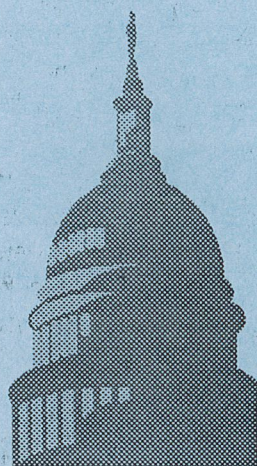


**COST ESTIMATES FOR SELECTED
STATUTORY MANDATES ON MUNICIPALITIES
IN CONNECTICUT**



a report by the
**Connecticut Advisory Commission on
Intergovernmental Relations**

February 1995

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Principal Author:
Mandates Cost Task Force

State Mandate Definition
Connecticut General Statutes

Sec. 2-32b(2). "State mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues, excluding any order issued by a state court and any legislation necessary to comply with a federal mandate.

ACKNOWLEDGMENTS

The Commission would like to thank the members of the Mandates Cost Task Force for their considerable time and efforts in putting together the costs for these selected mandates on their municipalities. The members of the task force are:

Michael A. Milone, Finance Director of Cheshire
Jeff Smith, Finance Director of Mansfield
Joseph A. Dolan, Finance Director of Wilton
Alan J. Desmarais, Finance Director of Manchester
Thomas Hamilton, Finance Director of West Haven
Edward B. Gomeau, Finance Director of Stratford
Angelo Sanquedolce, Finance Director of Norwich
William J. Hogan, Finance Director of Hartford
Peter Privitera, Budget Director of Hartford
Jerry Baron, Finance Director of Bridgeport
Todd Bendtsen, City of Bridgeport
Jack E. Miller, Finance Director of Norwalk
Jim Finch, City of Norwalk
Michele L. Weiss, Finance Director of Killingly
Ruth Beers, Finance Director of Stonington

The Commission would also like to gratefully acknowledge the assistance of Mike Lawson from the Connecticut Conference of Municipalities (CCM) and Geary Maher from The Office of Fiscal Analysis (OFA).

GENERAL FRAMEWORK

One of the requirements of P.A. 93-434 is that the Connecticut Advisory Commission on Intergovernmental Relations (ACIR) describe the costs of each mandate. Given the resources available to the Commission for researching over 700 mandating sections of the general statutes, the decision was made to prioritize by dividing the mandates into three categories based on their impact on municipal operating budgets. A team of local finance directors and other fiscal professionals, supplemented by a representative of the Office of Fiscal Analysis and the ACIR staff reviewed all of the sections to categorize each as either significant, moderate or minimal in effect. The definitions of each were:

significant	-	in excess of 1% of the operating budget
moderate	-	between 0.1% and 1%
minimal	-	less than 0.1%

Those determined to be moderate or minimal were labeled as such in the updated compendium. At this time no additional analysis has been undertaken for them. It should be noted that while individual mandates may be minimal or moderate in impact, their cumulative impact may well be very significant, even to the point of mandating or defining the essence of given jobs at the local level.

The twelve statutes initially characterized as significant were further considered by the group. A Fiscal Impact Assessment Team (FIAT), previously created by members of the Connecticut Government Finance Officers Association in conjunction with the Connecticut Conference of Municipalities, was convened and agreed to analyze the impacts of the significant mandates on their municipalities. While this does not produce statewide totals, it indicates the implications on specific municipalities, thereby painting a clearer picture than previously available. The mandates were divided into three groups and three to four municipalities analyzed each group. We basically attempted to have a variety of types and sizes of municipalities participate in each group.

We have attempted to combine the individual analyses with other available information to present generalized estimates of statewide cost implications of each mandate. All statewide estimates are measured against an estimated \$7 billion in total municipal operating budgets in Connecticut for 1994-95, projected from U.S. Census data and Fiscal Indicators for Connecticut Municipalities, an annual publication of the Connecticut Office of Policy and Management.

Each mandate analysis is based in part on assumptions determined by the professional finance directors. In making these assumptions, they have attempted to utilize a balanced approach, neither maximizing nor minimizing the costs of the mandates. In projecting the statewide implications, we have also attempted to balance the assumptions, providing a broad range of estimates where appropriate, and definitive numbers where available.

We must emphasize that measuring the costs of mandates does not necessarily translate into potential savings if those mandates were to be eliminated. For example, eliminating binding arbitration would not eliminate the present costs of past collective bargaining/binding arbitration decisions or settlements. It might, however, allow for the avoidance of some future costs which otherwise might face municipalities. On the other hand, some do suggest immediate savings such as eliminating the general assistance mandate.

Mandate cost estimation is not an exact science. These cost estimates are valuable in identifying the broad context of mandate costs. They are intended to assist in policy development and are not intended to identify very specific costs. In addition to the fact that assumptions can vary, individual mandates vary in implications in different municipalities. We urge the users of these analyses to use them with caution and to consider other perspectives and points of view as well.

This report does not attempt to deal with the important, but separate, policy questions of whether any particular mandate is desirable or not, which level of government and which kind of tax should pay for the costs of the mandate, or whether the mandated activity could feasibly be eliminated or diminished if the mandate were repealed or modified. Those questions will continue to be the subject of ongoing discussion and debate among all involved parties.

Lewis B. Rome
Chair

David W. Russell
Executive Director

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Summary Of FY 1995 Estimated Statewide Cost Of Certain State Mandates On Municipalities

<u>Mandate</u>	<u>Estimated Direct Cost</u>	<u>Percent of Total Operating Budgets</u>
<u>Maintain Schools</u>		
Total Cost	\$2.5 billion	36.1%
Minimum Expenditure	\$1.3 billion	19.0%
Special Education	\$380 million	5.4%
School Transportation	\$83 million	1.2%
Teacher Negotiations/Binding Arbitration	\$140 - 330 million* \$30 million per percent**	2.0 - 4.7% 0.4%
Minimum Expenditure Requirement(MER)	\$1.3 billion	19.0%
Property Tax Exemptions	\$670 million	9.6%
Public Employee (General Gov't.) Bargaining	\$20 - 36 million	0.28 - 0.52%
General Assistance	\$40 million	0.6%
Heart & Hypertension	\$10 - 17 million	0.15 - 0.24%
Prevailing Wage	\$28 - 91 million	0.4 - 1.3%
Solid Waste / Recycling	Not Applicable	Not Applicable
Maintain Roads	\$28 - 70 million	0.4 - 1.0%
Totals - using minimum education expenditure (all other education mandates are subsets and are not separately included in totals)	\$2.1 billion - \$2.2 billion	30.4% - 32.3%

* Cumulative impact based on contract cost differences over a ten year period (retrospective view).

** Each percent of increase in teacher/school administrator contracts equals approximately \$30 million statewide (prospective view).

Town to Maintain Schools and Length of School Day

Statutory Reference: 10-15; 10-16; 10-220

Summary of Responses

Since the state constitution and the general statutes require the state to provide public education, all non-reimbursed local education expenses could be considered as mandates on municipalities. Gross education expenses are almost universally in excess of 50% of local expenditures, and are more than 75% in some communities. State aid accounts for approximately 35%-40% of total education expenses, and this mandate accounts for approximately 25%-50% of all local net expenditures for the four sample municipalities. The cost figures used in each of the municipal analyses are net of state aid.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Killingly	\$7,677,193	24.6%
Mansfield	\$8,643,927	40.6%
Norwich	\$15,143,209	20.9%
Stonington	\$15,558,562	50.5%

Statewide Projections

In order to get FY 1995 projections in the sample returns shown below, we adjusted any budget figure that was not FY 1995 by 3% per year. Projected to 1994-95 from FY 1994 State Department of Education figures, net education expenditures for all municipalities are \$2.5 billion.

Another way of looking at the cost of this mandate is to measure the statewide minimum expenditure requirement, that is, to take each municipality's MER and multiply it by its need students. For 1994 - 95, that figure is \$2.6 billion, and net of state reimbursement the final amount is \$1.3 billion.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Est. for all municipalities	\$2.5 billion	36.1%
Statewide MER	\$1.3 billion	19.0

Town to Maintain Schools and Length of School Day

Municipality: Killingly

Fiscal Year: 1994-95

Estimated Direct Cost: \$7,677,193

Direct Cost as a % of Operating Budget: 24.6%

How Cost was Determined: Costs are as reflected in the 1994-95 Board of Education budget. The State of Connecticut reimburses Killingly approximately 64% of its total education budget.

Estimated Indirect Cost: In addition to the education budget, Killingly services \$525,800 in debt for school facilities. This amount is net of the applicable school building grants.

If Mandate were Eliminated: If these mandates were eliminated, Killingly would continue to operate its schools unless the State of Connecticut completely look over the responsibility. If the town continued to operate the schools, the method and service level to be provided would be under closer scrutiny.

Town to Maintain Schools and Length of School Day

Municipality: Mansfield

Fiscal Year: 1993-94

Estimated Direct Cost: \$8,392,162

Direct Cost as a % of Operating Budget: 40.6%

How Cost was Determined: Costs were taken from the Town's Comprehensive Financial Annual Report for the year ended June 30, 1994. The figure is a net cost based on a 38% reimbursement from the state.

Estimated Indirect Cost: Other primary municipal functions - Public Safety, Public Works, Community Services (Library, Recreation, Senior Services) - are often underfunded in order to cover the Town's commitment to quality education.

If Mandate were Eliminated: Mansfield would have no difficulty funding from the local property tax base, the other primary responsibilities of local government.

Other Comments: This is the largest mandate imposed upon local government by the State. The mandate is unique in that Article 8 of the State Constitution makes free public education a State responsibility. In that respect the municipal share of funding local schools is a form of reverse revenue sharing. That is, local governments are providing grants to the State to assist it in carrying out its constitutionally mandated obligation.

Although educational support from the State to local governments has increased over the past four fiscal years by 11.7 percent, inflation in the same period has increased by approximately 14.3 percent. Real support for education has therefore declined by roughly 2.5 percent. (CPEC Budget Watch Nov. 1994; Consumer Price Index, U.S. City Average).

Town to Maintain Schools and Length of School Day

Municipality: Norwich

Fiscal Year: 1994-95

Estimated Direct Cost: \$15,143,209

Direct Cost as a % of Operating Budget: 20.9

How Cost was Determined: The 1994-95 Regular Education Budget expenditures net of State Grants Receivable, was applied against the 1994-95 appropriated budget.

Estimated Indirect Cost: Due to the State formula changes in funding Educational Cost Sharing (ECS), School Transportation and Special Education, capital funding has been reduced to provide quality education at a consistent level.

If Mandate were Eliminated: If the statutory requirement outlined in 10-15, 10-16, and 10-220 were eliminated we would still provide the services, although differently or at a reduced level.

Town to Maintain Schools and Length of School Day

Municipality: Stonington

Fiscal Year: 1994-95

Estimated Direct Cost: \$15,558,562

Direct Cost as a % of Operating Budget: 50.55%

How Cost was Determined: The statutes require municipalities to provide public schools, including kindergarten, for at least one-hundred eighty days, with certain exceptions, determine the length of the school day and describe the duties of Boards of Education.

The 1994-95 Regular Budget Education expenditures net of State Grants Receivable, and the Capital and Debt Service Expenditures net of School Building Grants receivable were totaled and applied against the 1994-95 appropriated budget to arrive at the direct costs as a percentage of operating budget.

Estimated Indirect Cost: With seventy-nine percent of the education budget being salaries and fringe benefits, the tremendous increase in salaries over the Consumer Price Index (CPI) is due mainly to implementation of the Education Enhancement Act and the impact of binding arbitration which have been quantified under a separate mandate.

Due to the State formula changes in funding Educational Cost Sharing (ECS), School Transportation and Special Education, Stonington has been a position where it has practically decimated its capital funding to provide quality education at a consistent level. Implementation of new programs and updating of technical resource materials and equipment have been postponed for the last several years in an effort to contain tax increases and maintain a constant service level. Between 1991 and 1993 a total of ten full-time positions in General Government and eleven full-time positions in education were eliminated to absorb the impact caused by the change to the ECS formula.

If Mandate were Eliminated: If the statutory requirement outlined in 10-15, 10-16, and 10-220 were eliminated, it is conceivable that schools would eliminate kindergarten and reduce the length of the school year; however, given the current emphasis upon early childhood education and the press towards longer school years and days, it would seem that elimination of these requirements would, in reality, have no effect.

Special Education

Statutory Reference: 10-76d, 10-76dd and 10-76h

Summary of Responses

This mandate, a subset of the overall education requirement, has been analyzed by the participating municipalities as including the entire net cost of special education to municipalities, although a significant portion of the mandate is required by the federal government. Nevertheless, special education imposes significant costs on municipalities, representing 5.4% of statewide municipal operating budgets estimated to be \$7 billion for FY 1995. The sample towns costs were taken from their end of the year school reports and are net of state reimbursements.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Killingly	\$1,667,626	5.3%
Mansfield	\$757,283	3.6%
Norwich	\$2,412,955	3.4%
Stonington	\$1,785,351	5.8%

Statewide Projection

In order to get FY 1995 projections for the sample returns shown below, we increased any prior budget figure by 3% per year. Projected to 1994-95 from FY 1994 State Department of Education figures, the net special education expenditures of Connecticut municipalities is \$380 million.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Est. for all municipalities	\$380 million	5.4%

Special Education

Municipality: Killingly

Fiscal Year: 1994-95

Estimated Direct Cost: \$1,667,626

Direct Cost as a % of Operating Budget: 5.3%

How Cost was Determined: Costs are reported on ED001, Schedule 3 for 1993-94. The State of Connecticut reimburses Killingly approximately 56% of its special education expenses.

Estimated Indirect Cost: Special education mandates place an enormous burden on the education budget as the above figures illustrate. The burden has become even more pronounced over the years due to the sky rocketing teacher's salaries resulting directly from the Educational Enhancement Act. Reductions in the education budget as a result of the budget adoption process have meant that regular education programs see a disproportionate share of cuts.

If Mandate were Eliminated: If this maintain were eliminated, Killingly would have more control over the method and level of service to be provided to its special education students.

Special Education

Municipality: Mansfield

Fiscal Year: 1993-94

Estimated Direct Cost: \$735,226

Direct Cost as a % of Operating Budget: 3.6%

How Cost was Determined: The cost was derived from Mansfield's ED001 (End of Year School Report for 1993-94). It also includes Mansfield's share of Special Education Costs attributable to Mansfield at R-19 High School. The State reimburses Mansfield approximately 60 percent for these costs.

Estimated Indirect Cost: Special Education costs have increased in the K-8 budget by approximately 52 percent in the period 89/90 to 94/95 (adjusted for inflation this would represent a real increase of approximately 33.5 percent). Clearly, this puts enormous pressure on both the State and local government to shift educational resources away from regular programs to Special Education Programs. There is serious concern at the local level of the long term impact on regular educational programs.

If Mandate were Eliminated: This question is very difficult to answer. However, given an environment of shrinking resources, I would anticipate a very close scrutiny of many of the services now provided.

Other Comments: Our public schools are being asked to assume burdens once handled by the other state agencies, primarily Mental Retardation and Mental Health.

Special Education

Municipality: Norwich

Fiscal Year: 1993-94

Estimated Direct Cost: \$2,342,675

Direct Cost as a % of Operating Budget: 3.4%

How Cost was Determined: The cost was derived from E-D001 (End of School Report for 1993-94). The state reimburses approximately 65% for these costs.

Estimated Indirect Cost: Special Education costs have increased in the K-8 budget by approximately 79% in the past five years. Clearly, this puts enormous pressure on both the State and local government to shift educational resources away from regular programs to Special Education Programs. There is serious concern at the local level of the long term impact on regular education programs.

If Mandate were Eliminated: If both the statutory requirements outlined in 10-76d and 10-76dd were eliminated, the programming requirements for special education students would be placed under local control. This could result in a reduction because school systems would still be faced with the need to service special needs students; however, this school system would have much greater control over the nature and scope of such services.

Other Comments: This school year 1994-95 compared to last year, the Norwich Board of Education has placed more students in a day treatment facility. The reason being that these students cannot be educated in our special education programs, that is they need more structure and assistance then we can provide. We are proposing to develop programs at the Lodge Building for these students. We are also in litigation on one client that is presently a big expense to the school system.

Special Education

Municipality: Stonington

Fiscal Year: 1993-94

Estimated Direct Cost: \$1,733,350

Direct Cost as a % of Operating Budget: 5.81%

How Cost was Determined: The Statutes require Boards of Education to provide the professional services requisite to identification of school age children requiring special education, in a manner prescribed by law. Any Board of Education providing special education must also provide transportation to and from the residence. The statutes also require each local or regional board of education to employ the number of certified personnel, licensed personnel and support personnel necessary to implement the special education and related services required for each child, in a manner provided by law.

The total actual costs of special education were netted against State Special Education Grants receivable and the result was applied against the appropriated 1993-94 Operating Budget of the Town of Stonington to arrive at a direct cost as a percentage of operating budget.

Estimated Indirect Cost: With a majority of the special education budget being salaries and fringe benefits, the tremendous increase in salaries over the Consumer Price Index (CPI) is due mainly to implementation of the Education Enhancement Act and the impact of binding arbitration which have been quantified under a separate mandate.

If Mandate were Eliminated: If both the statutory requirements outlined in 10-76d and 10-76dd and those outlined in 99-457 were eliminated, the programming requirements for special education students would be placed under local control. This could result in a reduction in burdensome bureaucratic procedures, special education staffing and identification requirements; however, the existence of students with special needs would still exist. Therefore, school systems would still be faced with the need to service special needs students; however, the school system would have much greater control over the nature and scope of such services.

School Transportation

Statutory Reference: 10-186

Summary of Responses

This mandate is a subset of the overall education requirement and represents approximately 1.2% of statewide municipal operating budgets estimated to be \$7 billion for FY 1995. Opinions were mixed as to what services would be performed if the mandate were to be eliminated. This is one of the mandates that is proportionately higher in the smaller, more rural communities, both because of travel distances required and lack of opportunities for economies of scale. Each municipality presented its transportation expenditures net of state reimbursement.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Killingly	\$451,219	1.4%
Mansfield	\$303,709	1.4%
Norwich	\$817,731	1.1%
Stonington	\$704,495	2.29%

Statewide Projections

In order to get FY 1995 projections for the sample returns shown below, we increased any budget figure that was not FY 1995 by 3% per year. Projected to 1994-95 from FY 1994 State Department of Education figures, the net pupil transportation expenditures of Connecticut municipalities is \$ 83 million.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Est. for all municipalities	\$83 million	1.2%

School Transportation

Municipality: Killingly

Fiscal Year: 1994-95

Estimated Direct Cost: \$451,219

Direct Cost as a % of Operating Budget: 1.4%

How Cost was Determined: Costs are as reflected on ED001, Schedule 4 for 1993-94. The State of Connecticut reimburses Killingly approximately 54% of its transportation expenses.

Estimated Indirect Cost: None

If Mandate were Eliminated: If this mandate were eliminated, transportation services would most likely continue to be provided. However, the current level of service may be adjusted. These adjustments could include the elimination of post dismissal bus runs and transportation provided to students living within one mile of school.

School Transportation

Municipality: Mansfield

Fiscal Year: 1993-94

Estimated Direct Cost: \$294,863

Direct Cost as a % of Operating Budget: 1.4%

How Cost Was Determined: The cost was derived from the Mansfield's ED001 Schedule 4(End of Year School Report for 1993-94) and the Town's Comprehensive Annual Financial Report for the Year Ended June 30, 1994. The State reimburses Mansfield approximately 50 percent for transportation.

Estimated Indirect Cost: None

If Mandate Were Eliminated: This would appear to be a service that many towns would continue to provide regardless of whether or not it was mandated. The other option would be to expect parents to bring their own children to school. This would shift the cost to the user but could have the unintended consequences of reducing attendance.

School Transportation

Municipality: Norwich

Fiscal Year: 1993-94

Estimated Direct Cost: \$793,914

Direct Cost as a % of Operating Budget: 1.1%

How Cost Was Determined: The cost was derived from the ED001 (End of Year School Report for 1993-94). The State reimburses Norwich approximately 55% for transportation costs.

Estimated Indirect Cost: None

If Mandate Were Eliminated: If the statutory requirements outlined in 10-186 were eliminated, it would allow the school system to decide how it would provide transportation to and from school. Systems could opt not to provide transportation, hereby leaving this responsibility to parents and guardians, could opt to provide transportation only for in-district students or only for students beyond a certain distance from a given school.

School Transportation

Municipality: Stonington

Fiscal Year: 1994-95

Estimated Direct Cost: \$704,495

Direct Cost as a % of Operating Budget: 2.29%

How Cost was Determined: The Statute requires each local Board of Education to furnish, by transportation or otherwise, school accommodations so that school age children may attend public school. Any school board which denies such accommodations must inform students their right to a hearing, and then hold such hearing, if requested, in a manner prescribed by this section.

The total estimated cost of both regular and special education transportation were netted against State Transportation Grants receivable and the result was applied against the appropriated 1994-95 Operating Budget of the Town of Stonington to arrive at a direct cost as a percentage of operating budget.

Estimated Indirect Cost: Due to the State formula changes in funding School Transportation, Stonington had to reassess its educational priorities to carry the greater local burden of transportation costs. The blip in 1993-94 is a result of a negotiated contract claim settlement that had been pending for sometime. In a effort to contain the mill rate, program improvements and much needed infrastructure upgrades had to be postponed.

If Mandate were Eliminated: If the statutory requirements outlined in 10-186 were eliminated, it would allow the school system to decide whether to provide transportation to and from school. Consequently, systems could opt not to provide transportation, hereby leaving this responsibility to parents and guardians. Modifications of this theme could also emerge from elimination of this legislation. For example, a system could opt to provide transportation only for in-district students or only for students beyond a certain distance from a given school building.

Teacher Negotiations/Binding Arbitration

Statutory Reference: 10-153f, 10-153g, 10-153k

Summary Of Responses

The analysis of this mandate was performed by two central cities and two smaller cities, all of which have relatively large student/teacher populations. Three of these cities used FY 1984 as their base year for teachers' salaries, while one, Norwalk, used FY 1988 as the base year. The analyses trace actual salary percentage increases for teachers and school administrators over the study period, control for changes in staffing levels and compare the total school increases to CPI and general municipal employee increases. In order to factor out the impacts of the Education Enhancement Act and other unique circumstances surrounding teachers during that period, the teacher increases above those granted to general municipal employees were discounted, as were the increases due to cost of living changes. This approach results in attributing less than one-half of the actual increases to collective bargaining/binding arbitration in all cases.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Bridgeport	\$6.7 million	2.0%
Hartford	\$14.0 million	3.2%
Norwalk	\$3.7 million	2.0%
West Haven	\$4.5 million	4.7%

Statewide Projection

In order to get an annual statewide cost estimate range for this mandate, we calculated the difference between the teachers' salary increases based on other municipal employees and those increases based on the CPI and used the difference to determine the cost as a percentage of the operating budget. The highest and lowest percentages from the sample cities were multiplied by the estimated statewide total of operating budgets of \$ 7 billion. It must be understood that these analyses measure impacts from a base year and therefore represent cumulative variances from that base year. This method does not translate to immediate savings if the mandate is eliminated. Presumably, there might be cost avoidances of similar magnitude after a similar number of years under a modified program.

Another way of looking at collective bargaining/binding arbitration cost implications is to consider prospectively the cost of each percent of increase in teacher/administrator salaries. At the present time the statewide cost of an increase of one percent of teacher/school administrator salaries is approximately \$30 million. Using this data, the reader can estimate the statewide implications of any percentage increase they contemplate.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Estimate using samples	\$140 - 330 million	2.0 - 4.7%
Estimate (prospective)	\$30 million per percent	0.4%

Teacher Negotiations and Binding Arbitration

Municipality: Bridgeport

Fiscal Year: 1994-95

Estimated Direct Cost: \$6.7 million

Direct Cost as a % of Operating Budget: 2.0%

How Cost was Determined: Current salary costs for teachers and school administrators were trended back ten years based on actual wage increases awarded each year. Salaries were then trended forward based on average City employee wage increases and increases in Consumer Price Index (CPI) over the ten year period.

Estimated Indirect Cost: Municipal unions use the teachers' contracts as one basis for negotiating their own contracts.

Other Comments: It is estimated that property taxes in Bridgeport would be 14% lower if teachers and school administrators received the same pay increases as all other municipal employees.

Teacher Negotiations and Binding Arbitration

Municipality: Hartford

Fiscal Year: 1994-95

Estimated Direct Cost: \$14.0 million

Direct Cost as a % of Operating Budget: 3.2%

How Cost was Determined: The methodology used to calculate the cost of the teacher negotiations and binding arbitration mandate on the City of Hartford consisted of comparing the cost of teacher wage increases for the period from fiscal year 1983-84 to fiscal year 1994-95 with wage increases granted to City employees and to the increase in the CPI over the same time frame. The result of this analysis determined that teachers and certified school administrators wages rose 165% over the last ten years while city employee wage increased by 92%. Wages based on the CPI rate of growth, would have increased by 63% over the same period.

If Mandate were Eliminated: It is estimated that if binding arbitration had not been in place, the resultant salary savings would ultimately have lowered the mill rate.

Teacher Negotiations and Binding Arbitration

Municipality: Norwalk

Fiscal Year: 1994-95

Estimated Direct Cost: \$3.7 million

Direct Cost as a % of Operating Budget: 2.0%

How Cost was Determined: Current costs in Norwalk for teachers and school administrators were trended back to FY 1988 based on actual wage increases awarded each year. Salaries were then trended forward based on average City employee wage increases and increases in CPI over the period. This methodology controls for changes in staffing levels over the period. The methodology does not include an estimate of increases in the cost of salary-dependent benefits.

Estimated Indirect Cost: As a result of the size and timing of the contracts of teachers and school administrators, their contracts often serve as a benchmark for the settlement of contracts with municipal employees. This often results in higher increases for municipal employees.

Teacher Negotiations and Binding Arbitration

Municipality: West Haven

Fiscal Year: 1994-95

Estimated Direct Cost: \$4.5 million

Direct Cost as a % of Operating Budget: 4.7%

How Cost was Determined: Current salary costs for teachers and school administrators were trended back ten years based on actual wage increases awarded each year. Salaries were then trended forward based on average City employee wage increases and increases in CPI over the ten year period. This methodology controls for changes in staffing levels over the period. The methodology does not include an estimate of increases in the cost of salary-dependent benefits.

Estimated Indirect Cost: As a result of the size and timing of the contracts of teachers and school administrators, their contracts often serve as a bellwether for the settlement of contracts with municipal employees. This often results in higher increases for municipal employees.

If Mandate were Eliminated: In my opinion, if the City had not been bound by current mandates regarding negotiations and binding arbitration, wage increases would have likely been lower than actually occurred during the past ten years. It is difficult to predict how much lower wage settlements might have been.

Other Comments: It is estimated that property taxes in West Haven would be 8% lower if teachers and school administrators received the same pay increases as all other municipal employees. Property taxes in West Haven would be 16% lower if teachers and school administrators received the same increase as the general rate of inflation (CPI).

Minimum Expenditure Requirement (MER)

Statutory Reference: 10-262

Summary of Responses

This mandate has been particularly difficult to measure. Failure to meet the MER results in a penalty equal to twice the amount that the municipality is below the MER or, to avoid the penalty, municipalities may, in the following year, increase education spending for regular programs by twice the amount of the shortfall in the previous year. Because the penalty costs twice as much as would be required to meet the MER, the practical effect is that few municipalities have not met the MER. Consequently, it is difficult to measure the cost of the MER because it is difficult to know what municipalities would have spent on regular-program education in the absence of the penalty.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Bridgeport	Not Applicable	Not Applicable
Norwalk	Not Applicable	Not Applicable
West Haven	\$1 million	1.0%

Statewide Projections

The State Department of Education monitors all school districts that are projected to fall within 5% of their MER. Each year the Department has had to contact an increasing number of districts that fall within that 5% threshold to tell them that they may have to increase education spending in order to meet the MER. The number of such districts has risen from nine in FY 1990 to 46 in FY 1994. Forty-five districts are projected to fall within the threshold in FY 1995. Of these 45, four are slightly below their MER based on the most current projections, and another nine are projecting to meet their MER by less than 1%. In most cases, like West Haven below, the district will either allocate additional education expenditures to meet the MER, or maintain current spending and meet the MER by however close the margin.

One way to measure the MER cost statewide, which has been done here, is to take each municipality's MER and multiply it by its need students. For 1994 - 95, that figure is \$2.6 billion, and net of state reimbursement the final amount is \$1.3 billion.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Est. for all municipalities	\$1.3 billion	19.0%

Minimum Expenditure Requirement

Municipality: Bridgeport

Fiscal Year: 1994-95

Other Comments: The MER for the City of Bridgeport has been a significant factor in education spending. The City feels that there are some fundamental problems with the MER and how it is calculated. There are two areas of concern: 1) If the MER is not met by a town in a given year, the penalty is a reduction in that amount of the Education Cost Sharing (ECS) grant and the town must increase the education appropriation for the shortfall, and 2) If a town receives a zero percent salary increase for education personnel, or a reduction in employee benefit expense, the money must be redirected to other education programs.

Minimum Expenditure Requirement

Municipality: Norwalk

Fiscal Year: 1994-95

Estimated Direct Cost: Currently the City of Norwalk is exceeding the minimum expenditure requirement and it is likely to do so in future years. Therefore, this mandate does not have a direct cost impact on the citizens of Norwalk.

Minimum Expenditure Requirement

Municipality: West Haven

Fiscal Year: 1994-95

Estimated Direct Cost: \$1.0 million, or 1% of the City's operating budget. This estimate is based on an actual MER shortfall from the 1993-94 year which the State Board of Education mandated be eliminated during the middle of the year. This required the City to appropriate in excess of \$900,000 from its fund balance.

Direct Cost as a % of Operating Budget: 1%

How Cost was Determined: The direct cost of the MER mandate was estimated based upon an actual MER shortfall which the City of West Haven experienced in 1993-94 of \$900,000. It is assumed that if the mandate did not exist, the City would not have appropriated additional funds to the Board of Education. The estimated cost was also confirmed by examination of the City's adopted Three Year Financial Plan, which estimated a current services for the Board of Education which was \$1.0 million less than the amount required by the MER.

Estimated Indirect Cost: In order to constrain taxes and yet still meet the MER, the City has been forced to cut deeply into City operations. The City's 1994-95 budget increased in total by 2.8%. However, since the MER required the City to increase the Education budget by 7.3%, the City side of the budget was *reduced* by 4.8%. The net effect was a budgetary shift of approximately \$2.5 million out of City operations and into education. To accommodate these City spending reductions, the City eliminated seventy-four (74) full time jobs, or 20% of the City work force.

If Mandate were Eliminated: If this mandate had not existed last year, we believe that the Board of Education budget would likely be \$500,000 to \$1.0 million lower. If the mandate were eliminated now, we are unable to predict the impact, since the decision on future funding for education is made by the City Council.

Other Comments: Property taxes would be 1.75% lower if the Board of Education budget were \$1.0 million lower.

Property Tax Exemptions

Statutory Reference: 12-81

Summary of Responses

All three of the municipal respondents to this mandate listed the major exemptions that affected them along with their costs. The costliest exemptions to these municipalities include: State Owned Property, Colleges and Hospitals, Veteran's Manufacturers, and Personal Property.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Cheshire	\$277,536	0.52%
Hartford	\$31,120,445	7.0%
Manchester	\$4,701,278	5.26%

Statewide Projection

In order to estimate the net tax loss (tax loss less reimbursement, if applicable) to municipalities occurring as the result of the property tax exemptions mandated under this section, the total amount of exemptions in each municipality minus any reimbursements was multiplied by the municipality's mill rate. The actual statewide figure of \$650 million includes tax losses resulting from exemptions for both real and personal property in FY 1994. Projected to FY 1995, the estimated statewide cost is \$670 million.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Est. for all municipalities	\$670 million	9.6

Property Tax Exemptions

Municipality: Cheshire

Fiscal Year: 1994-95

Estimated Direct Cost: \$277,536

Direct Cost as a % of Operating Budget: 0.52%

How Cost was Determined: This direct cost estimate (revenue loss) was determined accordingly: A) \$2,679,910 in assessed State Property real estate is reimbursed at 20% of the tax loss. At the current mill rate of 25.5 mills, this 80% loss of revenue translates into \$54,670. B) The personal property tax loss was estimated by determining the percentage relationship between commercial personal property and real estate. In this case, we estimate that 5.4% of the real estate assessment of \$56,532,790 would approximate the value of personal property. This percentage was determined by reviewing the P.P./R.E. relationship among retirement facilities in Town.

Estimated Indirect Cost: \$145,021. It is estimated that the Town lost additional revenue of \$145,021 by virtue of a State Prison's location in Town. This calculation was based on the assumption that residential homes would be built on the land currently occupied by the prison.

If Mandate were Eliminated: If this mandate did not exist the tax exemption would be lifted and the Town would fully tax these exempt facilities, primarily the prison facilities, for their taxable property. This would result in real estate tax payments of 100%, of the obligation and not some fraction of 100% under the existing legislation, and more importantly the Town would then have the authority to tax personal property, for which there is currently no reimbursement for the tax loss.

Property Tax Exemptions

Municipality: Hartford

Fiscal Year: 1994-95

Estimated Direct Cost: \$31,120,445

Direct Cost as a % of Operating Budget: 7.0%

How Cost was Determined: Non-reimbursed exemptions were totaled by type:

Veterans' Exemptions	\$225,396	State Owned	\$11,237,227
Distressed Municipalities	\$147,393	Colleges	\$ 3,378,726
100% Disabled & Blind	\$ 8,971	Hospitals	\$ 6,124,255
Manufacturing	\$170,477	Personal Prop.	\$ 9,807,000

State owned property represents an 80% revenue loss. Colleges and hospitals represent a 40% revenue loss. Distressed and manufacturing revenue loss is from a 50% reimbursement for an 80% mandated exemption. Regular veterans, disabled and blind are 100% revenue loss. Personal property revenue loss is based on a percentage of the real estate assessment of \$1,106,787,400 for state owned, colleges and hospitals. Overall personal property grand list is 23% of the real estate comm/ind/apt grand list.

Estimated Indirect Cost: The indirect cost is associated with the clerical effort to administer these programs. Current estimate is one employee with benefits; 50% of their time equals \$21,000.

If Mandate were Eliminated: The City would be free to tax these facilities at 100% of their respective market values. They would also be assessed for the personal property tax.

Property Tax Exemptions

Municipality: Manchester

Fiscal Year: 1993-94

Estimated Direct Cost: \$4,701,278

Direct Cost as a % of Operating Budget: 5.26%

How Cost was Determined: Non-reimbursed exemptions were totaled and included with a personal property estimate on tax exempt property.

Veterans' Exemptions	\$447,894	Hospitals	\$776,635
State Exemptions	\$871,227	Inventory	\$871,082

Estimated Indirect Cost: The cost to administer the exemption programs is approximately equivalent to the cost of one employee with benefits or \$36,000.

If Mandate were Eliminated: Exemptions would be limited

1992 GRAND LIST PROPERTY TAX EXEMPTION AND REIMBURSEMENT SUMMARY

TOWN	Grand List Data				Tax Loss Data					
	TOTAL FEDERAL	TOTAL MUNICIPAL	TOTAL STATE	TOTAL INDIV (REAL PROP)	TOTAL INDIV (PERS PROP)	TOTAL ALL OTHER	GRAND TOTAL	TOTAL TAX LOSS	TOTAL REIMB	ADJ. TAX LOSS
Andover	0	3,423,280	1,544,480	431,910	107,316	1,517,740	7,024,726	\$200,480	\$15,887	\$184,593
Ansonia	1,979,600	11,840,536	3,841,500	1,929,120	3,576,909	12,861,370	36,029,035	\$2,367,445	\$361,858	\$2,005,587
Ashtford	0	4,522,210	393,910	303,790	533,470	9,202,420	14,955,800	\$529,061	\$9,853	\$519,208
Avon	0	46,366,910	6,559,220	1,302,880	861,690	34,220,410	89,311,110	\$1,695,761	\$51,553	\$1,644,208
Barkhamsted	0	3,675,850	1,230,130	962,960	122,690	4,808,750	10,800,380	\$221,964	\$16,167	\$205,797
Beacon Falls	0	8,664,220	2,805,110	819,770	904,495	1,161,600	14,355,195	\$342,522	\$42,870	\$299,652
Berlin	0	54,759,240	800,500	2,110,910	9,862,270	13,223,900	80,756,820	\$2,629,361	\$355,641	\$2,273,720
Bethany	0	15,827,000	3,946,100	2,176,800	146,590	7,367,500	29,463,990	\$703,737	\$50,361	\$653,376
Bethel	0	61,503,450	3,420,460	1,322,810	2,022,560	7,831,060	76,100,340	\$1,411,475	\$62,916	\$1,348,559
Bethlehem	0	2,225,910	56,120	1,003,370	612,250	9,813,850	13,711,500	\$260,365	\$11,157	\$249,208
Bloomfield	5,143,720	69,463,450	7,820,622	12,590,592	10,383,580	26,920,205	132,322,169	\$4,689,945	\$658,025	\$4,031,920
Bolton	0	5,328,550	2,436,840	1,400,010	466,810	2,999,020	12,631,230	\$310,145	\$30,697	\$279,448
Bozrah	0	507,960	305,555	475,000	26,570	3,684,450	4,999,535	\$105,284	\$2,107	\$103,177
Branford	947,940	79,764,130	5,495,280	7,597,930	4,243,910	29,565,430	127,614,620	\$2,651,578	\$190,970	\$2,460,608
Bridgeport	11,792,949	289,376,557	266,850,014	165,816,503	17,693,261	114,228,703	865,757,987	\$59,435,908	\$9,352,364	\$50,083,544
Bridgewater	0	1,974,290	14,490	345,800	133,620	11,100,690	13,568,890	\$271,404	\$4,153	\$267,251
Bristol	7,352,870	160,788,210	6,429,010	47,183,330	7,595,404	62,470,800	291,819,624	\$7,748,672	\$932,857	\$6,815,815
Brookfield	0	22,419,682	614,960	1,099,500	1,050,791	12,641,730	37,826,663	\$1,378,378	\$41,166	\$1,337,212
Brooklyn	0	6,174,940	9,844,530	1,246,550	963,460	6,397,010	24,626,490	\$436,113	\$181,372	\$254,741
Burlington	1,005,850	3,500,490	5,203,800	581,250	95,318	13,855,170	24,241,878	\$441,681	\$24,574	\$417,107
Canaan	218,803	896,725	3,511,763	356,805	110,974	10,363,939	15,459,009	\$402,987	\$23,478	\$379,509
Canterbury	68,110	531,510	1,702,470	925,539	1,154,403	7,727,580	12,109,612	\$234,940	\$17,211	\$217,729
Canton	0	22,358,240	394,950	696,700	283,170	8,148,940	31,882,000	\$668,240	\$10,319	\$657,921
Chaplin	2,672,030	13,439,840	11,263,630	193,000	163,100	765,470	28,497,070	\$514,712	\$42,314	\$472,398
Cheshire	0	57,959,410	59,422,000	2,263,570	8,829,480	41,379,920	169,854,380	\$4,109,920	\$1,494,132	\$2,615,788
Chester	0	6,537,050	986,420	965,800	1,592,080	6,446,540	16,527,890	\$284,138	\$39,626	\$244,512
Clinton	557,420	38,645,560	2,182,940	2,361,120	5,229,220	8,173,040	57,149,300	\$1,552,770	\$177,623	\$1,375,147
Colchester	0	26,803,080	4,843,410	2,092,220	496,050	8,765,780	43,000,540	\$1,041,093	\$53,126	\$987,967
Colebrook	92,680	849,575	209,455	475,900	1,500	5,889,705	7,518,815	\$160,691	\$7,414	\$153,277
Columbia	0	6,441,050	2,132,410	826,230	191,210	3,976,420	13,567,320	\$223,603	\$15,440	\$208,163
Cornwall	45,940	2,157,470	2,347,420	254,850	371,830	12,031,080	17,208,590	\$295,292	\$10,727	\$284,565
Coventry	82,110	8,687,210	1,397,340	1,839,080	812,763	7,260,550	20,079,053	\$455,974	\$30,468	\$425,506
Cromwell	0	34,094,660	1,066,740	7,800,930	2,051,900	18,862,960	63,877,190	\$1,468,984	\$151,236	\$1,317,748
Danbury	28,398,700	260,193,400	91,837,800	82,881,940	41,932,620	84,296,000	589,540,460	\$11,000,613	\$2,010,778	\$8,989,835
Darien	0	135,563,600	6,323,150	2,251,670	9,000	42,651,700	186,799,120	\$2,539,003	\$28,074	\$2,510,929
Deep River	0	5,225,550	590,711	150,000	1,121,863	41,801,730	48,889,854	\$1,107,500	\$40,065	\$1,067,435
Derby	837,030	41,963,460	10,811,120	30,770,772	725,190	15,044,610	100,152,182	\$2,552,156	\$530,671	\$2,021,485

1992 GRAND LIST PROPERTY TAX EXEMPTION AND REIMBURSEMENT SUMMARY

TOWN	Grand List Data					Tax Loss Data				
	TOTAL FEDERAL	TOTAL MUNICIPAL	TOTAL STATE	TOTAL INDIV (REAL PROP)	TOTAL INDIV (PERS PROP)	TOTAL ALL OTHER	GRAND TOTAL	TOTAL TAX LOSS	TOTAL REIMB	ADJ. TAX LOSS
Durham	0	5,371,870	1,541,460	1,292,670	1,891,163	16,115,680	26,212,843	\$654,906	\$65,686	\$589,220
East Granby	1,471,220	15,314,250	46,837,340	1,229,080	3,030,404	4,931,590	72,813,884	\$1,492,407	\$268,644	\$1,223,763
East Haddam	0	1,265,240	1,210,430	701,120	369,950	15,842,620	19,389,360	\$650,955	\$28,566	\$622,389
East Hampton	327,190	32,439,030	12,166,170	1,910,800	480,533	6,184,640	53,508,363	\$1,132,193	\$77,103	\$1,055,090
East Hartford	940,650	89,397,330	669,460	5,334,670	56,907,400	17,180,140	170,429,650	\$7,605,573	\$2,600,362	\$5,005,211
East Haven	0	65,335,530	2,516,060	9,507,980	161,170	14,377,980	91,898,720	\$3,494,119	\$328,138	\$3,165,981
East Lyme	236,040	23,536,520	39,976,300	7,234,745	227,090	8,245,650	79,456,345	\$2,034,380	\$544,923	\$1,489,457
East Windsor	3,883,780	11,034,470	3,035,716	965,650	7,215,600	20,229,812	46,365,028	\$1,409,750	\$229,044	\$1,180,707
Eastford	0	2,848,930	608,810	123,500	688,800	2,815,100	7,085,140	\$219,379	\$18,655	\$200,724
Easton	0	6,892,970	86,700	651,460	99,130	4,273,450	12,003,710	\$418,130	\$11,793	\$406,337
Ellington	0	5,008,010	1,344,222	2,170,080	2,052,256	30,157,484	40,732,052	\$1,002,315	\$62,835	\$939,480
Enfield	369,210	61,061,930	38,327,850	5,447,680	13,541,220	23,906,890	142,654,780	\$6,114,568	\$2,127,523	\$3,987,045
Essex	0	10,523,350	2,198,540	3,699,210	1,275,160	11,841,230	29,537,490	\$358,631	\$44,175	\$314,456
Fairfield	5,287,240	133,808,710	387,580	97,771,895	3,121,448	67,762,650	308,139,523	\$12,187,059	\$2,354,087	\$9,832,972
Farmington	0	40,624,750	178,410,910	2,388,719	12,288,208	34,279,360	267,991,947	\$6,831,326	\$1,207,961	\$5,623,365
Franklin	0	6,231,300	2,481,780	440,440	315,700	755,280	10,224,500	\$197,938	\$14,076	\$183,862
Glastonbury	0	45,178,560	1,504,800	2,606,040	1,344,145	10,473,370	61,106,915	\$2,232,709	\$90,385	\$2,142,324
Goshen	9,030	4,010,000	799,300	218,080	0	4,651,020	9,687,430	\$241,895	\$6,565	\$235,330
Granby	0	27,068,080	744,540	800,270	560,806	22,645,090	51,818,786	\$1,283,976	\$15,592	\$1,268,384
Greenwich	764,830	179,779,120	492,170	42,271,290	1,314,310	111,702,170	336,323,890	\$11,551,361	\$882,010	\$10,669,351
Griswold	0	33,529,570	4,280,430	2,224,960	1,334,940	8,122,080	49,491,980	\$1,133,894	\$61,061	\$1,072,833
Groton	1,136,807,550	63,926,800	96,673,060	16,935,710	52,742,270	24,085,320	1,391,170,710	\$33,466,084	\$1,611,948	\$31,854,136
Guilford	149,450	37,210,080	978,475	2,240,240	3,151,750	12,300,540	56,030,535	\$1,817,337	\$132,415	\$1,684,922
Haddam	0	2,432,080	5,060,710	1,268,850	283,930	26,119,975	35,165,545	\$549,343	\$30,642	\$518,701
Hamden	1,827,210	133,648,870	50,107,400	53,179,975	2,621,410	81,984,530	323,369,395	\$11,466,854	\$1,539,050	\$9,927,804
Hampton	0	1,195,810	4,757,760	271,230	181,290	1,635,860	8,041,950	\$192,094	\$37,286	\$154,808
Hartford	62,158,320	1,108,713,410	518,553,610	615,661,815	5,474,660	369,746,380	2,680,308,195	\$92,471,473	\$15,899,628	\$76,571,845
Hartland	0	3,425,800	15,051,435	306,750	0	1,319,010	20,102,995	\$395,825	\$62,518	\$333,307
Harwinton	883,400	4,564,620	995,200	582,560	18,110	7,598,350	14,642,240	\$261,470	\$10,427	\$251,043
Hebron	25,700	21,544,100	299,100	563,470	437,540	6,404,850	29,274,760	\$1,286,787	\$15,396	\$1,271,391
Kent	6,994,110	4,479,940	11,971,680	482,180	87,240	43,806,950	67,822,100	\$1,187,430	\$46,369	\$1,141,061
Killingly	237,290	36,233,090	10,329,265	4,573,772	11,578,350	6,254,930	69,206,697	\$2,002,909	\$465,831	\$1,537,078
Killingworth	0	5,579,580	10,818,500	1,001,860	99,930	6,781,360	24,281,230	\$661,511	\$75,396	\$586,115
Lebanon	0	17,543,930	2,361,900	1,625,030	1,304,750	5,187,530	28,023,140	\$483,392	\$23,295	\$460,097
Ledyard	19,555,380	18,192,370	797,020	2,224,670	6,256,260	8,792,840	55,818,540	\$1,498,915	\$162,534	\$1,336,381
Lisbon	0	5,098,440	676,344	979,580	11,940	783,860	7,550,164	\$175,456	\$16,116	\$159,340
Litchfield	282,030	37,380,155	12,936,328	830,360	714,757	51,298,380	103,442,010	\$1,932,780	\$85,472	\$1,847,308

1992 GRAND LIST PROPERTY TAX EXEMPTION AND REIMBURSEMENT SUMMARY

TOWN	Grand List Data					Tax Loss Data				
	TOTAL FEDERAL	TOTAL MUNICIPAL	TOTAL STATE	TOTAL INDIV (REAL PROP)	TOTAL INDIV (PERS PROP)	TOTAL ALL OTHER	GRAND TOTAL	TOTAL TAX LOSS	TOTAL REIMB	ADJ. TAX LOSS
Lyme	0	4,316,950	4,261,570	719,700	175,460	10,028,180	19,501,860	\$208,643	\$12,977	\$195,666
Madison	596,400	55,311,890	64,309,570	4,394,550	120,400	31,421,420	156,154,230	\$3,367,447	\$322,486	\$3,044,961
Manchester	805,770	162,972,900	35,860,830	74,113,890	10,116,060	59,420,730	343,290,180	\$10,371,846	\$1,489,876	\$8,881,970
Mansfield	1,956,550	16,772,380	316,118,400	1,159,320	512,920	16,893,480	353,413,050	\$9,050,228	\$1,979,233	\$7,070,995
Marlborough	0	8,755,160	1,019,080	476,380	291,850	2,044,290	12,586,760	\$558,441	\$19,783	\$538,658
Meriden	677,780	123,646,000	23,991,920	37,708,785	2,227,070	41,949,980	233,201,535	\$11,976,247	\$1,552,040	\$10,424,207
Middlebury	994,310	11,873,070	529,340	3,201,810	2,783,450	13,167,180	32,549,160	\$914,943	\$125,334	\$789,609
Middlefield	0	5,000,880	484,270	975,600	2,186,380	8,616,670	17,263,800	\$444,482	\$66,167	\$378,315
Middletown	5,982,400	94,081,630	137,453,540	163,364,371	33,785,400	60,260,830	494,928,171	\$12,521,548	\$3,685,417	\$8,836,131
Milford	7,067,830	170,568,510	24,585,011	19,453,345	33,596,780	45,238,970	300,510,446	\$12,880,490	\$1,994,076	\$10,886,414
Monroe	479,620	40,975,520	0	1,377,820	1,163,620	14,851,670	58,848,250	\$1,225,965	\$39,119	\$1,186,846
Montville	546,910	18,080,330	7,312,254	2,172,770	4,365,470	37,759,050	70,236,784	\$2,118,747	\$216,748	\$1,901,999
Morris	0	5,943,250	92,890	1,853,110	539,090	3,876,080	12,304,420	\$262,391	\$30,051	\$232,340
Naugatuck	435,620	22,780,795	728,920	10,446,600	10,388,270	33,524,943	78,305,148	\$5,229,035	\$1,187,850	\$4,041,185
New Britain	3,048,220	116,104,260	84,117,180	67,694,155	14,939,520	82,622,000	368,525,335	\$19,942,566	\$3,242,237	\$16,700,329
New Canaan	0	151,698,670	866,110	1,279,530	5,190	99,361,850	253,211,350	\$3,749,143	\$11,737	\$3,737,406
New Fairfield	0	28,186,815	1,582,275	4,650,530	46,970	4,398,885	38,865,475	\$847,106	\$66,443	\$780,663
New Hartford	0	5,530,310	1,152,380	1,508,450	1,641,230	15,445,650	25,278,020	\$493,643	\$47,885	\$445,758
New Haven	33,136,372	335,270,254	108,484,334	473,394,064	5,947,307	107,167,850	1,063,400,181	\$65,534,032	\$19,391,444	\$46,142,588
New London	58,346,190	63,050,870	15,922,760	256,326,963	1,229,914	27,870,010	422,746,707	\$11,720,291	\$4,107,502	\$7,612,789
New Milford	344,890	8,113,250	2,006,270	12,310,490	22,751,590	64,339,510	109,866,000	\$2,476,771	\$634,914	\$1,841,857
Newington	17,748,720	84,881,440	46,321,340	37,420,720	7,428,040	23,989,720	217,789,980	\$5,451,011	\$952,042	\$4,498,969
Newtown	0	28,173,590	65,702,560	1,531,030	5,072,217	17,674,430	118,153,827	\$3,688,187	\$604,494	\$3,083,693
Norfolk	224,850	2,926,410	2,866,765	2,942,577	320,411	24,975,794	34,256,807	\$681,815	\$48,484	\$633,331
North Branford	0	54,461,610	0	2,732,260	1,666,985	6,227,410	65,088,265	\$1,570,663	\$70,152	\$1,500,511
North Canaan	0	9,453,550	953,710	330,560	5,728,586	6,459,110	22,925,516	\$437,770	\$114,619	\$323,151
North Haven	0	72,145,690	18,704,360	5,353,440	76,219,640	27,005,730	199,428,860	\$4,664,730	\$1,901,002	\$2,763,728
North Stonington	0	5,775,000	2,122,960	1,053,460	951,180	6,970,197	16,872,797	\$354,590	\$29,232	\$325,358
Norwalk	5,207,874	269,822,893	22,707,873	60,622,017	34,510,030	82,563,276	475,433,963	\$22,338,081	\$2,941,642	\$19,396,439
Norwich	1,196,240	182,885,421	90,307,220	56,444,100	1,832,740	74,473,080	407,138,801	\$10,966,797	\$1,263,978	\$9,702,819
Old Lyme	530,570	11,773,810	4,871,430	2,356,670	253,790	16,053,490	35,839,760	\$599,267	\$37,737	\$561,530
Old Saybrook	676,310	37,882,140	6,540,080	3,467,360	1,433,920	9,386,030	59,385,840	\$846,668	\$64,510	\$782,158
Orange	2,265,620	39,930,170	962,220	3,405,430	1,609,360	19,549,670	67,722,470	\$1,657,718	\$88,122	\$1,569,596
Oxford	0	6,813,935	14,191,120	1,379,125	307,052	19,110,240	41,801,472	\$1,120,773	\$100,462	\$1,020,311
Plainfield	0	20,637,430	3,632,700	1,471,070	4,245,340	5,223,490	35,210,030	\$686,783	\$103,477	\$583,306
Plainville	2,633,370	62,663,740	37,200	3,429,860	5,268,880	18,825,660	92,858,710	\$2,364,953	\$188,187	\$2,176,766
Plymouth	171,660	14,716,150	134,630	1,211,340	1,755,080	5,184,690	23,173,550	\$1,207,743	\$109,085	\$1,098,658

1992 GRAND LIST PROPERTY TAX EXEMPTION AND REIMBURSEMENT SUMMARY

TOWN	Grand List Data				Tax Loss Data					
	TOTAL FEDERAL	TOTAL MUNICIPAL	TOTAL STATE	TOTAL INDIV (REAL PROP)	TOTAL INDIV (PERS PROP)	TOTAL ALL OTHER	GRAND TOTAL	TOTAL TAX LOSS	TOTAL REIMB	ADJ. TAX LOSS
Pomfret	3,864,920	0	3,885,470	549,870	957,913	22,502,390	31,760,563	\$513,506	\$32,662	\$480,844
Portland	1,008,510	25,821,070	3,041,600	1,870,665	890,130	7,325,460	39,957,435	\$1,081,791	\$69,058	\$1,012,733
Preston	71,480	5,434,060	64,355,380	610,935	762,224	2,794,030	74,028,109	\$1,302,098	\$231,392	\$1,070,706
Prospect	0	5,534,580	145,230	1,760,070	857,562	13,605,696	21,903,138	\$450,659	\$33,926	\$416,733
Putnam	2,744,462	24,445,017	6,852,760	19,188,707	1,840,890	24,474,638	79,546,474	\$1,685,353	\$299,452	\$1,385,901
Redding	0	55,363,286	13,611,850	608,040	5,530	27,814,985	97,403,691	\$1,749,150	\$54,354	\$1,694,796
Ridgefield	1,424,410	135,880,930	14,920,150	1,563,949	5,945,879	42,599,100	202,334,418	\$4,349,175	\$182,967	\$4,166,208
Rocky Hill	747,970	41,999,320	52,615,430	2,960,280	3,784,700	9,928,850	112,036,550	\$2,414,072	\$340,330	\$2,073,742
Roxbury	0	4,525,150	399,080	160,940	212,020	5,648,370	10,945,560	\$185,456	\$2,912	\$182,544
Salem	0	3,820,660	2,648,170	629,970	425,330	1,202,530	8,726,660	\$209,362	\$22,441	\$186,921
Salisbury	6,510,980	7,541,870	1,265,200	665,940	975,870	85,300,690	102,260,550	\$1,313,381	\$13,023	\$1,300,358
Scotland	0	2,081,450	1,177,680	308,120	296,580	2,087,120	5,950,950	\$113,048	\$7,312	\$105,736
Seymour	133,000	14,723,990	71,210	1,591,870	2,381,550	2,456,710	21,358,330	\$1,232,506	\$192,870	\$1,039,636
Sharon	3,081,800	5,228,700	1,291,100	8,769,040	408,819	13,988,800	32,768,259	\$477,109	\$77,132	\$399,977
Shelton	866,390	40,120,280	2,646,560	3,429,220	8,397,910	18,850,800	74,311,160	\$2,680,932	\$378,654	\$2,302,278
Sherman	1,119,040	4,438,790	10,430	1,345,440	106,030	5,181,020	12,200,750	\$155,526	\$9,794	\$145,732
Simsbury	0	35,078,890	3,054,560	1,858,000	6,166,690	41,482,720	87,640,860	\$3,516,992	\$291,768	\$3,225,224
Somers	0	17,114,510	48,560,200	770,840	863,770	3,007,840	70,317,160	\$2,192,652	\$1,286,479	\$906,173
South Windsor	0	41,099,960	475,000	2,034,170	13,088,455	7,419,300	64,116,885	\$2,644,280	\$457,506	\$2,186,774
Southbury	1,590,240	36,371,248	57,006,960	1,724,300	273,800	12,783,450	109,749,998	\$1,570,699	\$174,149	\$1,396,550
Southington	352,000	55,100,450	2,457,700	10,045,380	29,475,152	19,550,800	116,981,482	\$4,404,593	\$1,322,850	\$3,081,743
Sprague	0	3,126,220	414,870	533,540	2,841,350	2,492,960	9,408,940	\$173,668	\$55,577	\$118,091
Stafford	0	5,931,200	3,264,090	18,097,620	3,613,830	22,987,830	53,894,570	\$1,190,805	\$301,735	\$889,070
Stamford	12,679,730	490,013,430	37,382,240	57,145,260	19,940,020	168,122,240	785,282,920	\$30,608,159	\$2,320,856	\$28,287,303
Sterling	0	2,367,930	642,320	674,098	16,775,250	829,220	21,288,818	\$350,555	\$11,989	\$338,566
Stonington	920,930	28,295,310	774,730	4,457,800	3,090,900	33,582,700	71,122,370	\$2,412,124	\$211,737	\$2,200,387
Stratford	62,383,580	125,899,770	8,730,470	17,858,560	31,298,730	31,208,500	277,379,610	\$15,109,903	\$2,168,381	\$12,941,522
Suffield	0	29,581,230	75,079,570	6,217,870	3,187,550	23,680,370	137,746,590	\$2,893,521	\$436,727	\$2,456,794
Thomaston	1,982,930	16,243,870	5,216,770	1,354,700	6,377,279	4,091,080	35,266,629	\$847,933	\$225,936	\$621,997
Thompson	160,670	14,235,410	479,595	1,989,220	852,945	9,074,880	26,792,720	\$455,645	\$33,528	\$422,117
Tolland	813,690	24,664,700	2,022,530	2,053,490	2,389,275	5,006,380	36,950,065	\$970,697	\$74,872	\$895,825
Torrington	1,885,380	52,713,557	19,299,700	29,693,750	6,463,647	39,105,489	149,161,523	\$3,586,588	\$711,786	\$2,874,802
Trumbull	0	90,173,930	4,105,010	6,999,300	5,434,199	71,635,600	178,348,039	\$4,290,698	\$243,565	\$4,047,133
Union	0	918,990	3,081,530	217,760	97,305	1,321,795	5,637,380	\$93,871	\$12,831	\$81,040
Vernon	1,560,300	108,157,740	14,796,110	21,511,870	906,400	20,854,140	167,786,560	\$4,769,121	\$459,370	\$4,309,751
Voluntown	0	1,590,850	3,299,710	413,880	248,010	1,421,190	6,973,640	\$141,209	\$5,223	\$135,986
Wallingford	1,042,300	131,451,300	8,131,300	27,553,840	29,159,100	164,406,800	361,744,640	\$9,056,875	\$1,124,118	\$7,932,757

TOWN	Grand List Data					Tax Loss Data				
	TOTAL FEDERAL	TOTAL MUNICIPAL	TOTAL STATE	TOTAL INDIV (REAL PROP)	TOTAL INDIV (PERS PROP)	TOTAL ALL OTHER	GRAND TOTAL	TOTAL TAX LOSS	TOTAL REIMB	ADJ. TAX LOSS
Warren	0	5,273,441	3,101,152	130,360	203,095	3,359,988	12,068,036	\$251,597	\$14,055	\$237,542
Washington	0	21,505,570	2,790,240	959,370	598,005	39,934,480	65,787,665	\$1,002,622	\$17,655	\$984,967
Waterbury	4,863,610	99,943,056	51,974,975	118,356,732	17,094,690	131,947,169	424,180,232	\$31,481,061	\$7,008,470	\$24,472,591
Waterford	122,770	70,977,450	23,169,680	4,760,850	289,430	13,945,960	113,266,140	\$1,453,388	\$95,595	\$1,357,793
Watertown	398,640	54,456,590	2,505,100	5,480,590	13,495,785	43,634,400	119,971,105	\$323,318	\$323,318	\$1,951,390
West Hartford	9,498,300	77,315,490	19,623,855	64,758,974	5,080,490	402,542,960	578,820,069	\$18,408,512	\$1,445,151	\$16,963,361
West Haven	40,946,360	87,410,129	250,320	40,187,169	6,698,789	19,509,510	195,002,277	\$7,745,759	\$1,259,421	\$6,486,338
Westbrook	1,234,240	14,458,400	2,879,510	1,208,420	2,266,960	4,566,640	26,614,170	\$531,637	\$66,195	\$465,442
Weston	0	26,945,190	0	1,846,950	14,110	15,564,120	44,370,370	\$884,105	\$19,326	\$864,779
Westport	2,018,480	129,829,770	49,956,540	2,138,290	113,650	63,998,770	248,055,500	\$5,355,829	\$238,169	\$5,117,660
Wethersfield	0	114,280,900	41,312,740	10,616,640	1,931,710	26,729,700	194,871,690	\$3,932,805	\$286,047	\$3,646,758
Willington	102,760	7,231,710	1,712,010	431,750	172,360	2,152,230	11,802,820	\$221,418	\$11,483	\$209,935
Wilton	682,920	46,631,970	2,399,880	1,099,310	2,137,640	30,998,980	83,950,700	\$2,453,800	\$86,833	\$2,366,967
Winchester	423,990	20,595,105	6,577,170	6,802,010	2,253,340	6,508,230	43,159,845	\$1,827,134	\$374,825	\$1,452,310
Windham	89,380	34,046,520	43,609,950	12,538,160	2,752,300	12,865,480	105,901,790	\$7,419,704	\$1,198,369	\$6,221,335
Windsor	3,265,810	44,852,610	548,304,884	2,989,400	21,680,990	7,066,130	628,159,824	\$10,415,443	\$2,249,553	\$8,165,890
Windsor Locks	6,260,590	67,525,780	5,107,262	5,452,090	9,685,060	40,625,060	134,655,842	\$2,880,321	\$247,481	\$2,632,840
Wolcott	0	28,336,140	368,130	3,169,930	2,000,360	6,551,060	40,425,620	\$1,050,911	\$108,423	\$942,488
Woodbridge	0	24,828,700	1,249,780	1,735,220	350,175	15,403,570	43,567,445	\$1,121,274	\$37,262	\$1,084,012
Woodbury	0	26,097,860	62,190	920,740	987,705	8,060,330	36,128,825	\$620,928	\$11,109	\$609,819
Woodstock	0	8,153,220	762,920	1,088,000	2,060,950	15,005,690	27,070,780	\$562,473	\$26,070	\$536,403
	1,625,332,020	8,867,644,772	3,998,490,340	3,149,147,813	922,740,317	4,824,779,898	23,388,135,160	\$776,161,714	\$126,177,369	\$649,984,345

Public Employee Bargaining and Binding Arbitration

Statutory Reference: 7-468, 7-469, 7-473c

Summary of Responses

The two towns analyzing municipal employee contracts estimated their annual costs at \$278,000 and \$250,000 respectively, utilizing a comparison between actual increases and the consumer price index. These represent approximately one-half and one-quarter percent of their annual operating budgets.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Cheshire	\$278,176	0.52%
Manchester	\$249,926	0.28%

Statewide Projection

If projected statewide, costs would total approximately \$20-\$36 million annually. The estimate for all municipalities was arrived at by using the high and low end percentages of the municipal operating budgets from the table below with a statewide operating budget that is estimated to be \$7 billion for FY 1995. This results in the estimated range of \$20 - 36 million.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Est. for all municipalities	\$20 - 36 million	0.28 - 0.52%

Public Employee Bargaining and Arbitration

Municipality: Cheshire

Fiscal Year: 1994-95

Estimated Direct Cost: \$278,176

Direct Cost as a % of Operating Budget: 0.52%

How Cost was Determined: This analysis reviewed all non-Department of Education employees and did not consider the impact of this legislation on Department of Education employees. This analysis went back to F.Y. 1990-91 and compared the actual salary increases, which have increased by 21.5%, to the Consumer Price Index (CPI) which has increased by 15.0%. While none of these contracts were the result of binding arbitration, if these increases were limited to the CPI, there would have been a substantial savings in this year's budget, apart from the incremental savings that would have been realized in each of the previous fiscal years.

If Mandate were Eliminated: If this mandate were eliminated it cannot be determined how the Town might do things differently. The biggest objection to the statute was the inability of a municipality to reject the arbitration ruling and a sense that the community's "ability to pay" was not given due consideration in the decision. With recent legislative changes much of the previous problems appear to have been addressed. One final refinement might be to permit arbitrators to rule between the two last best offers rather than an either/or resolution.

Public Employee Bargaining and Arbitration

Municipality: Manchester

Fiscal Year: 1993-94

Estimated Direct Cost: \$249,926

Direct Cost as a % of Operating Budget: .28%

How Cost was Determined: Total bargaining units salaries = \$3,493,629. Spread between the Consumer Price Index (CPI) and the arbitrator's award is 1.0% or \$134,936. Costs of 3 employees at varying % of time = \$80,000. Cost of 1 employee to represent 7 units = \$35,000. The total of these is \$249,926.

Estimated Indirect Cost: Indirect costs such as subjecting medical benefits to negotiation is unmeasurable but probably equal to direct costs.

If Mandate were Eliminated: The Town would probably base increases on a base amount less than CPI with merit increases which could, in total, exceed CPI.

General Assistance

Statutory Reference: 17-3a, 17-12hh, 17-273

Summary of Responses

Hartford and Cheshire arrived at their figures by determining the difference between all General Assistance expenses and the state reimbursement. Manchester estimated that if General Assistance was eliminated it would continue AFDC, which is about 10% of the present caseload. It then determined the cost for AFDC and took the difference between the General Assistance cost and the AFDC cost and used that figure as its direct cost for General Assistance.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Cheshire	\$18,400	0.03%
Hartford	\$12,299,592	2.8%
Manchester	\$384,000	0.43%

Statewide Projection

In addition to the data provided by these analyses, we include the following additional data for context. Statewide, net general assistance costs for municipalities in 1994-95 were approximately \$40 million, with administrative costs of approximately \$25 million. Of these amounts, in excess of 90% is in the 20 largest municipalities, with over 65% being in the four central cities. In addition, costs for this program expand substantially in difficult economic times, causing even more pressure on strained municipal budgets at their most vulnerable times.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Est. for all municipalities	\$40 million	0.6%

General Assistance

Municipality: Cheshire

Fiscal Year: 1994-95

Estimated Direct Cost: \$18,400

Direct Cost as a % of Operating Budget: 0.03%

How Cost was Determined: The direct cost estimate was developed by determining the difference between all General Assistance expenses and the Town's General Assistance reimbursement. The indirect cost was determined by estimating staff time in administering the program.

Estimated Indirect Cost: \$18,575

If Mandate were Eliminated: If this mandate were eliminated the Town would probably provide some level of assistance, but whether it would be direct financial aid or other types of assistance and what level of assistance cannot be determined at this time.

General Assistance

Municipality: Hartford

Fiscal year: 1994-95

Estimated Direct Cost: \$12,299,592

Direct Cost as a % of Operating Budget: 2.8%

How Cost was Determined: The direct cost was determined by calculating the difference between all direct general assistance expenses (payments to general assistance recipients and service providers) and the net revenue the city receives as reimbursements. The estimated indirect cost consists of personnel costs, fringe benefits, operating supplies and an indirect cost assumption (i.e. utilities, facilities usage, communications expenses etc.). The operating budget is defined as the fiscal year 1994-95 adopted general fund budget.

Estimated Indirect Cost: \$6,409,767

If Mandate were Eliminated: It is likely that if this mandate were eliminated, some form of assistance would be provided, however a determination on what type of assistance can not be made at this time. It is also likely that a dramatic reduction of general assistance will result in some form of mill rate reduction.

General Assistance

Municipality: Manchester

Fiscal year: 1993-94

Estimated Direct Cost: \$384,000

Direct Cost as a % of Operating Budget: .43%

How Cost was Determined: The Town estimates that if welfare were eliminated, the Town would continue AFDC which is about 10% of our present caseload. The 100% cost of this AFDC is \$219,000, Administrative would be \$250,000. Our present cost is \$853,000, so savings would be \$384,000.

Estimated Indirect Cost: None

If Mandate were Eliminated: See Above

Heart and Hypertension Program

Statutory Reference: 7-314a, 7-433c

Summary of Responses

All communities analyzing this mandate have direct costs attributed to the presumption in favor of police and fire personnel. Despite the original estimation that this mandate had significant impact, the results of the analyses demonstrate that the impact is generally moderate.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Cheshire	\$81,542	0.15%
Hartford	\$1,060,000	0.24%
Manchester	\$216,313	0.24%

Statewide Projections

The total statewide estimated expenses range in the area of \$10 - 17 million annually. The estimate for all municipalities was arrived at by using the high and low end percentages of municipal operating budgets from the table below with a statewide operating budget that we have estimated to be \$7 billion for FY 1995. This results in an estimated range of \$10 - 17 million.

Both the General Assembly's Office of Legislative Research(OLR) and the Connecticut Conference of Municipalities(CCM) have in recent years conducted statewide surveys on the cost of heart and hypertension payments to each municipality. CCM's results were for FY 1991 and showed costs of \$12.5 million, based on returns from all 169 municipalities. OLR's survey asked the municipalities what their estimated costs for FY 1994 would be and its results showed anticipated expenditures of \$12 million. However, OLR's survey had responses from only 122 municipalities, with several major cities not included.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Est. for all municipalities	\$10 - 17 million	0.15 - 0.24%

Heart and Hypertension

Municipality: Cheshire

Fiscal Year: 1994-95

Estimated Direct Cost: \$81,542

Direct Cost as a % of Operating Budget: 0.15%

How Cost was Determined: Currently, 9.3% of the Police Department work force are eligible for this benefit, as well as one retiree. This cost estimate was determined simply by identifying the temporary total expenses that the Town is obligated to pay through the remainder of the fiscal year and estimating the remaining medical expenses (physicians, and pharmaceutical costs associated with these claims). Additional expenses above these estimates are possible during this fiscal year, but are not predictable.

Estimated Indirect Cost: \$5,000 based on legal expenses and additional administrative costs. Also, the restoration of sick time for absences associated with this type of claim can be significant, but we have not had this occur yet this fiscal year.

If Mandate were Eliminated: If this mandate did not exist the Town would merely treat this type of claim as any other workers' compensation claim and we would not continue to give it the specialized and unique treatment it has received.

Heart and Hypertension

Municipality: Hartford

Fiscal Year: 1994-95

Estimated Direct Cost: \$1,060,000

Direct Cost as a % of Operating Budget: 0.24%

How Cost was Determined: The costs are derived from various sources. The City pays temporary total (TT) for the first year of indemnity and the Travelers Insurance Company pays subsequent TT as well as all medical and other indemnity. In addition, certain heart and hypertension costs are paid from the City's employee benefits budget. The estimated direct cost was determined by including adopted budget figures for heart and hypertension from the employee benefits budget. Actual heart and hypertension expenditures paid by Travelers Insurance Company for the first half of the fiscal year are doubled and last year's actual TT figures paid by the Police and Fire Departments are used to estimate the 94-95 direct costs.

Estimated Indirect Cost: According to industry analysts, the indirect costs associated with worker's compensation and heart and hypertension are conservatively three times the direct cost. Therefore, the estimated indirect cost for 94-95 is \$3,180,000.

If Mandate were Eliminated: If this mandate were eliminated, the city would treat this type of claim like any other worker's compensation claim and not give it the specialized and unique treatment it has received.

Heart and Hypertension

Municipality: Manchester

Fiscal Year: 1992-93

Estimated Direct Cost: \$216,313

Direct Cost as a % of Operating Budget: .24%

How Cost was Determined: Actual payments were totaled for all areas except legal/indirect. Here the cost of internal legal services was estimated.

Estimated Indirect Cost: This \$216,313 represents a continuing cost to the Town. The indirect costs such as replacement costs and other internal costs are estimated to be about \$10,000/yr.

If Mandate were Eliminated: Since there is no proven connection between public safety activity and Heart and Hypertension, the benefit would not be continued but treated as if it were a legitimate Workers' Compensation claim.

Prevailing Wage

Statutory Reference: 7-112, 31-53

Summary of Responses

Four municipalities analyzed the costs of the prevailing wage mandate. Given that the wage factor is a portion of total project cost, the mandate increased the costs of the projects, in amounts ranging from 11% to 21%, depending on the type and labor intensity of the projects. For the five projects represented in these analyses, the total cost of the mandate was estimated to be \$850,000. As with all the other mandates, these projections were taken, by necessity, from a limited sampling.

It must be noted that capital projects in Connecticut are generally bonded (most often over 20 years), increasing the costs of the mandate by the interest paid on that cost, but also spreading out that cost over multiple years. This long term approach would spread any benefits of changing this statute over the life of the bonds of any new project.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Killingly	Project A) \$25,000 Project B) \$153,000	Project A) 0.1% Project B) 0.5%
Mansfield	Project A) \$91,395	Project A) 0.44%
Norwich	Project A) \$226,000	Project A) 0.78%
Stonington	Project A) \$361,189	Project A) 1.3%

Statewide Projection

The estimate for all municipalities is a range using the high and low end percentages of operating budgets from the table below with a statewide operating budget that we have estimated to be \$7 billion for FY 1995. This gives results in an estimated range of \$28 - 91 million.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Est. for all municipalities	\$28-91 million	0.4 - 1.3%

Prevailing Wage

Municipality: Killingly

Fiscal Year: 1994-95

Project A: Sidewalk Reconstruction

Estimated Direct Cost: \$25,000

Direct Cost as a % of Project: 20.0

Direct Cost as a % of Operating Budget: .1%

How Cost was Determined: The total contract cost of the project is \$123,000. Of this amount, \$20,000 represents material costs. Of the \$103,000 project balance remaining, \$86,000 is estimated to represent labor costs. Using an approximate 40% prevailing wage rate, the additional cost of labor is estimated to be \$25,000.

Estimated Indirect Cost: Had the prevailing wage rates not been in effect for this project, more sidewalk reconstruction work would have been undertaken.

If Mandate were Eliminated: Depending on the project, the Town would either expand the scope of the project or reduce the cost of the overall project.

Prevailing Wage

Municipality: Killingly

Fiscal Year: 1994-95

Project B: Attawaugan Crossing/Upper Maple Street Road Reconstruction

Estimated Direct Cost: \$153,000

Direct Cost as a % of Project: 20.0

Direct Cost as a % of Operating Budget: 0.5%

How Cost was Determined: Methodology used in calculating the above dollars and percents is the same as used for the Town of Killingly Sidewalk Reconstruction project.

Estimated Indirect Cost: Had the prevailing wage rates not been in effect for this project, more road reconstruction work would have been undertaken.

If Mandate were Eliminated: Depending on the project, the Town would either expand the scope of the project or reduce the cost of the overall project.

Prevailing Wage

Municipality: Mansfield

Fiscal Year 1993-94

Project: Reconstruction of Mansfield Avenue

Estimated Direct Cost: \$91,395

Direct Cost as a % of Operating Budget: 0.44%

How Cost was Determined: The impact on the operating budget is difficult to gauge as large capital projects are not evenly distributed over a given period of years. A case study of a particular project was used to provide data. The significant information obtained from the outside contractors was their estimate of a 45 percent markup over real market wage rates. The ratio of labor costs to total costs will vary with the type of project. Mansfield estimates a markup of approximately 10 percent for road projects. We would expect that in a more labor intensive project like a building, the overall increase would be closer to 20 percent. The details of the project are as follows:

Reconstruction of Mansfield Avenue Project

Total Cost - \$193,679

Labor Costs equaled 16.7 percent of total project costs

Total Labor Costs were \$32,356

Contractors Payroll Department estimates prevailing wages at 45 percent markup

Estimated Labor Costs of area rates - \$17,958

Additional costs to Town because of Mandate - \$14,398

Mandate Costs as percent of total project costs - 7.5 percent.

Extrapolation to similar projects based on 6/30/94

Comprehensive Annual Financial Report Capital Fund

Budgeted Projects:	Cider Mill Bridge	287,937
	Mt. Hope Bridge	449,060
	Road Resurfacing	250,000
	Road Resurfacing	<u>231,613</u>
		<u>\$1,218,610</u>

$1,218,610 \times 7.5\% = \$91,395$ additional. costs due to mandate

Estimated Indirect Cost: The community scales back its capital program to meet the dollars available. Deferred maintenance is increased, shifting costs to future taxpayers and generations.

If Mandate were Eliminated: Mansfield would pay market wage rates.

Other Comments: This is one of the few areas where government has successfully privatized its operations. By setting artificially high wage rates, the State policy obviates that advantage. State and local governments actually pay more using the private sector than they would if they undertook the job themselves. This policy also results in fewer jobs. Finally, as many projects are undertaken in partnership with the State government using partial state funding, this increases State costs along with local costs.

Prevailing Wage

Municipality: Norwich

Fiscal Year: 1993-94

Project - Reconstruction of Asylum Street

Estimated Direct Cost: \$226,000

Direct Cost as a % of Operating Budget: 0.78%

How Cost was Determined: The total cost for the Asylum Street Project is \$1,302,000. We estimated that the State mandate to pay prevailing wages increased the cost of that project by 21%. The normal rate of pay for a laborer, including fringe benefits, is approximately \$25 per hour. The cost on a prevailing rate project is about \$41. This is an increase of 64%. Labor costs are roughly 1/3 of the total construction costs. Materials and equipment account for the other 2/3. These two items are not affected by the prevailing wage mandate. Therefore, the total increase in project costs is 21%.

Estimated Indirect Cost: The community scales back its capital program to meet the dollars available.

If Mandate were Eliminated: Norwich would pay market wage rates.

Prevailing Wage

Municipality: Stonington

Fiscal Year: 1992-93

Project: Pawcatuck Middle School

Estimated Direct Cost: \$361,189

Direct Cost as a % of Operating Budget: 1.3%

How Cost was Determined: The statute requires political subdivisions of the state in each contract for the construction, remodeling, refinishing, refurbishing, rehabilitation, alteration or repair of any public works project to include a provision requiring adherence to the prevailing wage in the locality. The statute also requires imposition of a fine of between \$2,500 and \$5,000 for each willful violation of the prevailing wage. This does not apply to new construction projects where the total cost of all work to be performed is under \$400,000, or to remodeling, refinishing, refurbishing, rehabilitation, alteration or repair projects where the total cost is under \$100,000.

The Pawcatuck Middle School project had a basic construction cost not including change orders of \$5,430,000 based on State of Connecticut "prevailing wage rates" as of November 1989. A construction cost analysis based on three additional wages rates was performed. The first construction cost analysis was based on a "non-prevailing November 1989" wage rate. The second and third construction cost analyses were based on "non-prevailing November 1994" wage rates, and "prevailing November 1994" wage rates, and "prevailing November 1994" wage rates, respectively.

The analysis began by using a typical payment requisition form from the general contractor. Using a Mean's Cost Estimating Index for both 1989 and 1994, the breakdown between labor and material cost of each of the contract items was obtained. Once the labor values were obtained for each contract item, these labor costs were prorated based on the three cost analyses, namely, non-prevailing 1989, non-prevailing 1994 and prevailing 1994. The prevailing wage rates were taken from the State of Connecticut Labor Department data for both 1989 and 1994. The non-prevailing wages rates were taken from the Mean's Cost Estimating Indices and modified for local conditions by using input from local contractors. The original requisition naturally represents the prevailing wage rates for October 1989 and is included as a reference for comparison to the three additional cost analyses that were prepared.

Since this project was a debt-service item and amortized over a twenty year period with State School Building Grant Eligibility and Bond Interest Subsidy at .46973%, the 11.14% cost savings to the Town of Stonington if this project was not subject to the prevailing wage determination, amounts to exactly \$832,074 over the life of the issue. The cost savings to the State of Connecticut would be \$485,362.

Estimated Indirect Cost: Having testified at arbitration hearings relative to municipal contracts and the Town's ability to pay issues, I have seen the prevailing wage classifications for the labor market area being submitted into evidence and used as a comparison basis for award purposes. Since most of the wage determinations are in excess of the existing and proposed municipal contract wages, awards using this basis of comparison usually favor labor and exceed the Town's ability to pay resulting in staffing level reductions and cutbacks in service levels.

If Mandate were Eliminated: Elimination of this particular mandate would result in a definite cost savings to the municipality as witnessed by the cost analysis. Stonington would continue to bid its capital projects and pay labor-related expenses at a rate determined by its competitive bid process.

Solid Waste Disposal and Recycling

Statutory Reference: 22a-220, 22a-241, 22a-241b

Summary of Responses

The statutory requirements to dispose of solid wastes and to recycle some elements of the waste stream were identified for analysis because of their purported high costs. In analyzing them, however, the sample municipalities concluded that no savings could be realized by eliminating this mandate because they would perform the same services without the mandate. Thus, Bridgeport and West Haven have identified the full cost of recycling (net of avoided disposal costs) because this is a relatively new mandate and not necessarily something the towns would do on their own.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Bridgeport	\$83,016	0.02%
Norwalk	Not Applicable	Not Applicable
West Haven	\$932,000	1.0%

Statewide Projection

With estimates varying so widely, it is unrealistic to project a statewide total.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Est. for all municipalities	Not Applicable	Not Applicable

Solid Waste Disposal and Recycling

Municipality: Bridgeport

Fiscal Year: 1994-95

Estimated Direct Cost: \$83,016

Direct Cost as a % of Operating Budget: 0.02%

How Cost was Determined: Cost was determined by subtracting the avoided disposal cost as the result of recycling from the curbside recycling expense as follows:

Curbside Recycling Expense:	\$438,189	
Avoided Disposal Cost:	<u>\$355,173</u>	(tonnage (4,886.8) X current rate (\$72.68)
Net Cost of Mandate:	\$83,016	

Other Comments: The city is under contract to be a member of CRRA for the next twelve years which makes it difficult to realize any savings in this area. The City has its own recycling department and it appears that the mandate is costing the City very little.

Solid Waste Disposal and Recycling

Municipality: Norwalk

Fiscal Year: 1994-95

Estimated Direct Cost: For the purpose of this analysis we have not calculated any cost estimated with regards to solid waste disposal, because we have assumed that the City would continue to dispose of such wastes absent the mandate. In this area of recycling there is no direct impact on the City since the avoided disposal costs more than offset the added costs of the City's recycling efforts.

Solid Waste Disposal and Recycling

Municipality: West Haven

Fiscal Year: 1994-95

Estimated Direct Cost: \$932,000, or 1% of the City's operating budget. This estimate is based the net cost of recycling, after accounting for a reduction in waste disposal costs due to tonnage that is removed from the waste stream because of recycling. We have not attached any costs to the mandates related to waste disposal, because we have assumed that the City would continue to dispose of such wastes even without the mandate.

Direct Cost as a % of Operating Budget: 1.0%

How Cost was Determined: The direct cost of the recycling mandate was based upon the City's cost of curbside recycling, hazardous waste disposal expense, and compost site expense; less the avoided disposal costs associated with the tonnage that the City recycles as follows:

Curbside Recycling Expense:	\$1,153,573
Avoided Disposal Cost:	\$ <u>221,168</u>
Net Cost of Mandate:	\$ 932,405

Estimated Indirect Cost: There are no significant indirect costs associated with the recycling mandate, but there may be some indirect benefits. Arguably, recycling may help forestall the need to expand disposal or incineration facilities, and may constrain the cost to close facilities when they have reached the end of their useful life. We have not attempted to attached a value to this potential benefit.

If Mandate were Eliminated: If the mandate were eliminated now, we are unable to predict the impact, since the decision on future recycling efforts would be made by the City Council. There appears to be general support for recycling among the present members of the City Council.

Requirement to Maintain Roads

Statutory Reference: 13a-107

Summary of Responses

This is the mandate requiring municipalities to maintain local roads in passable condition during winter storms. The analysis centered on overtime (or extra) costs required for snow plowing, plus the attendant expenses such as sand and salt. The total amount for the four municipalities in this sample is \$1.2 million, representing between 0.4% and 1.8% of the local budgets. It must be stated that the figures for Mansfield, Norwich and Stonington are based on expenditures for 1993-94 which was a very heavy snow year and may not represent average yearly expenditures.

Local Analysis

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Killingly	\$135,000	0.4%
Mansfield	\$383,160	1.8%
Norwich	\$443,270	0.6%
Stonington	\$260,914	0.8%

Statewide Projections

In order to get FY 1995 projections for the sample returns shown below, we increased any budget figure that was not FY 1995 by 3% per year. Also, the estimate for all municipalities is a range using the high and low end percentages of operating budgets from the table below with a statewide operating budget that we have estimated to be \$7 billion for FY 1995. This gives us an estimated range of \$28 - 70 million.

	<u>Estimated Direct Cost</u>	<u>Cost as % of Operating Budget</u>
Est. for all municipalities	\$28-70 million	0.4 - 1.0%

Requirement to Maintain Roads

Municipality: Killingly

Fiscal Year: 1994-95

Estimated Direct Cost: \$135,000

Direct Cost as a % of Operating Budget: 0.4%

How Cost was Determined: Costs include all materials, supplies, overtime labor and fringe benefits required as a result of snow removal operations.

Estimated Indirect Cost: None

If Mandate were Eliminated: If this mandate were eliminated, the current staffing and motor vehicle fleet needs of the Town would be re-examined.

Requirement to Maintain Roads

Municipality: Mansfield

Fiscal Year; 1993-94

Estimated Direct Cost: \$372,000

Direct Cost as a % of Operating Budget: 1.8%

How Cost was Determined: Costs were estimated using a cost accounting system developed in the Town's Public Works Department.

Estimated Indirect Cost: None

If Mandate were Eliminated: No change

Requirement to Maintain Roads

Municipality: Norwich

Fiscal Year: 1993-94

Estimated Direct Cost: \$430,359

Direct Cost as a % of Operating Budget: 1.5%

How Cost was Determined: Actual overtime cost per snow storm, plus sand and salt expense.

Estimated Indirect Cost: None

If Mandate were Eliminated: No change

Requirement to Maintain Roads

Municipality: Stonington

Fiscal Year: 1993-94

Estimated Direct Cost: \$253,315.30

Direct Cost as a % of Operating Budget: 1.0%

How Cost was Determined: The Statute requires towns to plow highways when they become impassable for public travel.

The costs of Snow Removal labor, benefits, materials and equipment depreciation net of Town Aid Road Grant Funds (materials only) was applied against the appropriated 1993-1994 operating budget to arrive at a direct cost to operating budget. The actual 1993-94 expenses were used since there has been no current-year activity due to the seasonal nature of this expenditure.

Estimated Indirect Cost: Stonington budgets cost related to snow removal by trending historical levels of expenditure. The indirect costs and impacts to the municipality are contingent upon the amount over and above the original appropriation required to fund this particular line. In 1993-94 with the extreme icing conditions and numerous snow storms, estimated budgets were grossly exceeded. Stonington had projected an estimated undesignated fund balance at fiscal year end of 6%. This balance dropped to 5.4% due to application of fund balance to snow removal expenditures. A municipality's undesignated fund balance is an indicator to bond rating services as to the financial stability of the entity. The factor plays a major roll in the amount the municipality pays for borrowing. In addition, Stonington budgets its snow removal materials through its Town Aid Road Grant funds. The estimate for snow removal materials was exceeded by thirty-eight percent in 1993-94. The grant funds earmarked for completion of a road reclamation project had to be scaled back due to this coverage.

If Mandate were Eliminated: Due to the public safety factor involved, there is very little the municipality would or could change in maintaining town roads if the mandate were eliminated.

ACIR MEMBERS
AGENCY COMMENTS



STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION



February 16, 1995

David W. Russell
Executive Director
Advisory Commission on Intergovernmental Relations
80 Washington Street
Hartford, CT 06106

Dear Mr. Russell:

The programmatic staff of the Department of Environmental Protection are currently reviewing "A Compendium of Statutory Mandates on Municipalities in Connecticut." and the draft "Cost Estimates for Selected Statutory Mandates on Municipalities in Connecticut." In addition to the concerns raised at Wednesday's meeting, comments and recommendations based on the outcome of our review of these documents will be forth coming.

It is important to point out that many of our department's mandates provide State money to help towns defray implementation costs associated with carrying out new responsibilities. Funding for one such program is attached for your information. I will have our staff's findings forwarded to you before the next scheduled Advisory meeting.

Sincerely,

Richard Hyde
Acting Bureau Chief
Bureau of Environmental Services
Department of Environmental Protection

PUBLICATIONS BY THE CONNECTICUT ACIR

- Home Rule in Connecticut: Its History, Status and Recommendations for change (January 1987)
- The Impact of the Timing of State Aid Decisions on Local Budgetmaking (December 1987)
- Independent Special Taxing Districts in Connecticut (December 1988)
- The State of State-Local Relations in Connecticut (March 1989)
- Defining Statewide vs. Local concerns: Can It Be Done and is it Necessary? (May 1989)
- Defining Statewide vs. Local concerns: Can It Be Done and is it Necessary? Constitutional Provision Supplement (June 1989)
- Solid Waste Management Practices in Connecticut Municipalities: Data Base (August 1989)
- Spending in Special and Other Funds in Connecticut Municipalities (April 1990)
- Local Government Cooperative Ventures in Connecticut (August 1990)
- Municipal Budget Adoption Experience in Connecticut 1990-91 (October 1990)
- Municipal Budget Adoption Experience in Connecticut 1991-92 (October 1991)
- Municipal Budget Adoption Experience in Connecticut 1992-93 (October 1992)
- 1993 State Mandates (September 1993)
- Connecticut Municipalities In Crisis: Can Regional Efforts Help? (January 1994)
- A Compendium Of Statutory Mandates On Municipalities In Connecticut (February 1994)
- A Compendium Of Regulatory Mandates On Municipalities In Connecticut (July 1994)
- 1994 State Mandates (August 1994)