

Written Testimony for SB 738, SB 457, SB874

Date: Wednesday February 27, 2019

To: The governing body of the State of Connecticut

From: **Dan Falta**, Town of Wilton, Connecticut

Position: **Against the Forced Regionalization of Schools**

My View in this Document at this Time

The Forced Regionalization issue has only recently come to my attention. I have tried to read the bills above, articles for and against, and done as much research as I can while also doing my normal job and family activities. Hence, my views will expand and I may want to expand, revise and generally improve upon this testimony moving forward.

My Macro View of Government

Government generally consists of the Federal, the State and the Town governing organizations. There is a separation of roles and duties between each governmental level. Certainly lots of duties of government cross multiple governing body lines, this is well known. Ultimately, in all things it has to be decided which governing body is best suited to make decisions given the objective.

I firmly believe in the core principal that ***the residents of a community should be able to make the important decisions on the most basic components of human life, specifically church and Education (i.e. schools).*** Clearly **church matters** are handled by local congregations of people. **Education matters** should be primarily the prevue of the local citizens, the town. It is **IN NO WAY BENEFICIAL TO OUR CHILDREN** for school issues to be exported to a wider geographic level, be it regional, statewide or countrywide. The best people to decide on educational matters for children are parents and their local community. If parents do not agree with a local communities overall approach to education, they can speak up and try to change such, or decide to live in a different town more in sync with their educational wants and desires for their children.

The States Motivation for School Regionalisation

Capturing Cost Savings – A Win-Win-Win - But is this Really True?

As I understand it, **the stated motivation for School Regionalization** is to **capture cost savings** by combining all things education-related in towns in order to obtain **operational efficiencies** (for example, there is a sense by proponents that many duplicative jobs exist in neighboring towns where merging the towns could result in head count reductions). This is essentially the same concept often expressed in corporate Mergers.

I will **first concede that** → There may be some areas, some towns in our state where merging could provide a real net cost savings, a win-win-win for all towns involved. However, **reaching this point should not be forced as a matter of basic principal.**

- I grew up in Vermont and went to a “Union” High School. The student body included Middlebury Vermont and 6-8 surrounding towns. The surrounding towns handled K – 6 and the Union level handled 7 – 12. This worked. Long ago the educational structure was agreed upon by the residents of each town because it made sense and provide clear cost savings and advantages. The school graduated approximately 200 students each year so it wasn't too large or too small. It was right-sized to allow for many clubs and sports offerings, yet small enough that all students felt relevant within the school community. Most importantly, **it was the local townspeople who decided** on the structure of the school system. The state did not dictate.
- Further to this point, **if cost savings are so obvious and clear** (as seems to be implied by the mere existence of these bills), **it stands to reason that towns would already be independently discussing merging (or have already merged) without being forced.** The idea that significant cost savings exist so widely in the state is, in my opinion, refuted by the fact that such has not occurred naturally. Clearly, we know that local taxpayers would force such a measure if real and obvious cost savings existed.

Capturing Cost Savings in Using Education in Towns → Why not test this idea on less emotional town functions – combine public works departments, police departments, etc. to see if efficiencies can be obtained? I suspect the state legislators will quickly learn that efficiencies really don't exist – else such would have already been done.

Another motivation for these bills that I've heard mentioned is the **Redistribution of Monies** from wealthier towns to less-wealthy towns.

- **If the true hidden objective of regionalization is to increase the relative tax burden of residents of wealthier towns in order to fill the state's budget gap, then this is a terribly disturbing way to achieve such objective.** To **use the ruse of cost savings** from regionalization in order to increase taxes on residents of towns deemed wealthier by the state, is disingenuous. It is not right. We should all strive try to be better and more honest.
- If the motivation is an effective tax increase on the perceived wealthy, then why not just do that via **the state tax framework** and NOT affect our children?

Where to Get Cost Savings?

It sounds like the state is at a point where tough measures have to be taken to get our fiscal house in order. Here is a suggestion that would save all towns and the state itself a huge amount of money in the long run:

Create a way to **shift town and state employee benefit plans from Defined Benefit to Defined Contribution Plans.** My wife's letter on this matter highlighted how most people who work in the private sector in Connecticut are on 401K plans or IRA Programs. Under such programs, the employer has no long term, hard-to-measure, constantly increasing, fiscal liability.

- It is understandably hard to change and reduce benefits to thousands of state and town workers. However, this has happened to most of the taxpayers who work in the private sector. Why should public sector jobs be a boondoggle in comparison?
- This sort of thing needs to be done before doing something as radical as forced school regionalization that adversely affects our children!

Killing the Golden Goose

As I understand it, and I could be very wrong – **Many of the deemed wealthy towns in Fairfield county** (Wilton, Westport, Darian, New Canaan, etc.) pay much more in state taxes than their towns receive back in benefit. These folks are effectively subsidizing other parts of the state. Everyone in Connecticut knows how this feels as I've read that Connecticut reaps the least benefit of any state (on a per capita basis) from Federal Taxes paid.

There is arguably **a point where the total subsidies generated from the perceived wealthier folks** becomes so large that they discourages a disproportionate amount of people from moving to the area, thereby leading to rapid decline in the tax base.

Some important things to remember:

- Fairfield County towns tend to have much **more resident turnover** than other parts of the state. People move to the area for the good schools. They are willing to pay higher taxes for the good schools. Many folks find that after their children finish school, it is not fiscally prudent to stay in these towns. Hence the higher level of turnover.
- Fairfield County towns are effectively **competing for young working professional families from the New York City area**. This enables these towns to keep attracting folks who earn New York City salaries.
- It certainly helps Fairfield County towns to have business that employ many individuals on high salaries. **Sadly 3 of the largest local employers from 10-15 years ago are effectively gone**. GE is gone. UBS and RBS have approximately 1/5th of the local employees as they did 10 years ago. This has already hurt Fairfield County towns by reducing the number of folks with high salaries in the area. This has adversely affected the tax base already
- **The financial industry is consolidating and pay is decreasing at Wall Street firms**. As both the number of high paying jobs and the magnitude of pay decrease, there is a negative effective on the tax base of Fairfield County towns. This has adversely affected the tax base already
- The **Trump Administration's \$10,000 cap on SALT tax deductions** are disproportionately hurting folks who live in towns with high property values. A person with a 2,600 square foot house in Wilton (me) pays \$13,000. The same house in another part of the state may only pay \$4,000 property tax. The math is obvious.

Some important things to remember (Continued):

- Fairfield County towns are effectively **competing for young working professional families from the New York City area**. Yes I know that I am repeating this.
- The average families in Fairfield County Towns turn over much more frequently than other towns, often based on whether a family has children in school or not.
- **Millennials** are both delaying having children and are **less likely than prior generation to buy houses**. They are more likely to rent and use their monies on travel and experiences rather than buying homes.
- **Bottom Line** → So many existing trends and demographics are hurting these Fairfield county towns. Forced Regionalization of towns will effectively be piling onto an already bad situation. The existing trend will be greatly accelerated. **The state will be killing it's Golden Goose.**

It is 3:15 on Wednesday, 2019-02-28, and I need to submit this by 3:30pm. If this matter proceeds, I hope to expand upon my comments, correct and incorrect points I've made and provide further evidence supporting correct points. My apologies for any typo's, misspellings, etc.

Please also see submission by **Camille Falta**, my wife. She makes many of the same important points in a different style.