



# House of Representatives

General Assembly

**File No. 498**

February Session, 2016

Substitute House Bill No. 5604

*House of Representatives, April 6, 2016*

The Committee on Planning and Development reported through REP. MILLER, P. of the 36th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING REGIONAL EFFICIENCIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2016*) The Commission on  
2 Municipal Opportunities and Regional Efficiencies shall, in  
3 consultation with the Secretary of the Office of Policy and  
4 Management or the secretary's designee, municipalities, labor unions  
5 and business leaders, study regionalization best practices in other  
6 states and develop a regionalization evaluation tool based on such best  
7 practices. Such regionalization evaluation tool shall measure and  
8 assess the performance of and efficiencies achieved by each  
9 municipality and local and regional board of education.

10 Sec. 2. (NEW) (*Effective July 1, 2016*) Not later than July 1, 2017, the  
11 Commission on Municipal Opportunities and Regional Efficiencies  
12 shall submit recommendations for state funding to municipalities  
13 based on criteria established by the regionalization evaluation tool  
14 developed pursuant to section 1 of this act, in accordance with section

15 11-4a of the general statutes, to the joint standing committees of the  
 16 General Assembly having cognizance of matters relating to local  
 17 governments and appropriations.

18 Sec. 3. (NEW) (*Effective July 1, 2017*) If legislation is enacted based on  
 19 the criteria established by the regionalization evaluation tool  
 20 developed pursuant to section 1 of this act, the Intergovernmental  
 21 Policy Division of the Office of Policy and Management shall notify  
 22 municipalities and local or regional boards of education of such criteria  
 23 and specify how state funding to municipalities will be determined  
 24 based on performance relative to such criteria for fiscal year 2019. The  
 25 Office of Policy and Management shall prescribe a format by which  
 26 each municipality and local or regional board of education shall report  
 27 its compliance with the criteria established by said tool. Not later than  
 28 February 1, 2018, each municipality and local or regional board of  
 29 education shall submit such report to the Intergovernmental Policy  
 30 Division of the Office of Policy and Management. The Office of Policy  
 31 and Management may audit municipalities and local or regional  
 32 boards of education to ensure compliance.

33 Sec. 4. (NEW) (*Effective July 1, 2018*) The Intergovernmental Policy  
 34 Division of the Office of Policy and Management shall implement the  
 35 regionalization evaluation tool developed pursuant to section 1 of this  
 36 act and adjust state funding to municipalities and local or regional  
 37 boards of education based on each municipality and local or regional  
 38 board of education's performance relative to the criteria established by  
 39 said tool. For the purposes of this section, the state funding  
 40 adjustments based on performance relative to the criteria of the  
 41 regionalization evaluation tool shall not apply to discretionary state  
 42 funding to municipalities.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	New section
Sec. 2	<i>July 1, 2016</i>	New section
Sec. 3	<i>July 1, 2017</i>	New section

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Sec. 4	July 1, 2018	New section
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**Statement of Legislative Commissioners:**

In Section 2, "as described in" was changed to "developed pursuant to" for accuracy and consistency; in Section 3, "of" was changed to "established by" for clarity and consistency and "performance relative to" was added before "such criteria for fiscal year 2019." for accuracy and consistency; in Section 4, "of" was changed to "established by" for clarity and consistency; in Section 5, "performance relative to" was added before "the criteria of" for accuracy and consistency; and Section 5 was combined with Section 4 for conciseness.

**PD**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

Municipalities	Effect	FY 17 \$	FY 18 \$	The Out Years
All Municipalities	Redistribution of State Funds	None	None	Potential Significant

**Explanation**

This bill establishes a process for linking state aid received by municipalities and boards of education with the efficiencies they achieve through regionalization and requires the Office of Policy and Management to implement it by FY 19.

If legislation is enacted that modifies or replaces current municipal aid formulas, the potential redistribution of state funds across towns could be significant. As the bill does not specify a change in levels of municipal aid funding, there is no cumulative revenue loss or gain to municipalities, or corresponding cost or savings to the state.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in state aid formulas.

**OLR Bill Analysis**

**sHB 5604**

***AN ACT CONCERNING REGIONAL EFFICIENCIES.***

**SUMMARY:**

This bill establishes a process for linking state aid received by municipalities and boards of education with the efficiencies they achieve through regionalization.

The bill requires the Municipal Opportunities and Regional Efficiencies (MORE) Commission to (1) work with the Office of Policy and Management (OPM) and specified stakeholders to develop a tool to measure and assess regional efficiencies achieved by municipalities and boards of education and (2) report, by July 1, 2017, to the Planning and Development and Appropriations committees on its recommendations for municipal aid based on the tool's criteria.

If the legislature takes steps to enact the tool, the bill requires OPM to (1) notify municipalities and boards of education of the tool's criteria and how municipal aid for FY 19 will be determined based on their performance relative to such criteria and (2) develop the format that municipalities and boards must use to report their compliance with the criteria.

Beginning in FY 19, the bill requires OPM to implement the regionalization evaluation tool and adjust aid to municipalities and boards of education based on their performance (see COMMENT). Under the bill, the funding adjustments do not apply to discretionary municipal aid (e.g., Small Town Economic Assistance Program and Regional Performance Incentive Program grants).

EFFECTIVE DATE: July 1, 2016, except the provisions regarding (1) municipal notice and reporting are effective July 1, 2017 and (2) aid

adjustments are effective July 1, 2018.

## **REGIONALIZATION EVALUATION TOOL**

The bill requires the MORE Commission to study regionalization best practices in other states and use them to develop a regionalization evaluation tool that measures and assesses the performance of and efficiencies achieved by municipalities and local and regional boards of education. The commission must consult with the OPM secretary, municipalities, labor unions, and business leaders in conducting the study and developing the tool.

Under the bill, if the legislature enacts legislation based on the tool's criteria, OPM's Intergovernmental Policy Division must notify municipalities and boards of education about the criteria and specify how municipal aid funding will be determined in FY 19 based on the criteria. By February 1, 2018, the bill requires municipalities and local and regional boards of education to report to OPM on their compliance with the tool's criteria. OPM must prescribe the format for the report and may audit municipalities and boards of education to ensure their compliance.

## **COMMENT**

### ***Conflict Between Bill's Municipal Aid Adjustments and Statutory Grant Formulas***

Although the bill requires OPM to adjust municipal aid based on a municipality's or board of education's regionalization performance, it does not supersede or amend statutes that establish formulas for allocating specific grants (e.g., education cost sharing, payments in lieu of taxes (PILOT), local capital improvement program (LoCIP), and Mashantucket Pequot and Mohegan Fund grants).

## **COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 19 Nay 1 (03/18/2016)