

Local Government of the Future Subcommittee Advisory Commission on Intergovernmental Relations

Tuesday, October 25, 2022

Note: This document is ACIR staff notes written during this subcommittee meeting. It is a public document and has been provided to meeting participants for their review and revised in accordance with any comments received but is not approved minutes of the meeting.

The agenda is available at:

<https://egov.ct.gov/PMC/Agenda/Download/13608>

The meeting recording is available at:

https://portal.ct.gov/-/media/ACIR/Meetings/2022/2022-10-25_ACIR_LGF_Audio.mp3

ACIR Members present: John Filchak, Matt Hart, Martin Heft, Jim O’Leary, Brendan Sharkey

Other participants: Rick Porth

ACIR staff: Bruce Wittchen

1. Call to order

Commission chair Sharkey called the meeting to order at 10:36.

2. Review of [9/27/2022 LGF notes](#) and [draft 10/7/2022 ACIR minutes](#), if helpful for discussion

There were no comments or questions about the minutes.

3. Local Government of the Future (LGF) Initiative

- Maximizing federal funds through COGs and RESCs

Commission chair Sharkey mentioned [Commission member Pickering’s presentation](#) at this month’s ACIR meeting on the topic of maximizing federal funds and of members’ interest in options to maximize federal funding, including options for the 2023 legislative session and changes in agency policies and procedures. Perhaps the Governor’s Office could raise the latter in meetings with agency heads. Commission member Heft said he was unaware of that being brought up in OPM’s meetings with commissioners, but a roundtable discussion approach might move this forward. Commission members Heft and Hart discussed options for the ACIR to encourage that.

Commission chair Sharkey said the ACIR could develop a set of recommendations for administrative action, vote on them, and take them to the administration. Commission vice chair Filchak said the legislative process used to be more deliberative, with bills directing agencies to develop regulations based on clearly stated legislative intent. The loss of that structure and clear intent makes it difficult for agencies to implement legislation. He noted that what is now passed in big implementer bills would have been in multiple bills, each debated individually. He does not see how the ACIR could get involved and Commission chair Sharkey agreed.

There was a discussion of how the ACIR should proceed with the federal funding topic. Commission chair Sharkey recommended developing recommendations with Commission member Pickering for the next meeting of this subcommittee. Commission member O’Leary suggested providing the preliminary

concept to the administration to get them thinking about it and then spend more time on it. It should be kept simple.

There was a discussion of the ACIR convening discussions at a higher-level. Commission vice chair Filchak questioned what funding the state loses out on and recommended fleshing this out further. He added that he hasn't seen evidence of losses experienced by the state due to the lack of counties. There was a discussion of the state getting back less from the federal government than nearby states. Commission member Heft said we need a better way to leverage state dollars. Commission chair Sharkey recommended developing specific recommendations within Commission member Pickering's presentation and bringing this to officials following the election.

- Assessing effectiveness of certain local reporting requirements to the state

There was no update.

- Property Tax Restructuring
- ACIR Book Club

Commission chair Sharkey described the topics related to property tax restructuring that have been covered by the book club. Tomorrow's discussion of a [tax equity report](#). See previous weeks' readings:

- http://www2.housedems.ct.gov/MORE/RegEnt/pubs/A_State_Divided_Part_II.pdf
- http://www2.housedems.ct.gov/MORE/RegEnt/pubs/State_Options_for_Promoting_Cost-Efficient_Local_Government.pdf
- <http://www2.housedems.ct.gov/MORE/RegEnt/pubs/neppcrr1301.pdf>
- <https://cga.ct.gov/2009/rpt/2009-R-0297.htm>
- <http://www.ctprobate.gov/Documents/2010%20Annual%20Report.pdf> (restructuring discussion is on pp. 2-6)
- https://portal.ct.gov/-/media/SDE/Special-Education/Summary_Report_Special_Act_11_9.pdf?la=en
- <https://www.bostonfed.org/publications/new-england-public-policy-center-research-report/2021/reforming-connecticuts-education-aid-formula-to-achieve-equity-and-adequacy-across-school-districts.aspx>
- <https://www.capss.org/capss-blueprint-update/capss-update-a-blueprint-to-transform-connecticuts-public-schools>
- <https://schoolstatefinance.org/reports/history-of-school-finance-in-connecticut>
- <https://schoolstatefinance.org/reports/improving-how-connecticut-funds-special-education>
- <https://ctschoolfinance.org/reports/distributing-non-education-state-aid-to-municipalities-through-a-needs-capacity-formula>
- <https://www.bostonfed.org/publications/new-england-public-policy-center-research-report/2015/measuring-municipal-fiscal-disparities-in-connecticut.aspx>
- <https://www.ccm-ct.org/Advocacy/This-Report-Is-Different>
- https://cga.ct.gov/fin/tfs/20200201_Task%20Force%20to%20Promote%20Municipal%20Shared%20Services/20200129/Final%20Report.pdf

Commission chair Sharkey said recommendations will be developed following the election. He said people raised a number of good ideas and it is likely that some of the resulting recommendations will be administrative, others will be legislative. He added that there will be a unique opportunity to engage with the Governor if he is re-elected and DRS Commissioner Boughton will likely have a greater role. He added that this concept can be a legacy initiative for either candidate. He is thinking about how to

present it and Comm. Boughton believes Gov. Lamont will embrace a phased approach for structural change.

There was a discussion of the success of the book club approach and how much more effort will be necessary to complete the work. Rick Porth pointed out the scale of the problem to be addressed, explaining that property taxes generate \$11 billion annually and some have said that, to make a difference, it would be necessary to replace \$1 – 1.5 billion. The ACIR should compile a list of options for doing that. There was further discussion of the magnitude of what is necessary and of the significance of education and special education funding.

Commission member Hart asked if there has been any discussion of more cost-effective employee benefits. Commission vice chair Filchak described MA's system, in which benefits are portable, and he said that helps attract better employees. Rick Porth said the system in NJ is like MA's. Commission member Hart said CT's uncoordinated system is harmful from a financial and from an employee recruitment standpoint. Commission chair Sharkey noted that town officials commonly work with local insurance providers who they know for providing employee benefits, so proposing a change to CT's system will face resistance. The ACIR would need to show what other state's do and what can be saved.

There was a discussion of whether recommendations the ACIR develops regarding the maximization of federal revenues and about property tax restructuring should be woven together. There was general agreement that providing two sets of recommendations could lead to confusion. The group also discussed the fact that the property tax is the most reliable form of revenue for local governments and that if some is to be replaced by another source the alternative source must be reliable and not subject to being diverted by the state. The group decided to list all revenue ideas and that regressivity should be one of the factors to consider.

There was a discussion of having the ACIR convene the state's COG and RESC directors to gain their collective wisdom on various matters. Commission chair Sharkey recommended the ACIR roll its recommendations out to them and to statewide organizations. The ACIR could have a roadshow as the 2023 session begins. There was a discussion of the significant differences in activity and interests among the COGs and there were suggestions that state funding be based on each COG's level of activity and that towns be free to join the COG that is the best choice for them. It was noted that workforce issues are forcing local leaders to take a 2nd look at regional solutions but also that officials from different parts of the state have distinctly different perspectives on regional approaches. It also was pointed out that an individual COG or RESC could serve as a center of excellence for a particular service that would be available to all towns.

Commission chair Sharkey provided an overview of a schedule for bringing subcommittee and book club recommendations for consideration by the full ACIR, probably at the December meeting. Bruce Wittchen noted that the November meeting of the ACIR conflicts with a meeting on CT Public Sector Workforce Development, by the National Academy of Public Administration. Commission member Hart provided an overview of that meeting and Commission chair Sharkey said the ACIR will go ahead with its meeting on 11/4 but expecting limited attendance.

4. Future topics/research initiatives, if any

Commission member Hart asked if the ACIR has ever looked at municipal employee certification reciprocity with other states. He also asked about the possibility of using a regional approach to form a commission the state requires of municipalities, such as forming a regional fair rent commission. Commission member O'Leary said he did not recall the ACIR looking at those topics and Commission member Hart said the potential for a regional fair rent commission is being considered. Regarding the potential for reciprocity between states, he noted that rules for assessors change from state to state, but the concept is worth looking into. Commission member Filchak noted issues his COG's regional animal control program has encountered with cross-state certification and mentioned that they are considering regional wetland and ethics commissions. Local commissions have vacancies and some cannot get a quorum.

Commission chair Sharkey said it makes sense to take that on once the ACIR gets out from other things and Commission member Hart said there might be an opportunity to wrap it into those other things.

5. Next meetings

Upcoming meetings will be:

10/26/2022	ACIR Book Club
11/4/2022	ACIR
11/22/2022	LGF Subcommittee

6. Adjourn

The meeting adjourned at 11:50.

Notes prepared by Bruce Wittchen, OPM