

Recommendations of the
Advisory Commission on Intergovernmental Relations
Work Groups
to the

Task Force to Promote Municipal Shared Services

Section 366 of Public Act 19-117

January 29, 2020

The [Advisory Commission on Intergovernmental Relations](#) (ACIR) is a 24-member agency of the State of Connecticut created in 1985 to study system issues between the state and local governments and to recommend solutions as appropriate. The membership is designed to represent the state legislative and executive branches, municipalities and other local interests, and the general public.

The role of the ACIR, as specified in [Section 2-79a](#) of the Connecticut General Statutes, is to:

- serve as a forum for consultation between state and local officials
- conduct research on intergovernmental issues
- encourage and coordinate studies of intergovernmental issues by universities and others
- initiate policy development and make recommendations to all levels of government

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Executive Summary

The Advisory Commission on Intergovernmental Relations (ACIR) was asked by legislative leadership to assist the Task Force to Promote Municipal Shared Services established by Section 366 of Public Act 19-117 to “Study Ways to Encourage Greater and Improved Collaboration Among the State and Municipal Governments and Regional Bodies.” ACIR, which is statutorily authorized¹, is in a unique position to assist the Task Force in that it has twenty-four members representing a range of perspectives as well as significant expertise in the area of shared and regional services. This report is presented to the Task Force as an “Advisory Document” to assist in the making of final recommendations.

In developing its recommendations ACIR’s work was divided into two working groups, one focused on education and the other on general government. The two working groups formed by ACIR to address the seven legislative areas of study contained held multiple meetings and ACIR, as a collective body, reviewed and revised their respective work. The resulting recommendations are each detailed in the report and represent a consensus of ACIR’s membership.

ACIR notes that during the past decade the General Assembly has enacted multiple new laws that provide for a solid foundation to develop shared and regional services. The challenge for our state and its 169 municipalities is to act on the opportunities offered by these legislative initiatives.

Despite the merit of any individual recommendation contained in this report, there must be priorities. ACIR puts forth the following as priorities for action in the collective belief that they will (1) result in significant impact and (2) are achievable in 2020.

Priority Recommendations:

- Shared and regional services should be built on work done previously
- Connecticut, at each level of government, must **embrace the application of technology and data innovation** (*Administrative and Legislative Action Required*)
- Expand, within OPM, a government efficiency unit, within the Intergovernmental Planning and Policy Division to provide the bandwidth needed to implement and foster collaboration at each level of government (*Legislative Action Required*)

“If we look past the arbitrary walls that separate our communities we can make our state more efficient and more creative at providing services people rely on. Our fellow citizens of Connecticut sent us here to make responsible and difficult choices... We must look to each other to move Connecticut forward and create enhanced, comprehensive regional cooperation to provide state assistance to cities and towns in creative and efficient ways. As the esteemed economist John Kenneth Galbraith said, “The conventional view serves to protect us from the painful job of thinking”...While our close knit communities help make Connecticut an attractive place to live, we cannot continue to have so many government fiefdoms that expend precious energy protecting the status quo. In fact, the best way to preserve the character of neighborhoods and villages is to find ways to lower their costs and establish a long-term path of sustainability.”

*Senate President Pro Tempore Martin M. Looney
opening remarks for the 2019 Legislative Session*

¹ The role of the ACIR, is specified in [Section 2-79a](#) of the Connecticut General Statutes

- **Flexible school governance** is essential to the function, sustainability and excellence of public education *(Legislative Action Required)*
- **Collaborative regional programs** are needed to help local school districts provide cost effective and efficient high quality services for **Special Education** *(Legislative Action Required)*
- **Pilot and incentivize shared/regional services** to foster real change *(Legislative Action Required)*

Other Recommendations:

In addition to the six Priority Recommendations, ACIR has identified thirty potentially actionable recommendations for the Task Force to consider. Key amongst these recommendations are:

- **Require ACIR to recommend to OPM focus areas for the use of regional performance incentive program funds** *(Legislative Action Required)*
- **Amend the Regional Performance Incentive Program RPIP to include a cost share element for grantees** *(Legislative Action Required)*
- **Amend the current Fiscal Indicators Report for the effective use of data measures to inform improvement of municipal operations and service delivery** *(Administrative Action Required)*
- **Diversification of Local Revenue Sources**

ACIR is prepared to assist the Task Force in the development of statutory language and to serve as a sounding board related to any of the proposals put forth needing legislative actions either as presented in this report or as may evolve from the work of the Task Force.

Introduction

Section 366 of Public Act 19-117 established a special task force to study municipal and K-12 services. The Advisory Commission on Intergovernmental Relations (ACIR) with this report is providing recommendations to the special task force as detailed in Section 366 of Public Act 19-117. This legislation directs the task force to examine seven areas:

1. The **examination of functions, activities or services, currently performed by municipalities individually, that might be more efficiently performed by the Office of Policy and Management** on behalf of municipalities willing to opt in or opt out of accepting such performance on their behalf,
2. The **examination of functions, activities or services, currently performed by the state or municipalities that might be provided in a more efficient, high-quality, cost-effective or responsive manner by regional councils of governments, regional educational service centers or other similar regional bodies** that are responsive to residents,
3. The **cost savings of government services**, including, but not limited to, joint purchasing, for a municipality and its local or regional school district,
4. The **cost savings through the sharing of government services**, including, but not limited to, joint purchasing, among municipalities,
5. The **standardization and alignment of various regions** of the state,
6. The **analyses of any other initiatives that might facilitate the delivery of services in a more efficient, high-quality, cost-effective or responsive manner**, and
7. A **recommendation of the division, if any, of revenue in the regionalization sub-account within the regional planning incentive account** established under section 4-66k of the general statutes, between the Office of Policy and Management and the regional councils of governments, regional educational service centers or similar regional bodies for the purposes of subdivisions (1) and (2) of this subsection.

The legislation additionally states that: **“Any initiative recommended to be undertaken by the task force shall be offered to municipalities on a voluntary basis.”**

ACIR established two working groups - General Government and Education to study and make recommendations to the Task Force covering the seven study areas of the legislation. ACIR began this work with the knowledge and understanding that significant legislative work, study and practical application of shared and/or regional services was in place.

CGS Section 7-148cc:

“Two or more municipalities may jointly perform any function that each municipality may perform separately under any provisions of the general statutes or of any special act, charter or home rule ordinance by entering into an interlocal agreement pursuant to sections 7-339a to 7-339l, inclusive

(emphasis added)

Why Shared and Regional Services are Important and Needed

The use of shared and/or regional approaches to the delivery of services provides significant potential to enhance service quality and reduce costs - including reduction in the property tax. The property tax is the largest single tax source in Connecticut, comprising 42% of the entire tax profile (By comparison, the personal income taxes are 28%, sales and use taxes 16%, and corporate income taxes 2% of the total tax profile) - making Connecticut the fourth-highest in the nation. The property tax, many have argued is driving people, jobs and business out of state, stifling investment in growth and because of its siloed/fragmented application results in significant fiscal, economic, educational and racial inequities in Connecticut. "Disparate property taxes reinforce regressivity since low-income households are overwhelmingly located in high property tax towns." "A balanced state tax structure" requires correcting inherent flaws in the property tax system - both vertical and horizontal inequities². The use of shared and regional services can reduce the overall property tax burden.

Shared services, as has been demonstrated nationally and internationally work to address a range of issues confronting state and local government. "Some local public services can be provided at lower cost and at similar or even improved quality levels through regionalization, while others should continue to be provided by individual cities and towns, barring specific evidence to the contrary. It appears that up to roughly 20 percent of overall local government spending in New England is for services that rely heavily on capital equipment, technology, or specialized skills, and could be provided more cost effectively at a regional rather than a local scale without sacrificing service quality.³" While shared services are not and should not be predicated on a one-size fits all approach, they work. How?

- By promoting more efficient and effective service delivery - saving tax dollars. Providing some services 169 ways is not most effective means of delivery. Some services just lend themselves to sharing or regional approaches.

CGS Section 10-66a-t) t:

"A regional educational service center shall be a body corporate and politic. The board of a regional educational service center shall be a public educational authority acting on behalf of the state of Connecticut and shall have the power to sue and be sued, to receive and disburse private funds and such prepaid and reimbursed federal, state and local funds as each member board of education may authorize on its own behalf, to employ personnel, to enter into contracts, to purchase, receive, hold and convey real and personal property and otherwise

CGS Section 10-66r:

"Each regional educational service center shall develop, in consultation with the Department of Education, a regional model for the provision of special education services related to transportation, training and therapeutic services to be used for the provision of such special education services to all school districts served by such regional educational service center."

and

"each regional educational service center shall conduct, in consultation with the Department of Education, a survey of special education services and programs provided in the region serviced by the regional educational service center for the purpose of identifying the need for enhanced or new special education services and programs provided by the regional educational service center.

(emphasis added)

² Reform Property Taxes for a Fairer, Faster Growing Economy in Connecticut, Property Tax Working Group, 2017 - taxpolicyct.org

³ Measuring Municipal Fiscal Disparities in Connecticut, New England Public Policy Center at the Federal reserve Bank of Boston (NEPPC) , May 2015

- By adding capacity to towns without adding (or even reducing costs) costs. Often towns, especially those of smaller size with less internal capacity, can reduce costs by sharing services or purchasing services regionally. It is important to note that depending on the size of a municipality and/or its individual capacity(s) actual savings will vary greatly from town to town. Shared services enable professional staff from larger jurisdictions or regional entities (COGs or RESCs) to provide assistance to communities that otherwise could not afford/justify such talent.
- By diversifying revenues (preferably with more progressive new sources) to mitigate Connecticut's over-reliance on the regressive property tax - reducing the property tax burden in Connecticut, our state will be more competitive for economic growth and job creation.

Background

Connecticut, at the local level, has a long history of towns sharing services (internally and externally) and in acting regionally. Current law (CGS 7-148cc) enables towns to act cooperatively. Across Connecticut, depending on local needs, towns share local building officials, assessors, ambulance services, dog wardens, tax collection and much more. Some towns, notably Mansfield, have shared or merged back-office functions by and between the general government side and the education side of the town with significant cost savings and efficiencies gained. Regionally, the state has nine Regional Councils of Governments (COGs) and six Regional Education Service Centers (RESCs) which were established to be regional providers of needed services - as determined by their respective members. All such services are now provided on a voluntary basis. Regional services currently provided are diverse: animal services, purchasing, transportation planning, revaluation, HR and property revaluation, continuing education for teachers, adult education, pupil transportation, group insurance, IT support and much more. A complete listing of services either shared or provided regionally is not compiled.

The Regional Performance Incentive Program (RPIP) was established by the Legislature to cover basic functional costs for COGs and provide pilot funds for new regional/shared initiatives. Funds for RPIP are continuously collected through a percentage set aside from the Hotel Tax and the Car Rental Tax. This fund

CGS Section 8-31b

"A regional council of governments may accept or participate in any grant, donation or program available to any political subdivision of the state and may also accept or participate in any grant, donation or program made available to counties by any other governmental or private entity. Notwithstanding the provisions of any special or public act, any political subdivision of the state may enter into an agreement with a regional council of governments to perform jointly or to provide, alone or in cooperation with any other entity, any service, activity or undertaking that the political subdivision is authorized by law to perform. A regional council of governments established pursuant to this section may administer and provide regional services to municipalities and may delegate such authority to subregional groups of such municipalities. Regional services provided to member municipalities shall be determined by each regional council of governments, except as provided in subsection (b) of section 9-229 and section 9-229b, and may include, without limitation, the following services: (1) Engineering; (2) inspectional and planning; (3) economic development; (4) public safety; (5) emergency management; (6) animal control; (7) land use management; (8) tourism promotion; (9) social; (10) health; (11) education; (12) data management; (13) regional sewerage; (14) housing; (15) computerized mapping; (16) household hazardous waste collection; (17) recycling; (18) public facility siting; (19) coordination of master planning; (20) vocational training and development; (21) solid waste disposal; (22) fire protection; (23) regional resource protection; (24) regional impact studies; and (25) transportation.

emphasis added

is estimated to yield between eight and ten million dollars annually as a recurring source by which to initiate programs fostering regional or shared services.

In terms of regional or shared service delivery, COGs, RESCs School Districts and municipalities are empowered to provide such services and have embraced the approach and provide a range of services that result in measurable efficiencies and significant cost savings. These regional or collaborative approaches demonstrate that there is not a “one size fits all” solution to the service challenges of our municipalities. Our COGs and RESCs, unlike counties, provide a more flexible opt in or out of services option for their members. They better fit the New England and Connecticut traditions of governance. The challenge is to utilize the opportunities provided by these regional service providers to most fully benefit our state.

The budget situation in Connecticut has resulted in a growing capacity gap for municipalities relative to the services they provide. In response to budget reductions and a reluctance to raise property taxes, towns have reduced staffing and hours available for such services — stressing the capacity for towns to properly deliver necessary services. To manage this capacity gap towns more and more are opting to embrace providing those services on a shared or regional basis. In the long term, stronger regional capacity benefits our state by enhancing the ability to put in place shared and/or regional programs.

A recent study by the Federal Reserve Bank in Boston titled “The Quest for Cost-Efficient Local Government in New England: What Role for Regional Consolidation?”⁴ looked at Connecticut and specifically at 911 services and Public Health service delivery. Their study estimated that by changing to a regional-based approach (the study used the eight counties) the savings would be “roughly 60 percent.” As to the quality of service, the study concluded that “...consolidation appears to have the potential to shorten the interval between 9-1-1 calls and the dispatch of first responders, an improvement that in turn would tend to have a beneficial impact on survival outcomes and other indicators of service effectiveness.” The Federal Reserve Study also examined the consolidation of health departments. Connecticut currently has 73 health departments ranging from several regional districts to part-time health departments. Service levels and emphasis is not consistent from department to department. The study found that Connecticut has the second highest fragmentation of local health departments in the nation. The study concluded that a regional approach could result in \$25.4 million savings (41.3 percent) compared to the current approach.

With a clear upside to working together - why are we not seeing more communities seeking inter-town or regional solutions. One key reason relates to revenues. “Constraints on municipal revenue raising and expenditure make local officials averse to inter-local arrangements that might further diminish their power. They are equally reluctant to consider cooperative arrangements with other municipalities involving

CGS Section 4-124s

Regional Performance Incentive Program (RPIP):

“...any regional council of governments, any two or more municipalities acting through a regional council of governments, any economic development district, any regional educational service center or any combination thereof may submit a proposal to the secretary for: (1) The joint provision of any service that one or more participating municipalities of such council, educational service center or agency currently provide but which is not provided on a regional basis, (2) a planning study regarding the joint provision of any service on a regional basis, or (3) shared information technology services. ...Any local or regional board of education or regional educational service center serving a population greater than one hundred thousand may submit a proposal to the secretary for a regional special education initiative.

(emphasis added)

⁴ <https://commonwealthmagazine.org/politics/let-towns-have-more-power-and-regional-planning-may-follow/>

expenditures because of lingering fears that they may not come out ahead—or that voters will think a neighboring competitor has snookered them. So deep is this fear that some officials avoid cooperative efforts that would benefit their towns if the other municipality appears to get more out of the deal.⁵

Our state is extremely fractured in terms of service delivery. Connecticut, while a small state geographically, is extremely fractured in its structure and how we deliver services. We have 169 Towns, 8 Counties (at least on paper - eliminated in 1964), 33 Cities or Boroughs, 310 Zip Codes (which most people associate with their home), 17 Urbanized Areas, 151 State House Districts, 36 State Senate Districts, 5 Congressional Districts, 643 Governments, 8 Metropolitan Planning Organizations, 4 Transportation Management Areas, 15 Regional Transit Districts, 833 Census Tracts, 2,585 Census Tracts, 77 State Agencies, 35, State Boards-Councils or Commissions, 10 Quasi Public Agencies, 5 Homeland Security Regions, 13 Judicial Districts, 22 Judicial Branch Areas, 12 Juvenile Courts, 54 Probate Court Districts, 11 State Police Districts, 585 Fire Departments, 282 Fire Districts, 187 EMS Responders, 5 Workforce Development Boards, 9 Labor Market Areas, 8 Service Delivery Areas for Job Training, 8 Workers' Compensation Districts, 104 911 Locations, 5 Regional Mental Health Boards, 3 Department of Development Services Regions, 12 sub-regions for the Department of Mental Health and Addiction Services, 12 CAP Agencies, 6 DCF Regions, 95 Municipal Police Departments, 6 Family Support Network Regions, 25 DCF Collaborative Areas, 15 United Way Areas, 6 Regional Education Service Areas, 43 Elementary School Districts, 156 Secondary School Districts, 17 Regional School Districts, 73 Health Departments, 31 Acute Care Hospitals and the list goes on and on.

Connecticut, for the past fifty years, has used regional solutions to address many of its challenges and service delivery needs. For example, many state agencies operate regional centers for delivery of services. Motor Vehicles', State Police, DOT Maintenance, DEMHS, Agriculture Animal Control, and Labor are just a few examples of state agencies using regional service delivery. Almost none of the state delivery "regions" are the same and most have been in place for so long that the rationale for their structure (geography) is no longer known or relevant. Few of the state agencies with regional delivery are framed around current information technologies or necessarily tied to the demographic changes of the state over time.

Governor Lamont has acknowledged the possibilities of shared services and has embraced multiple initiatives to foster it. Governor Lamont's 2019 budget address marked the first time in recent memory that a governor embraced the benefits that regionalization, or shared services, can bring to Connecticut.

Funds for RPIP are continuously collected through a percentage set aside from the Hotel Tax and the Car Rental Tax. This fund is estimated to yield between eight and ten million dollars annually as a recurring source by which to initiate programs fostering regional or shared services.

Legislatively, the foundation has been set for shared and regional services. The challenge is acting on the opportunity enabled by these laws. It must also be understood that towns across Connecticut share services with their neighboring towns, share services internally between town government and education and continue to act regionally on a wide range of services and needs. There is not the need to hinder the programs/services that work or to somehow believe that we must "start from scratch."

Conclusion

⁵ <https://commonwealthmagazine.org/politics/let-towns-have-more-power-and-regional-planning-may-follow/>

Connecticut has a growing resource gap for municipalities and the state to properly deliver the services they need to provide and their ability to adequately provide such services. Our property tax system is broke - further limiting and hindering our ability to realize the benefits of shared and regional services. In response to budget reductions and a reluctance locally to raise property taxes, towns have reduced staffing and hours available for such services stressing the capacity for individual towns to properly deliver necessary services. In the long term, stronger regional capacity benefits our state by enhancing the ability to put in place shared or regional programs.

If the opportunity for measurable shared or regional services is to be realized, there needs to be a comprehensive realignment of which level of government (state, local or regional) should be responsible for what, and how. Possibilities are open to us for strengthening and maximizing the opportunities provided by our regional COGs and RESCs for the efficient, effective and economic delivery of needed services. However, to realize the opportunities several changes need to be made.

While cost effectiveness is a motivator and important for shared and regional services, services must also be accountable and add measurable quality to the current system. Moreover, shared and regional services should be undertaken to achieve and maintain social and educational equity throughout the state ensuring that all districts have access to all cost sharing or regional services provided.

Property tax dependence is killing our state, but we keep failing to fix it. Connecticut has the third-highest property taxes in the country; we are fifth in property taxes as a percentage of state revenue. Property tax dependence is even more extreme for our cities and towns. In Connecticut, 60 percent of local revenue comes from property taxes, compared with 30 percent across the nation. Unlike other property tax-dependent states such as New Hampshire and Massachusetts, we do little to equalize revenue between property rich and poor municipalities. **This exacerbates inequality, undermines efforts at regionalization, and kills economic development in our struggling cities...**Property tax dependence also continues wasteful divided governance between our 169 cities and towns. **With most revenue coming from property taxes, cities and towns have little incentive to regionalize services.** If you're raising the money yourself without much help from the state, why share services with your neighbor?...There are no easy solutions. Limiting property tax dependence requires more state funding to local governments, which means raising more state revenue from other taxes, and likely claiming a portion of local tax revenues for redistribution. **But while the solutions aren't easy, they are necessary to make Connecticut the prosperous, just, and integrated state that it can and must be.**

(emphasis added)

Connecticut's Ongoing Failure to Address Property Tax Dependence - By Connecticut Law Tribune Editorial Board | August 22, 2019

Priority Recommendations:

1. Shared and regional services should be built on work done previously

As detailed in the introduction of this report, the Legislature has created the basic framework for shared and regional services - including a funding mechanism to pilot new initiatives. There is not much to do in terms of framework - the challenge is in fostering our regional COGs and RESCs to be engines of shared and/or regional services.

To that end, the state should be looking for opportunities to restructure service delivery and funding through the COGs and the RESCs. Connecticut is significantly fractured in terms of service delivery by the state - a problem that cannot be resolved (unfortunately) quickly. But we can start.

- a. State agencies and independent regional service delivery agencies that receive funding from the State or federal governments shall, to the greatest extent practicable, utilize the boundaries of the councils of governments.
- b. Legislature should consider distributing funds regionally for regional delivery unless it can be demonstrated that the COG mechanism is not available, is not cost effective, or will result in diminished services.. Significant grant funding is available from the state, but there is no requirement that towns band together to apply for it. It is not necessary to provide more funding because, if more funding is delivered on a regional basis, it creates an incentive for regional special education or other services.

2. Connecticut, at each level of government, must embrace the application of technology and data innovation *(Administrative and Legislative Action Required)*

At each level - state, regional and local - Connecticut has been significantly behind other states. A 2017 report, "The Best States for Data Innovation" from the Center for Data Information concluded that overall Connecticut ranks 18th and our neighbor Massachusetts ranks first in terms of data innovation.

Connecticut's lack of embracement and fragmented approach to technology and meager data making intelligent decisions is predicated on data that is accurate, accessible and in a form that allows for analysis. The State's 77 agencies and 33 commissions and boards are more siloed in their structure than collaborative. For too often paper reporting, and even carbon type forms, are used by agencies. There is no central portal to access services or to do business in a unified manner. Many towns and some school districts still utilized off the shelf accounting software - hindering the benefits, for example, of the Uniform Chart of Accounts and our ability to compare municipalities and other services. The data collected and more importantly the data that does not get collected in a format that can be analyzed further hinders Connecticut's ability to compete and to understand what it does and how it can improve.

The SDE requires significant data reporting from school districts and presents most of the data through its portal: www.edsight.ct.gov . Data is also found at www.ctdata.org - the state's primary data portal - that consists almost exclusively of Census data and does allow for individual town comparisons - but not district comparisons. There is also the Connecticut Municipal Benchmarking site (www.ucoa.ct.gov) which contains data from towns reporting, in accordance with Section 7-406(c), Section 7-406(b). of the General Statutes requires, as of June 30, 2015, that each municipality implement a uniform chart of accounts for municipal revenues and expenditures in order to increase transparency regarding municipal expenditures and to meet the state's benchmarking goals. Unfortunately, and despite this new law only

half about of the states' towns and cities are complying with the requirement. Information technology can pay an important role to support improved municipal and shared services. Common state of the art program and reporting systems, and an integrated approach to state department, regional and local GIS systems are two important examples of state IT initiatives to facilitate shared services.

- a. Funds, through RPIP or some other account, should be used either through regional COGs or RESCs to assist towns and/or school districts, lacking the current capacity to do so, to **fully implement the provisions and intent of Section 7-406(c)**.
- b. Requires all state agencies, in their transactions with residents and business to create a "one stop shop" experience.
- c. Require an enterprise system approach that enables greater inter-connectivity between agencies' electronic communication system
- d. Modify/Integrate, to the degree permissible - protecting student confidentiality, the Edsight and CTdata sites to allow for district-to-district comparisons as well as related statistical calculations (Administrative Action Needed)
- e. Add a school projection calculator to the data tool kit for districts to ensure consistency in methodology and comparisons state-wide (Administrative Action Needed)
- f. OPM should direct or facilitate that anywhere where paper reporting is now in place - unless there is a compelling reason - to replace it by 2022 to the highest degree possible with e-reporting. (Administrative Action Needed)
- g. SDE develop a system to analyze school facilities and advise on opportunities for regional and/or inter-municipal cooperation. (Administrative Action Needed)
- h. SDE should add transportation metrics to their data set to determine spending per rider, spending per mile, total miles traveled, primary inputs of student transportation (wage, fuel price, and bus cost inflation) and spending per school bus to examine cost efficiency. (Administrative Action Needed)
- i. Modernize local to state program and financial reporting. Replace obsolete paper-based systems with similar look and feel reporting systems across state agencies and have similar reporting approaches within parts of large state agencies. While several federal agencies and some state agencies use web-based reporting systems, other agencies use a mix of disparate paper-based systems. Substantial time and effort is spent on obsolete reporting systems and information is repeatedly requested that is in other parts of state agencies or other departments. One element here would be the Uniform Chart of Accounts for towns and schools to facilitate reporting. Directive from the Governor to accelerate modernization of program and financial reporting in a "whole of government" approach across agencies and department within agencies. (Administrative Action Needed)
- j. Using data-driven analyses, establish a fundamental understanding between the state and local governments that the state cannot underwrite inefficiency at either level. Statutory and competitive grant formulas to local and regional entities must include objective and measurable efficiency matrices to determine eligibility. The state must also commit to enhancing local government's capacity to become more efficient . Focus on incentives and capacity-building to achieve real change and to avoid the "state mandate" tag⁶.

⁶ Source: Governor Lamont's Shared Services Transition Team

3. Expand, within OPM, a government efficiency unit , to within the Intergovernmental Policy and Planning Division to provide the bandwidth needed to implement and foster collaboration at each level of government (Legislative Action Required)

The Intergovernmental Policy and Planning Division should be the functional facilitator for shared services (inside and outside of state government) and regionalism in Connecticut. Unfortunately, it does not have the capacity to take on such a role as currently constituted and funded. A strong commitment to shared and/or regional services cannot be successful with leadership from at a level close to the governor.

Connecticut government does not currently have a senior official and necessary support staff/resources to aggressively and strategically pursue share and/or regional service opportunities. There is no central location working with and examining our states 643 counts of governments, 77 state agencies, 35 state boards, councils, and commissions, 10 Quasi-Public Agencies, 9 regional COGs, 6 RESCs, 169 towns, 179 school districts and more for opportunities to eliminate duplication, enhance coordination/communication and generally improve services. The fragmented reality of Connecticut's service delivery process and its many delivery and often times overlapping delivery mechanisms evidences the need of coordination. This new Office of Government Efficiency is intended to represent a high-level commitment to pursuing deeper regionalism and establishes a process for developing and prioritizing regional public policy. It articulates the vision, values and objectives of an enhanced Connecticut shared services regionalism. It is also intended to establish an inclusive process by which all levels of government and the public can propose ideas for regional initiatives to address key challenges facing Connecticut. Specifically, this new office will⁷:

- a. Identify the best opportunities to realize efficiency, promote program integrity, and improve program outcomes, including opportunities, consistent with law, that reduce or streamline duplicative paperwork, reporting, and regulatory burdens and those that more effectively use state and local resources across multiple programs.
- b. Identify not only administrative impediments, but also significant statutory barriers, to efficiency and effectiveness in program implementation.
- c. Establish preliminary plans to (1) consolidate or streamline processes that state and local governments must use to obtain increased flexibility to promote the same or better outcomes at lower cost; (2) establish transparent criteria or principles for granting such increased flexibility, including those that are generally available and those that may be granted conditionally; and (3) ensure continued achievement of program results while allowing for such increased flexibility.
- d. Identify areas where cross-agency collaboration would further reduce administrative and regulatory barriers and improve outcomes. This should include identifying requirements for local planning documents that are prerequisites for awards from individual State programs that could be consolidated into one plan serving a number of agencies and programs.

The Office of Government Efficiency should, statutorily, be allocated funds, not to exceed two-million dollars annually from the Regional Performance Incentive Account as established under Section 4-66k of the General Statutes in the furtherance of its mission to ensure that it has the capacity to deliver results.

⁷ Adopted from February 28, 2011 Presidential Memorandum--Administrative Flexibility issued by President Barack Obama

4. **Flexible school governance is essential to the function, sustainability and excellence of public education** (*Legislative Action Required*)

Connecticut has not had a new regional school district since 1987. There are 17 regional school districts in the state, providing education to students in 47 towns. “The laws governing the formation of regional school districts (CGS §§ 10-39 to 10-63t) are derived from a law passed in 1941 that allowed towns to establish regional high schools (CGS 1941 Supplement, § 131f). Regional elementary schools were authorized in 1945 (1945 Supplement, § 196h).⁸ Of the 17 districts, two were established prior to 1950, 12 between 1950 and three after 1970, two before 1950, and three after 1970 - the last regional school district was created in 1987. Regional district representation is based on population - not one town one vote. This has resulted in many smaller communities being reluctant to participate due to a diminished voice in expenditures and other matters. Options that incentivize cooperative/shared arrangements are limited at present.

- a. **Provide districts with a wider array of governance options** that would successfully address the typical challenges that cause towns and districts to back away or not consider regionalization. For example, expand the definition of what a school district is. Give towns the authority to create flexible cooperative agreements under 10-158(a) and recognize such agreements as a school district. This keeps the local boards of education intact (although they could be made smaller), maintains local fiscal controls, and gives all towns in the partnership an equal voice as to the direction of their school district. If circumstances change, the partners will have the flexibility to adjust — something they don’t have the authority to do in a traditional regional school district as defined by the state. The RPIP account, to facilitate flexible school district governance, could be used to pilot or for transition costs.
- b. **Enable regional school districts that have diminished enrollments resulting in decreased opportunities for students and disproportionately high tuition rates to initiate a comprehensive study regarding options to dissolve or reconstitute** (add or delete grades to a regional system) their regional arrangement by a majority vote of the districts/towns involved; the current law requires a unanimous vote of each town. Dissolution of or withdrawal from a regional school district happens in a similar manner to formation of a regional district. A study committee is formed and, if recommended, the subject of dissolution or withdrawal is put to simultaneous referenda in each of the involved towns. For the regional district to be dissolved, or for one or more towns to leave the regional district, all towns must vote affirmatively. The dissolution process cannot be initiated for at least three years after either a district is formed or a previous dissolution attempt. The further intent is to allow either most of the participating towns’ legislative body or boards of education, to initiate this process.
- c. **Enabling legislation be adopted granting voters in towns belonging to regional school districts the statutory authority to establish regional finance boards** by a region-wide majority vote. Members of regional finance boards would be appointed from local Boards of Finance to oversee the regional school district budget approval process⁹.
- d. **Amend the school building project grant process** (Section 10-283) to require that the grant be reviewed and approved by the Department of Administrative Services in consultation with SDE on any proposed school building project. Additionally, adding new requirements that such projects include

⁸ Office of Legislative Research Report 98-R-1158 Original Rationale for Regional School Districts

⁹ Legislative Program Review & Investigations Committee -Regional School District Governance DECEMBER 2002 - Recommendation

“efforts made by such board to collaborate with other local or regional boards of education to reduce under-enrollment in the schools under the jurisdiction of such board and documentation that the application meets evidence-based practices on a school's size, enrollment and academic program, and documentation of the existing condition of the building that is the subject of a renovation, alteration or extension application”

5. Collaborative regional programs are needed to help local school districts provide cost effective and efficient high quality services for Special Education *(Legislative Action Required)*

More than any other cost, Special Education is recognized as the most volatile and costly burden on local taxpayers. While many aspects of these services should still be offered through local school districts, the cost and volatility of these services needs be driven downward through state action, including but not limited to:

- Statewide cost standards for all outplacement facilities
- Coordination of transportation and other services through the RESCs
- Reversal of the regulatory “burden of proof” standards in contested IEP cases, consistent with 40 other states
- Exploration of a “Reinsurance Fund” among school districts that would stabilize annual budgets¹⁰.

Additionally, collaborative regional programs are needed to help local school districts provide cost effective and efficient high quality services for some of the most challenged youth while maintaining the requirements and intent of state and federal law to provide services to students with disabilities in the “least restrictive environment.” Based on a statewide survey of special education services and programs, conducted pursuant to Public Act 15-5 Sec. 284, the following recommendations are suggested:

- Provide incentive funds** - established in each RESC region for regional diagnostic/intervention programs for students with social emotional, mental health, and behavioral challenges. The programs can be sustained through cooperative arrangements between member districts once established. While many districts have in-district programs designed to meet the needs of specific populations of students with disabilities, there is a need for more collaborative, small, regional programs to provide these solutions. RESCS can facilitate sustainable regional programs with local school districts.
- Develop an electronic regional student transportation tool for students and students with disabilities** – An electronic on-line system for districts to share non-identifiable student information on transportation routes for the purpose of sharing rides to out of district programs should be established. The information could be analyzed by each RESC for the purpose of proposing regional transportation solutions.
- Create a task force to study special education Excess Costs funding** – A Task Force created by the Legislature in consultation with the state Department of Education should examine the current model of state reimbursement when the cost of a student’s special education services exceeds 4.5 times the average per pupil educational cost of that school district to determine the need for a different reimbursement rate for in-district and regional collaborative programs.

6. Pilot and incentivize shared/regional services to foster real change *(Legislative Action Required)*

¹⁰ Source: Governor Lamont's Shared Services Transition Team

- a. **Pilot funding**, through the RPIP, for RESCs or COGs to assist smaller towns and school districts (need to define) which may have the challenge of providing the same quality of services as larger districts due to capacity and fiscal challenges.
 - Priority should be given to facilitate the full embrace of UCOA (Unified Chart of Accounts)
- b. **Pilot funding**, through the RPIP, to assist with planning as well as funding for the transition from school districts into a single or shared school district. The planning element should include a cost benefit analysis to ensure that any such change will realize tangible educational improvements and long-term savings in terms of the operations of the new district compared to the former districts.
- c. **Reward town governments and school districts** participating in collaborative or regional cost-sharing programs by returning savings realized through each service to the participating towns/districts to be utilized for direct town or classroom expenditures. This incentive system will effectively disseminate the cost-sharing programs throughout the state without municipalities believing that money is being taken away from local budgets.

Other Recommendations:

Legislative Action Required:

- 1. Require Plans of Conservation and Development, at each level, to include sections on regional efficiencies and education.** Modify existing statutes (Sections 16a-27, 8-35a and 8-23) related to the preparation of the State, Regional and Municipal Plans of Conservation and Development to include two additional elements. One addressing education from the perspective of examining regional efficiencies and educational opportunities for state, regional and local plans and the other addressing town governance for town POCDs. The SDE, RESCs and local boards of education will have to be brought into the POCD process for this to work.
- 2. Provide inflation adjustments for the minimum value of projects requiring competitive bidding.** Each RFP/bid requires extensive time on the part of the unit of government and the vendor and can add months to the purchasing process. Costs are seldom static and our systems should be responsive/flexible to that reality.
- 3. Allow municipalities and school districts to piggyback on other state and local and federal government contracts for purchasing.** Piggyback cooperatives is a form of intergovernmental cooperative purchasing in which an entity will be extended the same pricing and terms of a contract entered into by another entity. Generally the originating entity will competitively award a contract that will include language allowing for other entities to utilize the contract, which may be to their advantage in terms of pricing, thereby gaining economies of scale that they would otherwise not receive if they competed on their own.¹¹ This option will save both time and money.
- 4. Enable School Districts and municipalities to Utilize Reverse Auctions in Contract Bidding** in competition with each other instead of just submitting a single bid. A reverse auction is a process for pricing contracts supported by an electronic tool where offerors bid down, as opposed to the traditional auction which requires buyers to submit sequentially higher bids, the main goal of which is to drive prices downward. Offerors are given the opportunity to continually revise their prices during the bidding process until the auction closes. Multiple benefits have been identified in connection with the use of reverse auctions, including the following: price reductions, enhanced competition and significant small business participation.
- 5. Provide a pathway for municipalities to modernize multiple local units of government within their borders.** Connecticut has 633 local units of government. While this number is on the low side nationally, it results in confusion and inefficiency locally. Currently, there is not a statutory process for a municipality to initiate actions to share common administrative functions, make uniform audit procedures/requirements or to consolidate or reorganize local units of government. Legislation is needed to enable municipalities to pro-actively address this issue.
- 6. Enable Two or more contiguous municipalities for the creation of a Municipal Consolidation Study Commission.** Should one or more towns wish to explore the possibility of consolidation there is currently no statutory mechanism in statute for such an undertaking.

¹¹ National Institute of Government Purchasing

7. **Maintain or strengthen state agency capacity to foster shared services.** Currently, the capacity of OPM, SDE, DOT and other agencies are limited or strained. In the next few years Connecticut may/will experience a significant number of state employee retirements. This capacity drain will have a significant adverse impact on municipalities, business and residents if it is not immediately addressed.
8. **Require each regional education service center to submit an annual report** (the same as regional COGs must do), in accordance with section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to education, planning and development and finance, revenue and bonding, and to the secretary of OPM. The report should:
 - summarize the expenditure of all grant funds,
 - describe any regional program, project or initiative currently provided or planned by the RESC,
 - review the performance of any existing regional program, project or initiative relative to its initial goals and objectives,
 - analyze the existing services provided by member districts or by the state that, in the opinion of the RESC, could be more effectively or efficiently provided on a regional basis, and
 - Share best practices on developing and strengthening collaborative labor-management practices in order to maximize efficiencies and facilitate regionalization of services. This item should be incorporated into the current COG annual reporting requirements.
9. **Require ACIR to annually compile a representative sample of fiscal impact statement completed for all laws passed by the general assembly related to municipalities** and enacted into law in the preceding year to determine the actual net additional cost to school districts or municipalities from any new or expanded program or service that school districts or municipalities would be required to perform or administer under a new law. The commission shall compile a report regarding the actual fiscal impact of laws enacted during the year covered by the report and forward those results to the governor, the leadership of the House and Senate, the Chairs and ranking members of the Finance Revenue and Bonding Committee and the chairs and ranking members of the Appropriations Committee. As used in this section, "net additional cost" means any cost incurred or anticipated to be incurred by a school district or municipality in performing or administering a new or expanded program or service required by a state law other than any of the following:
 - A cost arising from the exercise of authority granted by a state law rather than from the performance of a duty or obligation imposed by a state law;
 - A cost arising from a law passed as a result of a federal mandate.
10. **Require ACIR to annually or as requested recommend to the secretary focus areas for the use of regional performance incentive program funds as may be available.** The secretary should be directed by statute to give priority to grant proposals consistent with the focus areas established by ACIR to a regional council of governments, a regional educational service center or any combination thereof for the purpose of administering any such proposal.
11. **Amend RPIP to require, with a waiver option for the Secretary, a cost share element for grantees.** Currently, RPIP recipients have no "skin in the game" financially - the proposed change would sharpen applications and local interest.
12. **Enable and foster Regional Housing Reform**

- Modify Section 8-384 to enable regional housing councils to be a subset of regional councils of governments. Currently the state has authorized “regional” housing councils. This proposal would consolidate such councils into nine which would be the same geographically as the COGs. It would add a requirement that each regional housing council act in accordance with the Connecticut Consolidated Plan for Housing and Community Development, Connecticut Plan of Conservation and Development, Regional Plan of Conservation and Development for the region covered by the regional council of governments. The proposal also adds a requirement that housing councils assist groups with housing redevelopment as well as development.
 - Modify Section 8-387 to allow COGs Housing Infrastructure Fund. This initiative would enable COGs to access this fund for housing.
 - Modify Section 32-329 to allow that a region may apply for financial assistance. This initiative would enable COGs to access this fund for housing.
- 13. Enable COGs to apply discretionary grants currently only available to municipalities** by amending Sections 4-66g, 4-66h, 4-66m, 32-329, 8-387 and other discretionary grants currently only available to municipalities. This modification would enable towns, through their respective COGs or RESCs, to apply for state funds as a region - promoting better coordination of funds between towns and fostering regional solutions.
- Amend Section 4-66g to **enable COGs to apply for STEAP**. This modification would enable towns, through their respective regional council of governments to apply for Small Town Economic Assistance Program (STEAP) funds - promoting better coordination of funds between towns and fostering regional solutions.
 - Amend Section 4-66h to **enable COGs to apply for Main Street funding**.
 - Amend Section 4-66h to **enable COGs to apply for Inter-town Capital Equipment Funds**
- 14. Modify Sections 32-326, 327, 328 to enhance regional economic development** - which are intended to promote economic diversification, stability and growth through the effective investment of state funds in alignment with the Comprehensive Economic Development Strategy (CEDS) Process established by the federal Economic Development Administration. Connecticut can, by statute have up to nine CEDS regions in alignment with the COG boundaries. Connecticut currently takes a one town at a time approach to economic development - often without regard to the regional impacts of such an approach. This change would better ensure a regional approach to economic development.
- 15. Change local appointing authority for zoning enforcement, building inspection, fire marshal to the Municipal CEO.** In each specific case cited the intent is to make all persons employed by a municipality subject to the same rules and obligations as any other municipal employee. There is **no** intent or support to politicize these positions in terms of their functional responsibilities or qualifications for their service.
- Modify Section 8-3 to change the appointing authority for ZEOs from zoning commissions to the town itself. Current law hinders the ability of non-charter towns to operate their towns in an efficient manner. In the case of the ZEO with the appointment in the control of the zoning commission and the employment being a responsibility of the town - a place of confusion and conflict results that should be corrected.

- Amend Section 29-260 regarding the appointment of a building official. Current law requires that a local building official be appointed for a four-year period. The statute further delineates the way a building official may be removed. The current system works against efforts to consolidate and/or regionalize this service. There is currently no reasonable purpose to justify the system for removal of a building official in current statute.
 - Amend Section 29-297 regarding the appointment and/or replacement of a local fire marshal. The proposed change makes the chief executive officer of a town the appointing authority of a local fire marshal. The statute should be further amended to require that the termination or replacement of a local fire marshal be made for cause and in coordination with the State Fire marshal's office.
- 16. The Transportation Institute at UCONN should develop metrics that measures the efficiency or efficient use of public funds for student transportation.** The transportation of students is one of the major costs incurred at the local level. Connecticut does not have a metric that measures the efficiency or efficient use of public funds for student transportation. The goal would be to create a methodology for the use of funds by school districts that reflects actual costs while at the same time builds incentives for the efficient use of resources. The objective is to identify a common metric for each school district and others providing pupil transportation.
- 17. Modify how local transportation projects, using state funds, are administratively addressed** by incorporating the LOTCIP program approach for such programs as Town-Aid-Road, Connectivity Grants and the Local Bridge Program.
- 18. Funding from the regional planning incentive account**, established under section 4-66k of the general statutes, administered by OPM should be based on a work plan approved by OPM and consistent with priorities set by ACIR. This account, as originally intended, should only be available to support regional councils of governments, Subsection B of Section 4-66k should be amended to remove the bonus funds for those regions that voluntarily consolidated - and replaced with an equitable funding base, determined by OPM, on the need of each regional COG to provide basic regional services to its respective member towns.
- 19. Require the governor to identify regional and/or shared initiatives in each budget presentation** by modifying Section 4-72. Statutorily the governor is required to prepare the proposed budget in accordance with specific elements as defined in statute. This proposal would require an explanation of program changes for regionalization.
- 20. Overriding Unnecessary Obstacles** - To the extent state and local governments have provisions that might otherwise block common sense reforms, the legislature should eliminate them. Examples include:
- Local charters that inadvertently may prevent consolidations with other towns or town departments; and
 - Statutory mandates that require local reporting or specify methods of service delivery without any identifiable purpose¹²
- 21. Bifurcation of Local Taxing Authority** – Municipal bodies and boards of education would each set their own mill rates and levy their own property taxes. This is the standard in all but a few states nationwide,

¹² Source: Governor Lamont's Shared Services Transition Team

and this change will create greater visibility into the costs of providing local education, and enable greater flexibility to local boards in implementing their own efficiency measures.¹³

22. Diversification of Local Revenue Sources – Exclusive reliance on property taxes for local revenue is regressive for all taxpayers and untenable for major cities whose property tax base cannot sustain reasonable service delivery costs. While local sales and income taxes would provide more progressively in our tax system, they may not impact the overall tax burden.

- Increasing the basis for service fees beyond the cost of providing the service;
- Abolishing local taxing districts that encourage inefficiencies; and
- Enabling greater use of regional tax strategies for specified economic development purposes (e.g. Regional Asset Districts, etc)¹⁴.

Administrative Action Required:

23. ACIR should develop and must articulate vision and values for municipal services and the relationship with the state

Some initial elements might include effectiveness, efficiency and responsiveness. In conducting this work, ACIR should identify and celebrate examples of where trust has been built (along with other factors) to advance larger scale shared services efforts in the state. Further, ACIR must examine a strategy for shared services vision, culture and leadership for the state for the long term to advance shared services. Take in the work of other states that are working in this area. Consider training in transformational change in relation to shared services. One management expert has proposed eight stages for transformational change (Kotter 1996, <https://www.kotterinc.com/8-steps-process-for-leading-change/>).

- Establish a sense of urgency
- Form a powerful coalition
- Create a Vision
- Communicating the Vision
- Empowering others to act on the vision
- Planning for and creating short term wins
- Consolidating improvements and producing still more change
- Institutionalizing new approaches

24. Assign a representative of the Commissioner of SDE to attend the regular or special meetings of the RESC Alliance. OPM currently does this with the regional COGs and it makes for a convenient avenue to communicate on a statewide basis with just one meeting.

25. The RESCs and the COG directors should be convened as a standing committee to ACIR to better ensure the understanding, coordination and development of regional programs. The six RESC directors and nine regional COG directors should (administrative action) be convened as a standing committee to the Connecticut Advisory Commission on Intergovernmental Relations (ACIR) to share polices and programs to better ensure state/regional understandings of various programs

¹³ Source: Governor Lamont's Shared Services Transition Team

¹⁴ Source: Governor Lamont's Shared Services Transition Team

26. **Fund a research project through the Connecticut Transportation Institute at the University of Connecticut to study how local school districts can reduce costs by increasing efficiencies in the provision of student transportation, including but not limited to the development of a statistical evaluation of efficiency model, using linear programming, for local school district student transportation operations.**
27. **Require that the use of public funds for education transportation be based on a measurable system predicated on efficiency.**
28. **DAS establish an advisory municipal committee from COGs, RESCs, CABA, GFOA-CT, CASE, CEA, Municipal Employee Unions, CCM, COST and others for needed/anticipated procurements.**
29. **ACIR should study and make recommendations for the overhaul of Title 7 with an emphasis on making it a model for the efficient delivery of services.** OPM, with input from ACIR should overhaul Title 7 with an emphasis on making it a model for the efficient delivery of services and should specifically create an algorithm for special service districts, schools, municipalities or other agencies to consolidate and seek, legislatively, a sunset provision for all existing and newly formed service districts.
30. **OPM should, as the budget/policy arm of state government require state agencies to partner with each other, sharing information and back-end databases to give citizens a more convenient, seamless (inter and intra) experience.**
31. **In consultation with, ACIR, the University of Connecticut School of Public Administration and the Government Finance Officers of CT (GFOA), develop a best practices guide for local budgeting as well as providing an educational outreach program using the COGs as regional education centers) for the delivery of such information, including but not limited to:**
 - The development of annual budgets with up to five-year projected budgets;
 - Locally defensible reserve policy depending on community size
 - How to calculate the maximum amount of debt and debt service that should be outstanding at any one time as part of the local budget process
 - A methodology for towns to determine their equitable tax capacity (that portion of resident income that can be allocated to property tax, based on (regression analysis of norms - assessment distribution, age distribution, income distribution and current tax burden)
 - A methodology for towns to quantifying structural deficits by defining impacts in terms of operating standards, defining minimum duration versus short term fluctuation, determine potential solutions, Using a multi-year plan to identify and track structural deficits
32. **Amend the current Fiscal Indicators Report for the effective use of data measures to inform improvement of municipal operations and service delivery** - including any data mentioned above (31 or other data developed that would be beneficial in an aggregated and comparable form.
33. **ACIR should study ways to complete the State Budget that better allow the municipal budget to be a predictable process**

