

**No on PSB-457, PSB-738, SB-874, and HB-7150:**  
**Forced Regionalization and Pension Cost Shifting**

I am writing in opposition to PSB-457, PSB-738, SB-874 and HB-7150 as they relate to the actual, perceived, or potential threat of forced regionalization of schools and the shift of teacher pension obligations to municipalities and/or local and regional school districts.

*No to Forced Regionalization*

I am a member of the Redding Board of Education. When it comes to efficiencies and regionalization, much could be learned from the Redding experience. Redding, Easton, and Region 9 (Joel Barlow High School) operate as three distinct districts within two small towns. Redding has a population in the 9,000s, Easton in the 7,000s. Like many Connecticut communities, the number of school-age children has contracted considerably over the past decade and our districts have worked diligently to maintain a high level of education quality while riding enrollment (and staff size) down.

By all accounts, we should be the poster child districts for proponents of forced regionalization. The entire Redding district checks in at only about 900 students. We have one elementary school and one middle school. I've read comments from legislators in the press that suggest that districts of our size are somehow negligent in their failure to regionalize despite relatively small size. And that the legislature should compel regionalization so as to protect the State's investment in education and not spend on wasteful inefficiencies.

I agree that there are tremendous inefficiencies in our tri-district model, not the least of which is three separate boards of education totaling 21 members-- that's more than 1 per 1,000 residents. There is an enormous redundancy of reporting, paperwork, and budgeting. State mandates must be met not once by our central office, but thrice. "Why not just regionalize?!" is the natural cry in response. Alas, if it were that easy, I'd be a wealthy man. But it's not that simple. This isn't **nearly** the same as consolidating probate districts. Or health departments. Or even police and EMS. Why? Because of rules put in place by this very body.

Were our three districts to consolidate, we could potentially reap tremendous rewards: our teachers could be reassigned across multiple schools. We could offer more diverse programming if the lower schools could share resources. For example, where there may not be demand for a fulltime Latin teacher in Redding or Easton, by their powers combined there certainly could be. Moreover, it would provide for more efficient delivery of special education services if we could more readily share resources, space, and programs. We could also roll our three boards into one with a singular focus on first-class prek-12 education rather than wasting energy working to align divergent priorities and interests among three boards.

So “why not?!” The first and by far foremost impediment is the resolution of disparate union pay scales. Over the years, the three districts have diverged significantly in teacher compensation. Region 9 sits above Redding, which sits above Easton. The top end of the scale ranges from \$122,942 to \$102,588 for PhDs next year for example. Any effort to consolidate these unions will inevitably lead to leveling up to the Region 9 scale. And if we do not get there through bargaining, it is a near certainty we will get there through arbitration. Because, despite having a relatively low median income rate in our towns (when compared to Fairfield County neighbors), our relatively valuable grand list per capita dictates that we pay, pay, pay. To the point that the top teacher salaries are close to eclipsing the median household income in our communities. That’s all without considering other bargaining units that would need to be consolidated and before discussion of saddling our towns with a share of teacher pensions generated from formulas about which we had zero input and based on wages that we are effectively coerced to pay through the arbitration system.

Moreover, there is the practical question of debt service. In our tri-district world, Region 9 carries its own debt service because it is a regional school district. Redding and Easton each bear school debt in their selectman’s budgets. In the past 15 years, Easton has invested in a new elementary school and, as a result, carries substantially more debt per capita than Redding does. If the districts regionalized and the school debt became shared, Redding residents would suddenly share in the cost of this new school they had no role in approving.

What does it all mean? Regionalization is not easy. Or free. Or even cheap. Let alone economically efficient. We already share a central office. We already work with our neighbors to purchase in bulk and are part of a consortium for oil. We’re already in discussions about sharing special education resources regionally. There’s little else that can be done to create so-called “efficiencies.” Yes. We will have increased program and administrative flexibility. And only one board instead of three. But we will also have increased cost. That increased cost will come with loss of programs, increased class sizes, and an overall degradation of the system or significant increases in property taxes. Our communities cannot directly control the flow of tax and fee increases coming from the legislature this session. Between tolls, sales tax expansion, and who knows what else, taxpayers will look for somewhere to push back. Their only recourse to control their own tax bill is through local budget referenda. Forcing additional cost onto our communities will result in failed budgets and a material reduction in the quality of education in our district and others.

Redding and Easton are joined at the hip but have not regionalized. It hasn’t not happened due to neglect. We’re smart people. And we know how to add. It hasn’t happened because the conditions simply aren’t right. If the legislature provided appropriate incentives (and, no, the threat of losing ECS funding amounting to well less than 1% of our budget doesn’t count), the process would be much more likely.

Provide a process for reconciling contracts that doesn't de facto require leveling up. Reform the arbitration system. Provide meaningful relief from state mandates. Restore transportation grant funding. Or provide meaningful grants to invest in infrastructure. Both our middle schools are mid-20<sup>th</sup> century chic, Redding Elementary was born when Truman was president. A single, regional middle school would provide meaningful annual cost savings to both towns. But such a project would only come to fruition if the state shared substantially in the investment.

The Redding experience demonstrates that cooperation and efficiency is alive and well, even in districts that aren't called Region Number Something. Please understand that even Redding and Easton, two towns who already operate in a near regionalized manner, cannot simply wave a magic wand and formally regionalize tomorrow. There are far too many barriers. Passing legislation directing us to "just do it" does not lower any of those barriers for Redding and Easton or for communities without a similar history of cooperation.

I challenge this committee and this legislature to look at Easton, Redding, and Region 9. Tell us where we've been neglectful or wasteful due to choices of our own making. When you see all the areas in which we are already achieving the theoretical aim of this legislation (efficiency in spending), consider eliminating mandates and providing a mechanism to achieve voluntary, win-win, regionalization that is not cost prohibitive.

#### *No to using property taxes for teacher pensions*

Much is made of the role local boards of education play in driving up teacher pension costs. "They should have skin in the game" is a popular refrain when suggesting that irresponsible local boards are overpaying teachers, which leads to ballooning pension obligations. This is, of course, folly.

Local boards have no say in the structure of the Teacher Retirement System. They don't make decisions on projected rates of return or the calculation of payouts under normal and other retirement scenarios. Nor can they collectively bargain those terms as part of an overall compensation package. The State dictates those terms and also decides when and how to fund, or underfund, this liability. Moreover, local boards' hands are tied by an interest arbitration system that presents almost no upside for boards. It is extraordinarily difficult to contain wages in a town like Redding because the panel will look to so-called ability to pay every time. As a town with relatively high net grand list per capita, we stand little chance despite the fact that our population is aging (median age pushing 50), we have no commercial tax base to speak of, real estate values have not recovered from the recession a decade ago, and median incomes do not align strongly with property values, particularly among the growing number of retirees.

The Governor's bill would ask that Redding contribute to pension costs directly through our property taxes. Redding teachers are compensated well-above the state average, for a variety of reasons including the high cost of living in Fairfield County. The result is that we will be asked to pay well in excess of 25% of the normal pension cost. In year one of the proposed phase in, we're looking at about \$186,000 in costs thrust upon the Town. Year two is over \$385,000. The out-years are likely only going to be higher.

Some perspective: the Redding Board of Education budget is approximately 22 million dollars. \$186,000 is a 0.8% increase. \$385,000 is about 1.75%. It gets worse though. Special education costs have risen about 800k for *next year alone*, another 4% of the budget. Before we even get to regular wage increases or other inflationary increases like health insurance, the budget for 2019-20 is up about 5% between special education and this pension bill. That's an increase of about \$200 to the average tax bill for effectively no change in services or pay raises whatsoever. This is unsustainable at best.

The answer to the State's pension woes cannot be to further burden the property tax payer. State grants for transportation have been eliminated. Result? Property tax increases. Special education grants have been routinely underfunded. Result? Property tax increase. ECS funds have been reduced. Result? Property tax increase. Shifting obligations under a pension system over which towns have **no** control would result in simply more property tax increases. Rather than assuming that wage scales driven by a lose-lose arbitration model are to blame for the State's inability to fund pension liabilities, why not consider actual structural reform? Shifting pension debt to municipalities is akin to rearranging the deck chairs on the *Titanic*. It ignores the coming iceberg entirely. Want boards to have skin in the game? Blow up the TRS. Start over for new teachers. Let districts compete on retirement benefits, open up social security to our teachers, move to defined contribution plans, and get out of the business of punting obligations until finally shifting the burden to property tax payers when crisis strikes. With apologies to Roberto Duran, "No mas!"

### *See for yourself*

Under the cloud of these proposals to compel regionalization and shift pension costs to towns, the Redding Board of Education will almost certainly approve a budget on Tuesday night, March 5. I invite you to come join us. 7:30 pm. John Read Middle School on Redding Road. Come see firsthand the cost of state mandates on our town. See the program reductions we'll be debating as we try to decide where we will have to cut to find \$186,000 for pensions if this bill passes and over \$800,000 for special education no matter what. Help us tell parents that we're making further reductions to music, world language, or art while also raising class sizes. Help us tell the young teachers they're being laid off to pay the State's debts to retired teachers. It's very easy to sit in this room and speak in broad generalities about efficiencies, synergies, shared

sacrifice, skin in the game, etc. It's much harder to take another round of bad news back from here to local boards and find ways, not to improve our schools, but rather, to do the least harm. Please come. See the result of existing mandates as well as the impact of just the specter of the proposals being considered by this committee is having.

Please reject PSB-457, PSB-738, SB-874, and HB-7150 here in this committee. End the uncertainty and end it quickly so municipal budgets can be set this Spring with some measure of comfort. Thank you.

Christopher Parkin  
Redding Board of Education  
cparkin@er9.org