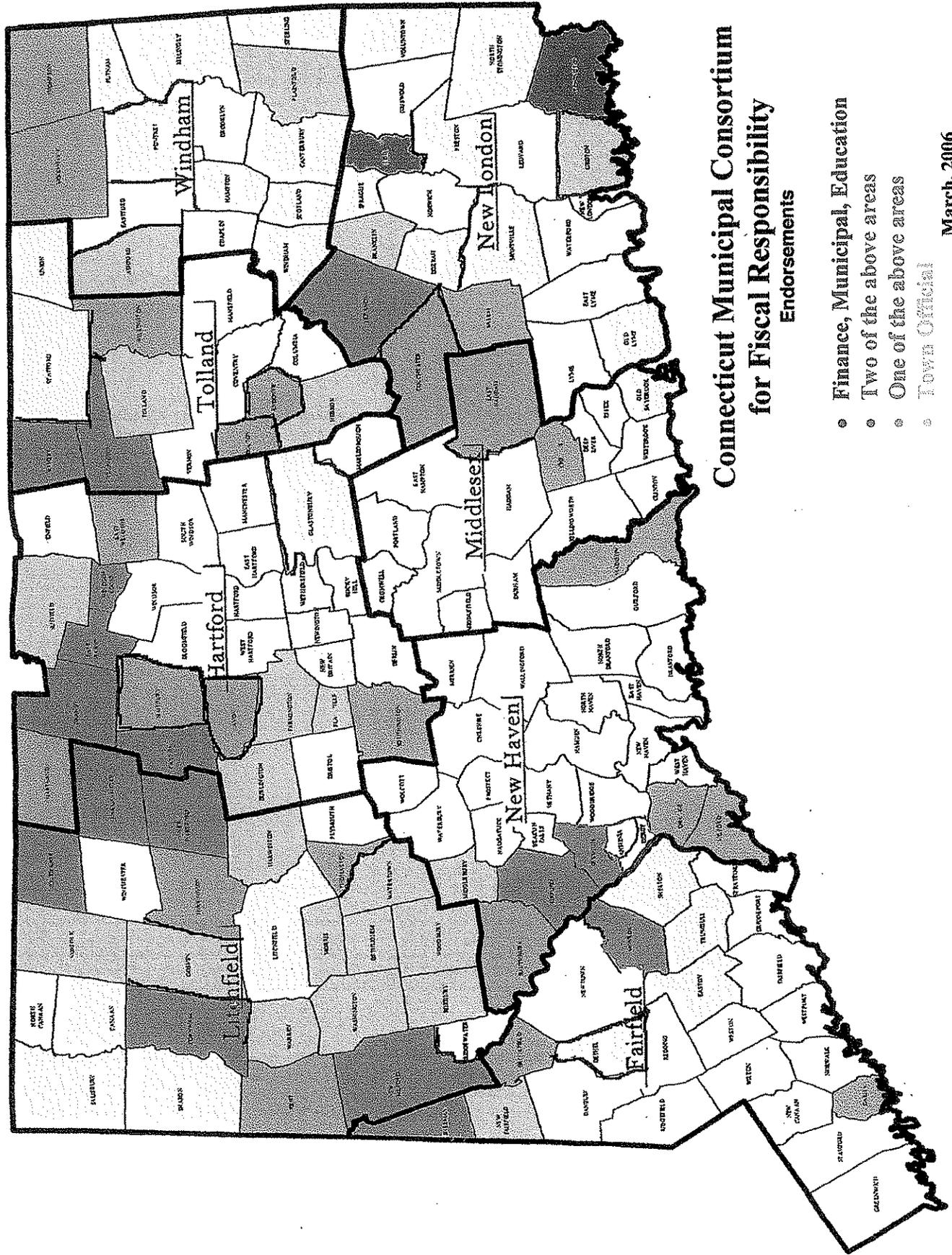
PUT IN PLACE DECADES AGO DURING THE DEPRESSION YEARS TO ARTIFICIALLY INCREASE CONSUMER SPENDING AND MINIMIZE LOW WAGE SOUTHERN WORKERS FROM TAKING LOCAL JOBS, THIS ANACHRONISM FROM THE PAST HAS THE EFFECTS TODAY OF SIGNIFICANTLY RAISING THE COST TO TAXPAYERS OF CAPITAL IMPROVEMENTS..... AND LIMITING SCARCE DOLLARS AVAILABLE FOR PROGRAM ADDITION, AND RETENTION, AT BOTH THE STATE AND LOCAL LEVEL WE IN CT HAVE THE DUBIOUS HONOR OF HAVING THE HIGHEST DEBT PER CAPITA IN THE NATION..... AND THE HIGHEST TAX BURDEN.

THIS STATUTE NEGATIVELY IMPACTS THE ABILITY OF THE MUNICIPALITIES TO PROVIDE AND MAINTAIN THE DESIRED LEVEL OF LOCAL GOVERNMENT SERVICES... AND EMPLOYMENT... WITHIN A REASONABLE COST AND TAX STRUCTURE. CCM REPORTS THAT OVER THE PAST HALF DOZEN YEARS, THE AVERAGE PROPERTY TAX RATE INCREASE ANNUALLY HAS RUN ABOUT 5%.... YET OVERALL MUNICIPAL EMPLOYMENT HAS BEEN DROPPING., AND THE RATE OF REJECTION OF LOCAL BUDGETS HAS BEEN RUNNING AT DOUBLE WHAT IT WAS LESS THAN A DECADE AGO. THE BACKLOG GROWS IN TERMS OF MUNICIPAL CONSTRUCTION AND INFRASTRUCTURE THAT NEEDS TO BE ADDRESSED..... WHILE THE STATE ITSELF BUMPS UP AGAINST LIMITATIONS DUE TO ITS OWN UNWILLINGNESS TO PRUDENTLY MANAGE ITS OWN DEBT AND BUDGET GROWTH.

GRANBY... AND NINETY OTHER TOWNS AND CITIES IN OUR STATE.... HAVE BECOME CONCERNED ENOUGH ABOUT THE NEGATIVE IMPLICATIONS OF STATE INTERVENTIONS INTO LOCAL FISCAL AFFAIRS TO COME TOGETHER IN A GROWING GRASSROOTS AND BIPARTISAN COALITION OF TOWNS KNOWN AS THE CONNECTICUT MUNICIPAL CONSORTIUM FOR FISCAL RESPONSIBILITY. SINCE INCEPTION A YEAR AGO LAST JANUARY, 141 BOARDS/CHAIRMEN HAVE SUPPORTED THE MISSION OF THE CONSORTIUM.... EMBODIED IN THE ADOPTIVE RESOLUTION FOUND IN MY SUBMITTED TESTIMONY. BY NEXT SESSION, WE ANTICIPATE BEING JOINED IN THIS EFFORT BY SOME 125 TOWNS....AND PERHAPS APPROACHING 250 BOARDS – REPRESENTING ALL THREE LOCAL PERSPECTIVES OF FINANCE, EDUCATION, AND MUNICIPAL AUTHORITY. HERE TODAY APPROACHING SOME TWO DOZEN TOWNS ARE REPRESENTED – SOME OF WHOM YOU SHALL HEAR FROM THIS MORNING – AND INCLUDE GRANBY AND EAST GRANBY. WINDSOR LOCKS, N STONINGTON, NEW HARTFORD, NEW MILFORD, SOUTHBURY, COLEBROOK, TORRINGTON, SOUTHTON, MADISON, MONROE, AND AVON.

THE ACCOMPANYING RESOLUTION CALLS FOR RAISING THE THRESHOLDS UNDER PREVAILING WAGE – LAST RAISED IN 1991. WE SUPPORT HB 5741 AS BEING FAIR GIVEN THE PASSAGE OF TIME – THE MAJOR GROWTH IN CONSTRUCTION COSTS – AND AS BEING LONG OVERDUE. THE VAST MAJORITY OF STUDIES DONE REFLECT THE PREMIUM TAXPAYERS PAY FOR THIS STATUTE REMAINING ON THE BOOKS..... AND LED THE NATIONAL SCHOOL BOARD ASSN TO ENDORSE ITS REPEAL A FEW YEARS AGO....AS DID THE FEDERAL GOVERNMENT ACCOUNTING OFFICE. TODAY.... WE ASK FOR A MODEST REFORM TO ITS REACH IN CT.... IN LINE WITH THE PASSAGE OF TIME AND ESCALATION IN COSTS SINCE THE LAST REVISION OF THE THRESHOLDS IN 1991.

NO REAL PROGRESS TOWARDS PROPERTY TAX REFORM WILL COME UNTIL SHARP AND EQUAL FOCUS IS PUT ON THE EXPENDITURE SIDE OF THE EQUATION. THIS IS ONE STEP FORWARD IN HELPING TO BENEFIT ALL TAXPAYERS ACROSS CT..... AS THIS WOULD MODESTLY HELP REDUCE THE SLOPE OF THE COST CURVE GOING FORWARD FOR THE MUNICIPALITIES.... AS WELL AS FOR THE STATE ITSELF. IN THE REAL WORLD, FOR CT TO COMPETE, ARCANE RULES THAT DRIVE UP THE COST OF LIVING AND OPERATING IN OUR STATE NEED TO BE RE-EVALUATED CAREFULLY. THE OPPORTUNITY COST OF AN INDIVIDUAL'S TAX DOLLARS BEING DIVERTED INTO PAYING FOR THIS PROTECTIONIST BLUE LAW MUST BE WEIGHED AGAINST THE NEGATIVE IMPLICATIONS IT HAS ON THE AVAILABILITY OF RESOURCES FOR EDUCATION, LOCAL INFRASTRUCTURE, AND PROPERTY TAX MANAGEMENT. WHILE WE ASK THAT THE STATE LEGISLATURE MEET ITS OBLIGATIONS TO THE TOWNS UNDER EXISTING STATUTES THAT THIS BODY HAS ENACTED, WE MUST ALSO ASK THAT MINIMALLY THE LEGISLATURE UNTIE OUR HANDS IN MANAGING THIS AND OTHER MAJOR COMPONENTS OF THE COST SIDE OF OUR BUDGETS..... AND TO NOT CONTINUE TO ADD TO THE EXPENDITURE SPIRAL.



## Connecticut Municipal Consortium for Fiscal Responsibility Endorsements

- Finance, Municipal, Education
- Two of the above areas
- One of the above areas
- Town Official

March, 2006

## Resolution in Support of the Consortium Group

Whereas state interventions into traditionally local budgetary affairs have negatively impacted the delicate balance between a municipality's capacity to provide services and the local taxpayers' ability to pay for said services,

and whereas, such interventions have effectively reduced the municipalities' ability to manage major components of a typical town budget

and whereas, COST, CABE, CCM and other municipal advocacy agencies have all traditionally called for repeal or reform of prevailing wage and binding arbitration laws that currently apply to and negatively impact the municipalities across Connecticut

and whereas, the state legislature in Connecticut continues to force new mandates upon the towns while renegeing on it's own statutory municipal aid commitments to said towns.

Therefore, be it resolved, that said board body in said Town join and support the CT Municipal Consortium for Fiscal Responsibility in its effort to bring about changes beneficial to the municipalities and taxpayers across Connecticut.

Said changes include:

- 1) raising the cost thresholds under the prevailing wage statute from the current \$100 K/\$400 K levels to minimally the \$1 million level,
- 2) leveling the playing field in binding arbitration by allowing an arbitrated settlement, if rejected by the local legislature body, to then be sent back into negotiations, rather than directly into the last round of appellate review, and
- 3) a prohibition on new mandates upon the towns from the state until the legislature meet its own funding commitment already existing on the books.

The Towns seek to be better able to live within their own means, as well should the government of our state of Connecticut.

## **Connecticut Municipal Consortium for Fiscal Responsibility**

The genesis of the Consortium – a broad alliance of duly elected town boards from a host of municipalities throughout Connecticut – comes in response to the growing wave of taxpayer discontent and local budget defeats we have witnessed over the past couple of years. The rate of rejections remains high while local property tax rates increase at around 5% per year. At the same time, overall municipal employment declines and existing program is squeezed out of budgets in town after town, victims of unbridled compensation and other state interventions into our local budgetary affairs.

Our focus is primarily on the cost-management side of the equation. Our mission is to press for return to the local level of a greater ability to manage key elements in our own municipal budgets.

The platform planks are all common threads of the legislative agendas of the three major municipal advocacy organizations – CCM, COST, and CABE – and call for leveling the playing field under binding arbitration, raising the cost thresholds on capital projects under prevailing wage laws, and prohibiting new mandates placed on towns until state government meets its own existing funding commitments to the towns under current law. Very simply, our joint message to the Capitol is to untie our hands so that we are more able to better and more efficiently manage our own local affairs.

These themes reinforce our view that our cause is pro-local government... pro-education... and pro-taxpayer. Then our growing group of town boards, and board chairmen, representing a broad and diverse group of municipalities throughout Connecticut, seeks to deliver a common message with a unified voice to legislators and the legislature... a message that truly is across-the-boards... across-the-parties... and across-the-state.

We encourage the governing authorities in every town and city - Boards of Selectmen, Education, Finance, Alderman, and Town Councils - to join us by endorsing the Consortium effort and by participating in pressing state lawmakers for change.

Has your town joined with the Consortium yet?

We may be reached through the following members:

Mike Guarco, Chairman  
Granby Board of Finance  
[budgetguru06035@aol.com](mailto:budgetguru06035@aol.com)

Mike Zelasky, Chairman  
Lisbon Board of Finance  
[MikeZelasky@adelphia.net](mailto:MikeZelasky@adelphia.net)

George McLaughlin, Chairman  
New Milford Board of Finance  
[geomcljr@charter.net](mailto:geomcljr@charter.net)

Richard Burke  
Oxford Board of Finance  
[Richard.Burke@asml.com](mailto:Richard.Burke@asml.com)

John Adams, Chairman  
Granby Board of Selectmen  
[jadams@rizzo.com](mailto:jadams@rizzo.com)

Cal Heminway, Chairman  
Granby Board of Education  
[calhemin@sbcglobal.net](mailto:calhemin@sbcglobal.net)