



Sacred Heart UNIVERSITY

**Testimony for the
Planning and Development Committee
from
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I am here today to stress the importance of the state's PILOT program and the impact of any proposal to reduce or eliminate it. The measure that you are considering today— **HB 6965, An Act Concerning the Preservation of Municipal Tax Bases**—has the potential to do major damage to colleges, students and to the State of Connecticut. While it makes sense to periodically reevaluate various tax and spending initiatives, especially in times of fiscal distress, policy changes should not be based on short-term financial considerations or without a holistic understanding of the industries in question.

The notion of granting a property tax exemption to nonprofit institutions of higher education has been in effect at least since the adoption of the U.S. Constitution. Consistent with the purposes of the federal tax exemption, the concepts supporting this exemption are the public benefit derived from these educational activities and a belief that the government should **NOT** be the sole provider of such services. Tax-exempt status for institutions of higher education provides necessary and important support allowing colleges and universities to pursue their basic mission of teaching, research and service. More than two centuries of this policy has proven it to be a sound one that benefits the nation as our higher education system is the envy of the world and an extraordinary asset for the economy.

Connecticut's private non-profit colleges and universities have a significant impact on the state. Sacred Heart University's direct economic impact in Connecticut in FY 13 was a little over \$270 million, including \$69 million in compensation (salary and benefits) for over 1,100 employees (faculty & staff), capital and operating costs. Spending by students and visitors was nearly \$40 million. More than 23,000 SHU alumni are living and/or working in Connecticut who make more than \$1.9 billion in earnings and pay more than \$200 million in tax revenues (according to the results of a recent study conducted by the Connecticut Conference of Independent Colleges). In addition, SHU provides to the community, literacy clinics, consulting services for corporate and community partners, health and wellness programs, summer enrichment programs for low-income elementary students in Bridgeport, Upward Bound programs, the SHU-North End Partnership in Bridgeport and an award-winning NPR station.

While the tax exemption is common in all states, Connecticut's response to it is not. Connecticut's payment in lieu of taxes program is one of a handful in the nation. In almost every other state, there is no state payment to towns for the revenue that would have otherwise come in from tax-exempt institutions. Connecticut is a leader in this area, and PILOT is a source of pride compared to the other states as it recognizes that the benefits of these institutions go well beyond the local town or city.

It is important to note that many colleges do not ask for much in the way of direct city services. They maintain their own police departments and handle trash removal, and their nontaxable campus property is not home to children who attend public schools. In other words, universities do not add a major "cost" to municipal budgets. In fact, Sacred Heart University does the opposite by working with its neighboring municipalities to collaborate in times of emergency. For example, during Hurricane Sandy, the town of Fairfield relocated some of its emergency operation assets to Sacred Heart University for deployment since its operations were in a flood zone. In addition, Sacred Heart is making plans for a new Campus Safety building that will also house WSHU and will become an available emergency information center for the entire area. SHU has also provided a site for local emergency agencies to hold disaster training. In short, we work in partnership.

Colleges and universities are just the kind of partners most towns seek to have. They are often the largest employers in a town, and they open their ball fields, meeting rooms, lecture halls and art galleries to town residents. College and university students volunteer in area schools, health and social service agencies. Sacred Heart's students, faculty and staff volunteer more than 50,000 hours annually—much of it locally!

The proposed changes to the PILOT program would serve to upend these partnerships at a time when host towns and the non-profits that are major employers and community partners need to be working even closer together. Keeping each strong is the best policy and the path toward more economic growth and community vitality.

This proposal also comes at a time of continued high levels of student need. Colleges and universities have drastically increased financial aid to students since 2008 and see no decrease in the need. We have cut programs, delayed projects and taken various other belt-tightening measures to add to the financial aid line in our budgets. This proposal will hurt students. It will also hurt colleges that will need to charge more and, therefore, will find it harder to compete for students. Students will find colleges in states that are friendlier to higher education to be a more attractive choice. For example, Andrew Cuomo, the governor of our neighboring state of New York, has taken a totally different tack when it comes to funding education. He has consistently recognized that the SUNY, CUNY and nonprofit, independent institutions are an economic development driver of that state and has supported them through higher education-private sector partnership programs. He has also been a champion of budget investments for tuition assistance.

Maintaining and increasing the current unique PILOT program should be a shared priority of host cities and towns, colleges, hospitals and state legislators. It is critical that you continue to support our colleges, hospitals and all not-for-profit organizations by opposing any legislation that would alter the property tax exemption. The alternative is a scary one—curtailment of community service projects in collaboration with municipal-based nonprofits (seniors, schools, daycare centers, etc.), increased prices, layoffs and reduced services at these important institutions.

Please reject this bill.