



Advisory Commission on Intergovernmental Relations

June 26, 2020

To: The Honorable Melissa McCaw, Secretary of the Office of Policy and Management
Jonathan Harris, Senior Advisor to Governor Lamont
Paul Mounds, Chief of Staff to Governor Lamont
The Honorable John Fonfara, Chair, Finance, Revenue and Bonding Committee
The Honorable Jason Rojas, Chair, Finance, Revenue and Bonding Committee
The Honorable Kevin Witkos, Ranking Member, Finance, Revenue and Bonding Committee
The Honorable Christopher Davis, Ranking Member, Finance, Revenue and Bonding Committee
Members of the Finance Revenue and Bonding Committee
The Honorable Steve Cassano, Chair, Planning and Development Committee
The Honorable Cristin McCarthy Vahey, Chair, Planning and Development Committee
The Honorable Dan Champagne, Ranking Member, Planning and Development Committee
The Honorable Tami Zawistowski, Ranking Member, Planning and Development Committee
Members of the Planning and Development Committee

From: Lyle Wray, PhD, Acting Chair ACIR

Subject: CARES Act Funding Request

Overview

The Advisory Commission on Intergovernmental Relations (ACIR) is seeking \$100,000 in CARES Act funds to support new research and outreach to address the delivery of state and local services in response to the COVID-19 pandemic. This proposed work is predicated on (1) reducing costs, (2) increasing efficiencies (delivery and cost), (3) increasing transparency and (4) reducing fiscal and racial disparities.

The pandemic for all its disruption to “normal” government operations presents a transformative opportunity to change the way we do business as well as the outcomes for government service delivery and how decisions are made. Heretofore, there has been ongoing discussions and reports as to how state and local services could be delivered in a more efficient and equitable manner - but with limited follow through. The COVID-19 situation has laid bare the vulnerabilities of the current system and its inequities. Going forward, it will not be business as it was for either our state or our towns. To date, ACIR has identified multiple alternative service approaches in the Best Practices documents (19 to date) to how government services are delivered. While most of these are not new approaches (at least to other states) - they are new to Connecticut. It is our belief that we can make significant progress in a number of areas with research and outreach through the use of CARES Act resources.

ACIR has had the recent opportunity to meet with the University of Connecticut School of Public Policy and the University of Georgia about partnering with them to use their student resources for research on a range of topics pertinent to the COVID-19 pandemic and state and local services. Both institutions are highly motivated to work with ACIR to conduct in-depth research and analysis on a range of subjects we have identified.

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Research

ACIR is seeking funds to engage the University of Connecticut Department of Public Policy, the Department of Public Administration and Policy at the University of Georgia (there may be others in the future) through their respective graduate student internship programs to investigate topics from the following list:

1. Policies and practices to accelerate use of IT and administrative alternatives to support state to town communications and services - Including CostBenefit Analysis for transforming municipal services.

There is strong evidence that this adversely impacts efficiency, accountability, accessibility and more.

Governing Magazine, in a November 27, 2019 article states: “Government is 24/7. Data in real time and on demand is essential to running services efficiently and cost-effectively. Moving to automated processes to reduce paper is not just about the access you have to data and cost savings, it’s also about the people who are wasting time with paper every day.” Connecticut can lead in this area - this research initiative can move us toward that goal.

- Municipal IT applications: Virtual Inspections, Commercial or Residential Code Enforcement, On-Line Permitting, Digital Town Clerk Records
- State to town/city portal for all state agencies
- Paperless state-town interaction
- Public Access using virtual meeting technologies
- Options (IT and Administrative) for assisting small communities to adopt best practices in finance, HR and asset management software and services.
- Examine shared back office functions for cities and towns in terms of benefits and costs, barriers and implementation options.
- Provide specific examples, such as dog licensing which is rooted in the 1950’s or before on a town-by-town basis. It is paper intensive, inefficient and not justified.

2. 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. Connecticut is one of the most dependent state on the property tax to fund local functions. In a recent article published by the Tax Policy Collaborative, It’s 2020. It’s Time for Fundamental Reform in part it stated: “Connecticut’s over-reliance on the property tax as a revenue source is hitched to economic stagnation, education disparities, questionable land use decisions, and much more.” Research would include, but not be limited to:

- Town-to-town revenue sharing options including several examples tried in the state and identify possible ways forward;
- 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

3. Development of a “municipal-gap measure” for the distribution of state non-school grants. Such a formula should be constructed to allocate more state non-school grants to municipalities with larger municipal gaps as a means to mitigate local fiscal, educational, health, housing and racial disparities that are beyond the towns’ direct control.

- 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.”

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4. **Look at harnessing regional or shared services to address racial and economic disparities.** This would be a review of innovative approaches to reduce racial and ethnic disparities through new ways of doing shared services, land use decision making, housing and community engagement. Connecticut is a state of fragmentation in multiple ways - housing, politically, socially, racially, economically, financially and more. As we all know, there is no county system and it's really each town for themselves - which only exacerbates the issues. This research and discussion go beyond efficiencies. A major study for Cleveland Ohio on how regionalism could impact the African American community, in part states: "Regional efforts based solely on efficiency considerations (such as shared government services) might dominate early regional dialogues. However, efficiency based regional efforts often have little impact on deeper considerations of long term, quality education and neighborhood capacity building. Advocates for advancing opportunity for all in the Cleveland region will need to ensure that long term investments in people (through addressing inequities in educational and community resources, connecting people to opportunity, and managing inefficient growth) remain central to the regional development plan. Although equity issues will require significant energy, strategic communication and political capital to address, these issues are critical if the region wants to see region wide improvements in social and economic health, and not just marginal improvements in efficiency for local government."

ACIR Actions

1. **Adopting the Massachusetts Best Practices Model as a replacement for RPIP reviews to better implement best practices in local governments and regional services.** This would be an opportunity to identify and accelerate implementation of promising practices to better serve state residents. Massachusetts has in place a focused, results-based program to demonstrate the efficacy of best management practices for municipalities. Connecticut's current system conducted through the Regional Project Incentive Program (RPIP) could be given greater focus with such an approach. The COVID-19 crisis has taught us that we need probably need to have a greater focus on shared or regional programs that work.
2. **Updating the shared services ACIR work and key MORE Commission recommendations.** ACIR as well as the MORE (Municipal Opportunities and Regional Efficiencies) Commission have produced valuable reports and recommendations. ACIR would like one or more intern researchers to go through this material and work out details for possible implementation.
3. Begin (by 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.

Proposed Budget

Based on our discussion and understanding of intern cost, these research projects would employ approximately 10 interns, at an hourly amount of \$25. Each intern will need up to 300 hours to conduct their work -

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or \$7,500 estimated cost per intern. ACIR members will host individual interns in partnership with their respective university to ensure continuity of work and general oversight.

ACIR work would be conducted by regional COG staff working with OPM and ACIR. This work would consist of developing legislative changes (where needed) and outreach to municipalities.

The ACIR is requesting \$100,000 to cover the work identified.

We would appreciate your consideration of this request and would be happy to furnish any additional information that you would find necessary. Should you need additional information or would like to discuss this request, please contact: me at.

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Thank you.