

Re: Opposition to SB 738, SB 457, SB 874

Dear Education Committee Members:

In order for the legislature to understand my opposition to regionalization, it is necessary to reintroduce the forgotten concept of local government. Here in Avon, Board of Education members are PERSONALLY responsible for any spending in excess of our allotted funds. There is no such thing as begging rich Uncle Dan (or Uncle Ned) for a bailout. Reality for us is quite the opposite. Our ECS funding gets cut to nearly \$0, so the state can assume the debt left behind by Hartford's municipal mismanagement. Fact: the legislature inadvertently prioritized a \$65 million baseball boondoggle over our children's education. Next time you visit Dunkin Donuts park, I want you to remember the children whose education was pushed down the priority list to take care of political fiefdoms.

As an added bonus, the same legislature that cuts our ECS funding burdens us with the unsustainable results of binding arbitration. My town's so-called "ability to pay" leads to salary growth in excess of our grand list, which sets a precedent for less wealthy towns to seek more state money to mitigate a problem that the legislature created in the first place.

According to the Department of Revenue Services, Avon residents paid \$86 million in state income tax alone for 2017. In exchange for that, we get nearly zero ECS funding. The state maintains about 20 miles of road in Avon. This is an unacceptably low return on investment. Hartford is where we send our tax dollars to die. We send in dollars, we get back pennies.

For every dollar we spend on property tax, we get nearly all of it back in the form of local services. I don't really care if we regionalize the tax collector or the assessor's office. This is the only tax money that provides *any* meaningful return on investment. If anyone has hopes and dreams of reallocating that money, expect a battle.

I worked for the Board of Trustees of Community-Technical Colleges from 1985-1998. During my 13 years in state government, hardly a year went by without some sort of legislative proposal to reform, consolidate, or regionalize higher education. Most of the bills never made it out of committee, but it was never for lack of trying.

The legislature's adventures in higher education restructuring have taught some important lessons about the physics of bureaucracy. I feel compelled to write about this experience because we should not repeat the mistakes of the past.

The central theme of each year's legislative grand plan for higher education was to "improve efficiency" by "eliminating redundancy" and "cutting overhead cost". In order to assess the bottom line impact of the past 34 years of legislative wisdom, I suggest a retrospective look at higher education administrative cost:

Compute the total higher education administrator headcount (including central office) as a percentage of either faculty headcount or student headcount (take your pick). Which version of Connecticut higher education was more efficient? 1985 or 2018? When the legislature decided to meddle in higher education, the goal was almost always administrative efficiency. And yet we employ more administrators now than ever before.

Despite the best of intentions and optimistic dreams of efficiency, the state legislature has actually INCREASED overhead cost in higher education. Several attempts at merger and regionalization have led to a predictable pattern of failure to achieve administrative savings.

Let's take a look at the pattern:

1. It costs money to centralize OR decentralize administration. Both approaches have their pros and cons, but the one sure way to lose is to vacillate between the two. Back in the 1980s, most of the Community Colleges were too small to afford a fully-staffed back office. The Board of Trustees established a Central Office in Hartford to provide Finance, HR, and IT services to the 12 colleges in the system. Connecticut State University had the same problem, so they established a Central Office of their own.
2. In an attempt to maximize budget dollars for classroom instruction, the Central Offices were kept small. In good budget years, the Central Offices expanded, but not enough to handle the workload.
3. In really good budget years, the individual colleges started hiring their own administrators. CSU was in the same situation, so they did the same thing. What began as a sincere effort to provide cost-effective centralized administrative services had somehow morphed into redundant layers of management.
4. When the legislature decided to help, they merged CSU and the Community Colleges, primarily because both had central offices on Woodland Street in Hartford. A few positions were eliminated, but not many. Bear in mind, the colleges had been quietly decentralizing their administrative services, a fact that the legislature somehow missed. Today, the Board of Regents central office occupies nearly the entire building at 61 Woodland Street, formerly Capital Community College, originally the Phoenix Mutual Insurance Company. And the colleges have hired many local administrators, so the total administrative headcount is even higher than it looks.

To summarize: Centralized government functions tend to get caught in a loop of decentralization, with the overall size of the administrative structure growing over time.

What does any of this have to do with local K-12 education and the so-called benefits of regionalization? Instead of saving money by centralizing educational administration, we end up creating bureaucracy. Worse, local administration grows back over time. We start with a cost-savings exercise, but we end up with more cost than ever before.

In 1985, the Community College Central Office had about 35 employees and the CSU Central Office had about the same number. By 2018, the population of Connecticut grew by only 11%, but somehow the combined central office grew to the point where it fills most of the former headquarters of the Phoenix Mutual Insurance Company! You can't make this stuff up. How many college administrators do we really need to handle 11% more people over the course of 34 years?

There are several lessons to be learned:

- The compound annual growth rate of Connecticut's population is only 0.3% over the past 34 years. Education is not going to be a growth industry as long as Connecticut remains a high-

cost, high-tax state. People are moving out. The legislature is going to run out of other people's money.

- Increasing the size of government does NOT make it more efficient. Reality is very much the opposite. Consider the federal government in Washington – perpetually overspent, existing literally on borrowed money. The state can run up a deficit, but not a perpetual one. At the local level, what can only spend what we have.
- The Connecticut General Assembly is nearly the last place on earth I would look for ways to improve the efficiency of any government service. We can't let local education become a less responsive and less accountable network of fiefdoms, stocked with patronage jobs, possibly appointed by some nifty new state agency to supervise these "regions".
- The legislature has a long history of taking on financial responsibilities, and then dumping these responsibilities when priorities shift to entitlements and taking care of cronies. As you read this, the state is eating the cost of underfunded municipal pensions, made possible by municipal mismanagement. Of course, the state has its own problems with underfunded pensions. Politicians talk about the importance of highway maintenance -- after squandering the transportation fund on other things. We can't afford to let the state abandon K-12 education whenever it feels compelled to fund entitlements, another toll study, or bailouts.
- Because our school district depends almost entirely on property taxes (and taxpayers voting to approve the town budget), we can't risk losing that support just because our "helpful" state legislature wants us to regionalize. Based on my experience in Connecticut higher education, I have ZERO confidence that regionalization will deliver any meaningful savings at the K-12 level. I have seen this movie before. It doesn't end well.

One closing thought: The legislature is well-known for half-baked plans to save money that get derailed in the land of unintended consequences. And we know that government unions are great friends of the legislature and have far more influence than taxpayers do. Hypothetically, if school districts regionalize, the teachers would not be town employees, they would be employed by the regional school district – essentially starting a new job – possibly with a new union. I doubt that many teachers have paid much attention to the new rights they acquired via the Supreme Court decision in "Janus v. AFSCME". The administrative process of merging employees (and their salary structure) from different towns brings a number of potential problems. Any union member who goes through the paperwork of changing jobs will have a golden opportunity to rethink their union membership. As I recall the court said that all employees had to positively opt-in to union membership; there can be no assumption that employees want to maintain the status quo. Thanks to our binding arbitration laws, it would be very easy to drop union membership while retaining the same benefits.

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