

University of Connecticut  
Department of Public Policy

Capstone

***Making Sausage:***

Factors Important to Town Officials in  
Determining School Funding Levels

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*“If you like laws and sausages, you should never watch either one being made.”*

-- German Chancellor Otto von Bismarck, 1870s

## **Abstract**

My research question explores the economic, political and other factors that influence local budget setters (Mayors and Managers) during the school-budget setting process. This question is important because school spending makes up the biggest part of local budgets, so informed decisions on scarce resources are important for towns and taxpayers. How and why school funding decisions are made matter because levels of school funding can contribute to a district's ability to meet academic needs for local students and to the overall desirability of a community.

Based on existing literature and interviews with eleven Connecticut Mayors and Town Managers, I have identified five primary influences on town-level budget-setters as they decide on Connecticut school budget allocations. While those interviewed for this research represented a variety of communities their thinking on school budget-setting influences were quite uniform.

According to those interviewed, the most important factor is the condition of the local economy. Close behind are the tax and spending preferences gleaned from informal contact with citizens. Other notable influences on the budget-setter include the concern of having a lack of line-item control of school budget expenses, the challenging nature of relationships between town and school leaders, and the lack of transparency of the school budget.

These factors influence town decision makers and what they approve for school funding. As few schools receive their entire budget request, the difference between the original school request and the final appropriation can be attributed to how the mix of influences discussed in this paper weigh on town-side budget setters.

Overall, this study allows comparisons of perspectives from a variety of towns. The story this tells makes a useful contribution to understanding how and why elected town leaders and town managers make the choices they do when setting levels of school funding.

## **Introduction**

It was an arctic-cold January night in Meriden, Connecticut. Under a full moon in an old brownstone building that in another time served as the local high school, members of the Meriden Board of Education and administration sat around a square of tables to discuss the 2008-2009 Meriden school budget request that was soon to be delivered to the City Manager. In crafting this budget there was, to be sure, plenty of discussion on rising school costs such as health care, special education and utility costs.

But there was more to the debate than simply discussing school expenses. Members discussed how their budget request would soon be received by town leaders, who would make the final decision on the school budget. What should be the role of the Board of Education?

Some members said, “Our job is to advocate for our students. We have to ask for as much as we think we need. If we don’t advocate for a big school budget, then who will?” Other members didn’t agree, asking whether the City Council and City Manager would support a 6.8% budget increase in difficult economic times and in a community with no tolerance for tax increases.

What would the Board of Education do, and more importantly, what factors would town-side budget-setters consider when assessing the Board of Education request?

Free public education is a legal responsibility of the state of Connecticut. As education is a state function delivered locally, it follows that the cost of education is shared by the state and towns. And those costs to the towns and state are significant.

On average, Connecticut municipalities contribute 60% of their town budget to schools (Connolly, 2001). There is a wide range of school spending from town to town. For example, Farmington school spending is 93% locally financed; in New Haven, 26% of the total school budget is funded by local tax dollars (State of Connecticut Department of Education, 2006). As a percentage, urban areas tend to pay less for schools because they provide other public services and receive more funding from the State and Federal government.

No matter the portion of school spending, education is the most expensive public service provided by towns and cities. And those costs are rising. In 2001-2002, per pupil spending in Connecticut was \$9,228. Just four years later, per student spending was slightly under \$11,000 (State of Connecticut, Department of Education, 2006).

At the state level, 19% of total spending goes to local public education. But while State contributions to local education are steadily rising, the State's share of the total costs of local education is flat or declining (Connolly, 2001). Teacher salaries and benefits and utility expenses are rising faster than the State contributions to the coffers of local governments. As a result, local governments are paying an ever-increasing portion of school expense.

Increased overall public spending, led by education, is not exclusively an urban, high-needs school district concern. Except for the most affluent of Connecticut towns, the majority of Connecticut communities are facing noticeable economic and social pressures (Orfield, 2003).

In this environment, understanding how and why town leaders make school spending decisions is important for both taxpayers and schools. For individual taxpayers, whether or not they have a school-aged child (only one in three Connecticut households do), school spending matters (United States Census, 2000). Taxpayers – both individual and business – are concerned with increasing local property tax payments as part of their budgets.

Decisions on school spending contribute to a district's ability to meet the academic needs of the local school population. School quality can have an affect not only on students but on the overall desirability of a community and on property values (Balsdon, 2003). School budget decisions also have an important impact on the availability of resources for non-school spending. Thus the local officials who set local budgets must often make difficult decisions on what mix of public services to provide and the tax rates needed to support those services.

My primary research question asks what factors influence local budget setters during the school-budget setting process. My research will help citizens, school officials and locally elected officials

better understand what is important to town leaders when setting education budgets. The analysis will use a systematic qualitative case-study approach to focus on eleven randomly selected Connecticut towns. I will answer this research question with interviews of the key public leaders of the local budget setting process: the highest available elected official (Mayor or Council leader) and the town administrator (City Manager or Finance Director).

### **Background: Literature Review**

The existing literature on factors that shape education budget decisions and public spending overall falls into two groups: what's important to citizens, and what's important to public officials. A discussion of literature from both the citizen and town official perspectives will allow a framework to be built about what factors are important to town leaders in determining school funding levels.

#### ***Literature: Citizen Preferences for School Spending***

This category of literature focuses on what goes into voter preferences and a citizen's assessment of how much they are willing to pay for public services. An overview of the citizen side of the equation is helpful to show the relationship between the spending decisions citizens want and those actually made by their elected leaders. Citizens often reveal strong support for policy positions that are not the same as the positions or opinions expressed by their elected leaders (Simonsen, Robbins, 2003).

Many Connecticut communities – about 130 of 169 - adopt their budget through a referenda or town meeting process where citizens actually vote on a municipal budget. Research on the factors that contribute to successful school referenda suggests that local characteristics of a community are important, such as the share of elderly in the population, the size of the district, student mobility and minority student percentages. Where voters can impact the levels of spending through some form of voter control, as through referenda, public choice theory argues that expenditures will be lower than in the absence of effective voter controls (Santerre, 1989).

Homeowners are keenly aware of the factors that affect the value of their largest asset, their home. As people often relate local school spending with school quality, an increase in a town's school spending means a relative increase in the school quality over neighboring districts. That rise

attracts families, causing the school spending increase to be capitalized into local housing values (Balsdon, 2003; Hilber 2005).

The traditional median voter model predicts that median family incomes and the share of taxes are the primary determinants of local school spending levels (Denzau, 1984). Town budget-setters may or may not know this median preference. When citizen preferences for spending and taxing are known with certainty, the town representative ignores interest groups that advocate for an initiative farther from the voter's ideal point (Matsusaka, 2001).

Citizens may also employ a 'reasonableness' test where they consider public spending as they would their own private consumption, observing how their tax bills relate to the other uses for their money. A larger than anticipated increase in a school budget request could create 'sticker shock' for taxpayers (Robins, Simonsen, Feldman, 2004).

***Literature: Factors Important to Public Officials in Determining Levels of School Spending***

With the complexity of local budgets, it is not possible that budget setters have all of the information they need to make a fully rational and perfect decision. Budget considerations involve a bounded rationality, where budget-setters use a set of heuristics, or short-cuts, to make decisions rather than a strict rigid rule of optimization. Simply put, it takes too much time and requires too many resources to process and compute the expected utility of every alternative action (Simon, 1991). Budget setters 'satisfice', making decisions that are just good enough.

The managers or elected leaders who shape the budget decision-making process can reduce the influence of local leaders (as on the town's elected body) by providing a limited set of funding options for their consideration. In this role, the agenda-setter can effectively influence the voting pattern of each individual in the decision-making group. With a restricted set of options, this can lead to a narrower range of outcomes that are preferred by the agenda-setter (Plott, 1978; Flowers, 1981).

The bureaucratic budget-maximization model reasons that the agenda for the decision process in a given area of public spending is controlled by those who have high demand for the expenditure.

For example, school officials have an obvious self-interest in securing as many resources as possible for their schools. Budget maximization suggests that school boards – even though they are expected to help keep property taxes down – will, to a point, request and advocate for as much funding as they can (Shapiro, 1986; Romer, 1987; Stevens, 1994).

Local citizens rely on the representation of their interests by elected officials and public managers, yet the approaches that officials use to collect information on citizen preferences is typically nonrepresentative (by way of budget hearings, the media and the activist's squeaky wheel) and not fully informed (citizen voting). On the whole, the budget setter has an overall lack of specific information about voter preferences, which introduces uncertainty into the budget setting process. This uncertainty may bias public policy decisions away from the optimum mix of taxing and spending (Romer, 1979; Robins, Simonsen, Feldman, 2004; Svara, 2005).

Another determinant of public spending suggests that managers might substitute their own preferences for that of the public, or given a lack of clear information on what the median voter wants, act on their own ideas about what the public wants. The agenda-setter has preferences for services and taxes that can be totally unresponsive to voter preferences. Government decision makers also have a significant information advantage over citizens regarding service costs and revenues (Lupia, 1992; Robins, Simonsen, Feldman, 2004; Robbins, Simonsen, 2006).

Government structure may also contribute to public spending choices. Some research has found that city spending levels were lower in city manager-led cities compared to elected mayor-council cities. The manager's detachment from politics, goes the reasoning, allows him to be more cost conscious. At the same time, a manager must pay attention to his bosses, the local town council. A manager who implements policies inconsistent with the desires of a majority of the local governing body will eventually be replaced (Deno, 1987; Romer, 1979).

The Mayor-council form of government has been regarded as responsive to popular demands and less likely to insulate local decisions from demands and pressures in the community. More politicized, this structure can translate into outcomes that are more responsive to interest-group activism and mass political pressures (Feiock, Jeong, and Kim, 2003).

An overarching determinant of public spending is the economic environment in which the budget actors operate. When the country and state are in good economic times, cities adopt their operating budgets with relative ease. When overall economic times are more difficult, the towns have more budget scrutiny. That means towns must work harder to adopt budgets. Another factor influencing the budget adoption process is the level and tolerance for the local property tax. In 2007 many Connecticut towns had to deal with large shifts in property values as a result of revaluation. In many communities, that had a significant effect on tax rates and availability of resources for municipal budgets. Taxing challenges are compounded in rough economic times when there is less federal and state money coming in and the town must cut services or raise taxes to maintain service levels (Connecticut Municipal Budget Adoption Experiences, 2006-07).

As noted, there is an extensive literature on what influences a citizen's willingness to pay for public services. The literature is more limited on the factors important to the town official, especially in relation to school budgets. My research aims to fill this gap by exploring influences such as transparency of school budgets, the limit of line-item authority on school spending, and relationships between town and school leaders.

This research will help citizens better understand what's important to town leaders when setting education budgets. It will also make more concrete the calculus public officials use to set the school budget. This research has important policy implications because if there's a disconnect between citizens and town officials on what matters on school spending, it's possible that from the taxpayer perspective, 'incorrect' spending choices may be made. This could lead to increased citizen frustration, concern over local tax burdens, and an over- or under-provision of education services.

### **Conceptual framework**

My conceptual model begins by defining the typical budget-setting process used by Connecticut towns. This will help answer my first research question, which is to identify the primary decisions that local budget leaders make along the way to a final school budget. This framework will help answer my second question, which is to identify the many economic and political factors that

influence town-side decision makers (Mayors and Town Managers) during the budget process that ultimately lead to a bottom-line funding allocation. I will begin with an overview of how the school-budget setting process works.

*Typical Connecticut town budget adoption process*

The typical budget approval process takes place in one of two ways. For about 130 of Connecticut's 169 towns, **referendums and citizen town meetings** are consistently used to set the overall town budget, including for schools. The majority of Connecticut towns that use a referendum or town meeting process tend to be smaller, growing and more affluent. These represent about 47% of the state's citizens and schools and have an average population of 12,930.

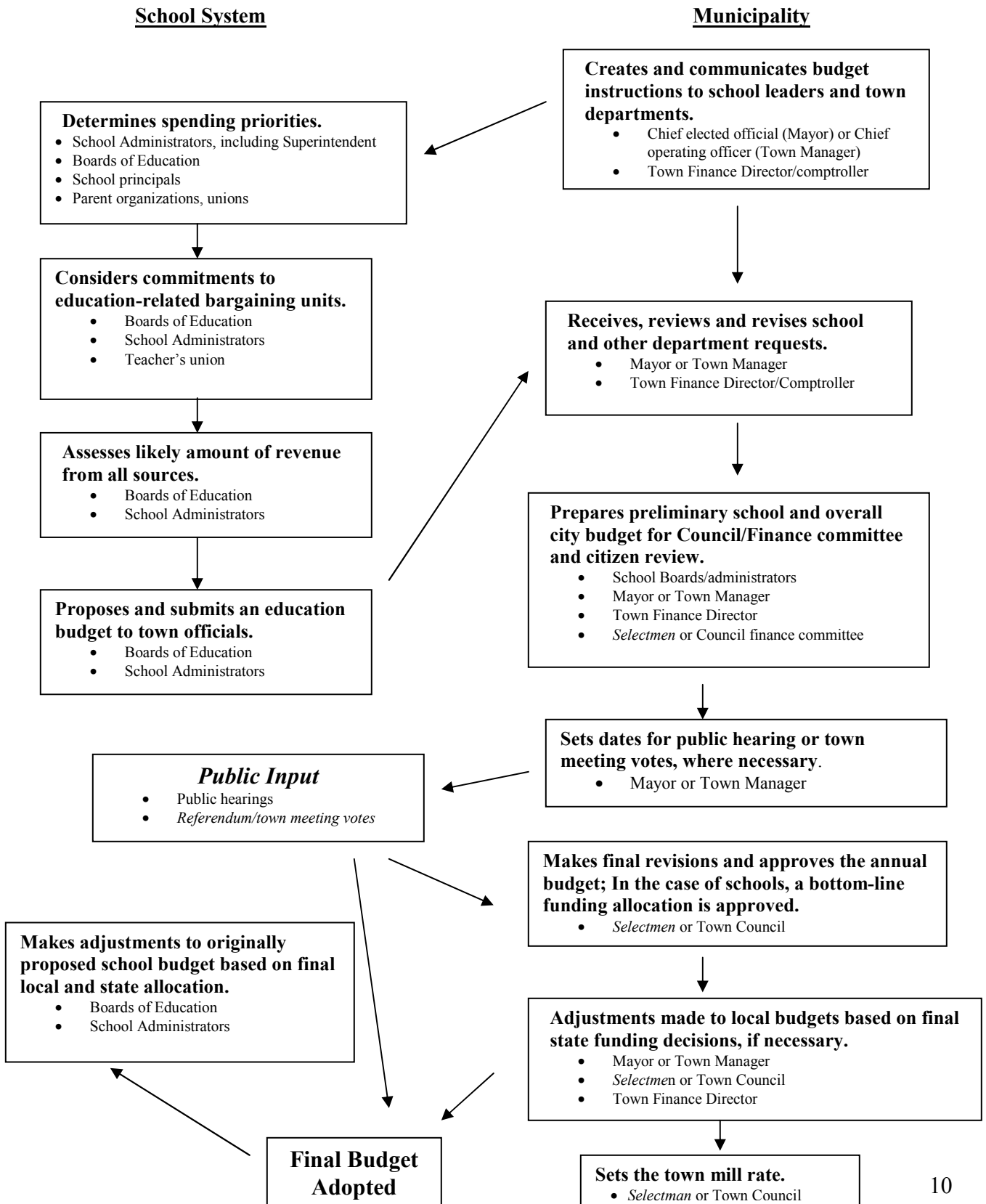
Town meetings are a form of government practiced almost exclusively in New England. Communities that use a **referendum or town meeting** process are governed by a Board of Selectmen. The town meeting is considered the legislative body of the town and is open to all registered voters and property owners. The town meeting is used to approve annual budgets, approve major expenditures and adopt new town ordinances. Referendums are similar to town meetings but involve an actual up or down machine-vote by registered voters.

The remaining Connecticut communities that do not use a town meeting use a **Council-adoption process** led either by the Chief Elected Officer (such as a Mayor) or a Chief Administrator (such as a City Manager). While only 36 Connecticut towns use the Council-adoption process, this covers about 53% of the state's population and includes all of the bigger, more distressed cities. These communities, according to Orfield (2003), have greater social needs and a limited ability to raise revenue by way of local taxes. The average population of these towns is 51,385.

For both of the budget adoption processes described, the key decisions and deadlines are set according to the town's charter. *Attachment 1* details the budget-setting process for Southington, CT, an approach similar to most towns. *The flow chart on the following page* shows the key decisions that are made during the local budget-setting process. The decisions and the primary budget-setters involved are largely common to both of the approaches to setting school and municipal budgets, that is, the referendum/town meeting and the Council-adoption.

## Decisions Made During the School Budget Adoption Process

Bulleted items represent who is involved with that budget decision.  
*Italics> items are specific to the town meeting/referendum processes.*



### *School Budget Setting Process*

In Connecticut, most towns have a locally-elected or appointed Board of Education that proposes a budget to operate that district's school system. On average, about 40% of the revenue to support that budget comes from State and Federal sources. As Connecticut school boards do not have their own taxing authority, Boards of Education must seek local tax dollars. The request for these local tax dollars is made to the chief elected or appointed official in town's local government. The final approval, depending on a town's budget adoption process, is achieved by way of a vote either by the town's elected body (Council or Selectmen) or citizenry in a town meeting or referendum vote.

The school budget-setting process is done in a way that is different than for other municipal services. For non-education services, depending on the town, a combination of the **chief elected officials, town administrators, finance directors, or town councilors/selectmen** directly determine budget requests and final allocations. For schools, local government only approves or disapproves a bottom line dollar amount for education spending. Per state statute, local government cannot make changes to any particular education line item within the school budget.

Each Fall, **school boards and administrators** determine education spending priorities based on school principal and administrator requests, State or Federal mandates, and Board goals. They also consider current and potential future funding commitments to education-related bargaining units. Boards also assess the likely amount of revenue from all sources: local, state, federal and private.

After these steps, school boards develop and submit their request to their local government's town administrator or finance director. After this submission, the Board and school administrators will make a formal budget presentation in early Spring to the local elected body and town administrators. This is where the school budget is discussed at length between school and town leaders. Following this presentation, there is one to two month process during which that request (as well as for other town departments) is revised and reviewed by town leaders. Before the start of the July 1 fiscal year, usually in May, the local education budget has been approved by the municipal body (or in the case of referendums, by the citizens). The amount of that final budget allocation may or may not be the same amount as originally requested by the Board of Education.

If there is a difference, the school board will make adjustments to the school budget that was initially proposed.

### **Key factors that influence school budget decisions**

I have so far discussed the typical local budget-setting process and the primary decisions made by town leaders (Mayors and Managers). Based on literature and personal observations of government in action, I have created and will now describe five categories that capture the influences on town leaders that lead to school budget decisions. After this section is a review of my approach to data collection. Then I will discuss my findings and where they fall within the following categories.

#### *Categories of influence on municipal leader school budget decisions*

##### **1. Community Characteristics and Preferences**

One category of inputs that town-side decision-makers consider in crafting local budgets involves the profile of their community, including the school student population demographics and the composition and preferences of its voters.

Research on the factors that contribute to successful school referenda suggests the importance of **local characteristics of a community and its voters**, such as the proportion of families with school-aged children, the share of elderly in the population and the size and wealth of the district (Enrenberg, 2002). There is an intuition that seniors are less likely to support school funding, but research findings are mixed. Certainly, a citizenry with certain characteristics (like faithfully voting seniors) may be better able to exert influence on government leaders.

Citizens can have a direct impact on decision makers and their school funding choices through **organizing advocacy groups** or participating in budget public hearings or referenda votes. Such advocacy can be a way to communicate school spending, taxing, public service or other special interest preferences.

**Citizens, whether organized or not, have preferences for levels of school spending.** These preferences may or may not be communicated to or known by their elected leaders.

Another aspect of a community's characteristics considers the level of citizen involvement. This includes the formal or informal **opportunities available to voters to interact with budget-setters during the budget setting process**. How and when citizens connect during the process - at public hearings or referendum votes - can have an important effect on decision makers.

The **media** can also play an important role in communicating to decision makers what citizens are concerned about, even if those views are not representative. Citizen and interest groups may make use of the media by way of news articles, editorials and opinion submissions to shape issues and the 'public will' related to school budgets.

Beyond the significant ability to negotiate employee contracts (discussed under 'Budget Constraints' on page 17), **school employee union members** who live and vote in their school district's community can also exercise their voice through political candidate endorsements and public advocacy on budget issues that may not relate directly to their contract, such as pushing for new textbooks. This public pressure can influence elected leaders to support a larger budget than they otherwise might.

Another community factor influencing budget decision makers is the level and **tolerance for the local property tax**. Many towns place a great weight on keeping stable tax rates. In these communities, decision makers may be predisposed to setting lower local school budgets no matter what other influences and community needs are in play.

The **composition of the school student population** includes student enrollment projections, student mobility within or out of a district, minority student percentages and school poverty rates. The profile of a student body can contribute to school need, and impact spending decisions to achieve a certain level of student performance. For example, a school community made up of students from lower income families or that speak a primary home language other than English requires additional educational resources, such as bilingual classes or supplementary reading supports. Thus a school's student profile influences the cost of providing education and ultimately, to the amount of the school budget that is considered by town leaders.

Finally, the **level of a school district's performance** is important to a budget-setter. Based on my experience and observations, voters, especially those with school-aged children, care about school performance because they want their children to do well academically. Families also give weight to the quality of a school system as they decide where to buy a home. Administrators and elected school officials are concerned about school performance due to goals or pressures for their students to achieve a certain level of performance. Elected school and town officials are interested in how well schools support the development of the local future workforce and the quality of future community leadership. For all of these reasons, how well a town's schools are doing encourages town leaders to support more or less education spending.

## **2. Budget-setter preferences**

Another important category of influence on the local budget setter is their own taxing, spending and policy preferences for education and other local services.

An example of **budget-maximization** comes from those who have high demand for the expenditure. For example, school officials have an obvious self-interest in securing as many resources as possible for their schools.

There is also the notion that elected leaders are people too, with their own personal demand for services. Decision makers in a representative form of government may exercise their expense preferences by spending more or less on particular local public goods. For example, town officials may not have children in the school system, and instead receive more utility from spending on items like public parks or library services. **A city official's own personal preference for schools spending can matter.** (Santerre, 1989).

**In making budget decisions, town leaders can make use of their understanding or perception of the spending preferences for the citizens they represent.** Given a lack of clear information on what the median voter wants, budget setters may act on their own ideas about what the public wants. The town leader may then make decisions on service levels and taxes which can be less responsive to voter preferences.

Another influencing factor on budget setters relates to **property values**. As people often relate local school spending with school quality, an increase in a town's school spending means a relative increase in the school quality over neighboring districts. Some literature has found that this rise attracts families, causing the increase in school spending to be capitalized into local property values (Balsdon, 2003; Hilber 2005).

### **3. Town – School Relations**

An important influencing factor shows up in the **relationships between key leaders on the school boards and administrations and town/finance managers and elected town councils**. As schools can't raise their own revenue to fund school spending, they must seek funding from other levels of government. This process is more than just transmitting a budget document to City Hall for funding. School leaders must be in relationship with the elected and administrative leadership of City Hall to more fully explain and advance school budget requests. Examples of relationship factors include the openness and level of trust between town and school leaders. How and when town and school officials relate to each other – by formal or informal channels or just during budget season - also matter to decision makers and their final budget decisions.

Elected officials also pay attention to the **transparency of school costs**, that is, are revenues and expenses easily understood and clearly communicated by school leaders? Town leaders who do not have a true picture of school costs may over- or under-fund education.

Even if a school's budget is clear, school leaders have the final say on how their allocation is spent, while town government can only set a bottom-line spending amount. Per state statute, local budget setters can not adjust individual school **line items**.

There is some thought that key **elected leaders with more tenure** have a greater ability to shape budget decisions. Senior school leaders have a better grasp of the school budget, and also are more likely to have more fully-developed relationships with town-side budget-setters. Larger, more seasoned boards tend to have more success in having their budgets adopted by town government

(Enrenberg, 2002). Town leaders may also defer significantly to the expert judgments offered by school leadership.

#### 4. Local budget setting context

Within the Council-adoption process described previously, a **town's government structure may lead to certain funding decisions**. For example, some research has found that city manager forms of government tend to result in lower levels of public spending. The Council-manager form is presumed to allow for greater consideration of long-term interests and can be a means of insulating local decisions from external political pressures.

As noted, school leaders have the final say on how their allocation is spent, while town government can only set a bottom-line spending amount. Still, town leaders can communicate their budget preferences to school leadership in the early stage of the budget process. This can be done directly through delivery of **budget setting instructions and assumptions** to city and school department heads. See *Attachment 2* for an example of a City Manager's budget message to his town's Mayor and City Council.

**Local voting history and taxing and spending patterns** can also be useful guides to determine the level of support for future education budgets. If a town defeats a school budget referendum in one year, it is more likely to do so again in subsequent years (Connecticut Municipal Budget Adoption Experiences, 2006-07). If a community tends to fund schools at a fairly steady level or predictable annual increase, it's reasonable to imagine this year's budget will look similar to what's been done in the recent past. The most recently adopted school budget and recent spending trends also say something about the next budget: last year's allocation is typically the base on which school districts build their subsequent budget requests.

Government officials also have the ability to set and **control the budget-setting process and agenda**. This means if the town or finance manager wants lower school spending, for example, s/he can recommend a lower funding level to the town's chief elected official and governing body. For example, if the Board-proposed budget request is reduced by the City Manager, the Council then works from the manager or finance director's recommended funding amount rather than that

originally requested of the Board of Education. The Council can make additional adjustments to the school budget if they do not agree with the Manager.

## 5. Budget setting constraints

The **economic environment** in which the budget-setters operate matters. When the country and state are in good economic times, cities and towns adopt their operating budgets with relative ease.

**Levels of intergovernmental resources** to towns are important, as local resources account for only about 60% of the average Connecticut town's school budget. **Educational mandates from state or federal government** can place constraints and pressures on school spending decisions. These mandates may or may not be funded by the higher levels of government and in either case must be factors that local leaders consider as they craft a school budget. Another consideration is a town's Minimum Expenditure Requirement (MER). The MER is determined by the Connecticut State Department of Education and represents the minimum level that districts must spend on schools. If a community spends below that threshold, financial penalties are possible.

**School union leadership and membership** can also influence decision makers through negotiation of school employee collective bargaining agreements. The amount of salary and benefits that are agreed upon set the minimum spending level for school systems. For many school districts, staff salaries and benefits make up more than 80% of the overall school budget.

A table summarizing all of the influences noted above is on *Attachment 3*.

I now turn to a discussion of my approach to data collection. Following this, I will describe my findings and implications.

## Data and Methods

### *Design*

To explore my research questions, I use responses from stakeholder interviews and draw on relevant literature. I then develop a descriptive, qualitative case study that paints a picture of the importance that a variety of factors make on budget-setters as they set school funding levels.

### *Sample*

I focused stakeholder interviews on towns that use a Council adoption process. I chose this approach because more than half of Connecticut residents and schools are covered by Council-adoption. Also, as Council-adoption towns include most of the state's distressed communities, it is especially important to know how these towns make decisions with scarce resources. And as the decisions made in both Council-adoption and referendum adoption processes are very similar, there can be some useful information that applies to the referendum towns and to communities outside of New England.

To generate the list of towns where I conducted interviews, I listed all 36 towns that use a Council adoption process towns were sorted into Orfield's four categories of Connecticut communities: *distressed* (Meriden, New Britain, Norwich), *at-risk* (Bloomfield, Middletown, Montville, Newington), *developing* (Berlin, West Hartford, Wolcott), and *affluent* (Stamford is the only town in this category). Then, at least three towns were randomly selected from each of these categories, for a total of 11 towns. The list of Council-adoption towns is shown on *Attachment 4*.

### *Methods*

Interviews focused on the Chief Elected Official and Chief Administrator Officer in a mix of Mayor- or Manager-led Council forms of government. I chose to interview the Mayor or Manager because they are the lead-figures in their towns on developing the budget, and that expertise is useful to describe my research questions and categories of influence. I also interviewed a member of a Board of Finance who I know from a town outside of those randomly selected. After I selected the towns, I determined the name and contact information for that town's manager or mayor. I then telephoned each Mayor or Manager and arranged a one hour interview at their office. After each meeting was arranged, I mailed the Mayor or Manager an introductory letter describing the project in more detail and a consent form. A list of those interviewed is shown as *Attachment 5*.

The choice of conducting personal interviews with town officials was deemed an effective approach of enlisting cooperation in a short period of time. Advantages of the face-to-face interview include being better able to answer respondent questions, to probe for adequate answers, and to conduct

longer interviews. To encourage openness, respondents were promised confidentiality and anonymity.

### *Measures*

My process to gather data started with creating and pre-testing a written questionnaire and introductory paragraph on the intent of the research. Tentative interview questions were developed based on my model of how budget decisions are made. Questions also sought to understand a variety of influences on the budget-setter at different points during the budget process. I then pre-tested the questions with elected town officials and administrators I know in Meriden and Hartford. These responses were not included as part of the analysis. Based on reactions to the pre-tests, I revised the content and sequence of certain questions. The final interview protocol is *Attachment 6*.

I conducted the interviews over a two month period from March to April 2008. To ensure question validity, I used standardized interviews by asking the same set of questions to all. I also probed answers for clarity and took careful notes for accuracy. Following the interviews, data analysis included coding transcribed interviews via common themes by lining up responses that responded to my research questions. I then compared and contrasted responses with any relevant literature. Finally, I used the findings to describe the budget-setting process and the factors important to town leaders, and where those findings fell within the categories of influence I developed in my model.

Despite efforts to strengthen reliability and validity, the study has several important limitations. . . With limited time to talk with a more complete sample of town leaders, the towns I engaged may not be typical of all Connecticut or American towns. It is possible that there are other key decision-makers in non-selected towns or leaders from some of my target towns who use a different set of determining factors in setting school budgets. And, there may be other factors that influence school spending that my approach to data collection and my questions don't capture.

Overall, this data collection strategy allows comparisons of perspectives from a variety of towns. The story this tells makes a useful contribution to understanding how and why elected leaders and town managers do what they do when it comes to setting levels of school funding.

## **Presentation of Findings**

### *Summary*

According to responses from my interviews with eleven town managers and mayors, there are numerous influences important in their school-budget decision making. A summary of notes from all of those interviewed, organized by categories of influence, is shown on *Attachment 7*. While those interviewed for this research represented a variety of communities, their thinking on what school budget-setting influences matter are quite uniform. Of the many influencing factors, however, there are five that were consistently identified as central to local school budget decisions. I will summarize the findings, then turn to a more detailed discussion of each.

The most commonly-cited influencing factor according to interviewed budget setters is the condition of the local economy. Within this category, Mayors and Managers noted that the ‘ability to pay’ for local services depends on the levels of funding from the state and federal government, costs of providing services, and the health of the grand list to generate tax dollars. In difficult economic times, all parts of a town’s budget – including schools – receive extra scrutiny.

Another key factor important to Mayors and Managers are the tax and spending preferences gleaned from informal contact with citizens and also gathered from the town’s elected body. It was noted that formal public input into the budget as at public hearings is considered much less useful than informal interactions with citizens over the course of the year.

Other important influences include the concern of having a lack of line-item control of school budget expenses. Here, the town budget-setter is not able to modify the school budget line-by-line. Thus school funding decisions are done much more roughly than preferred by budget-setters. Where a town-side leader may see opportunities for savings, the school-side leader is not obligated to do anything but spend the bottom-line figure approved by the town.

The challenging nature of relationships between town and school leaders is also key. As schools do not raise funds to pay for educational services, they must seek funding from the town. This process is much more involved than simply submitting a budget document. The interactions between school and town leaders are important.

The final factor noted most commonly among interviewees is the lack of transparency of the school budget. It is widely felt that the school budget is intentionally unclear, which makes it challenging for Mayors and Managers to know true school costs.

The presence of these factors do impact what schools ultimately receive for funding. While it's beyond the scope of this research to assign a specific dollar impact to each influencing factor, it is the mix of these factors that lead budget-setters to a school funding allocation which in all cases is lower than what was originally requested. It is a rare school district that has its request fully funded. The difference between the request and appropriation can be attributed to funding choices by town-side budget setters and how these factors influence those choices.

I will now provide a more detailed discussion on each influencing factor, listed in priority order based on how frequently each were cited by those interviewed.

## **1. The Economy**

All Mayors and Managers interviewed noted the importance of the condition of the economy. This drives what a community can afford for its local budget. Mayors and Managers must assess how well the economy is doing. This helps determine how much money is available for providing public services, including education. In down economies, it may be more difficult to provide a level of school funding required to adequately operate schools. Or, local tax payers may be asked to pay more. A Mayor said that it's "Hard to raise taxes when people are paying \$4 for gas. And, we're just coming off a tough revaluation of property. That plays a lot into what I recommend." And a Town Manager said, "Even if a community values education, in a bad economy it's tough to support big increases."

Local budgets are impacted by funding from other levels of government. Connecticut municipalities set their local budgets before the State has settled on a state budget. This means that towns base some revenue projections on assumptions that may or may not hold up. And they amount of State funding is also key: "State funding contribution is big, and it's a wildcard from

year to year,” said one Mayor. For schools, said a Town Manager, “Educational Cost Sharing (school) funding and taxes are the major drivers of what we do (for schools).”

While the town-side leaders pay attention to the economy, there’s a widely-held belief among those interviewed that the Board-side does not. The “Board of Education doesn’t have appreciation for the tax payer,” said a town manager. This is my biggest frustration. They don’t see the little old lady coming in here to pay her taxes.” A mayor asserts that the “education budget doesn’t consider external factors such as ability to pay. The educational philosophy is that others figure out how to pay.” This matters because many town leaders believe the school budgets they consider are overly inflated, forcing town leaders to do the ‘heavy lifting’ of difficult budget adjustments.

## **2. Community Preferences as Communicated by way of Informal Contact with Citizens**

Many of the interviews mayors and managers said that the tax and spending preferences of citizens – especially voting constituents - is a very important factor on their budget-setting decisions. A Board of Finance member said that “We know the spending tolerance of voters based on history, tax rates and the last election.” A Mayor said the “Biggest weight for me is impact on tax payers. If you go back to the well too many times you won’t be in office.” Similar sentiments were shared by another Mayor: “If I want to keep this job, I have to move the town forward in an affordable way. People must be satisfied.” One could suggest that elected town leaders make budget decisions based on what is more likely to keep them in office, but this sensitivity to citizen input was also noted by appointed town managers.

All towns have some formal way to solicit input from their public on the local budget, as with public hearings. Respondents on the whole saw little value in the public hearings. For the most part, budget-setters believe that people who attend public hearings largely represent extreme positions. One Town Manager said that, “Public hearings have little effect. We get only extreme positions or general statements. Hearings are not helpful unless there’s a very specific issue.” A Mayor said that, “Public hearings are co-opted by the voices of the extremes. Take out the extremes, there’s not much there.”

Also, by the time public hearings are held the budget has already been thoroughly reviewed, so any input carries little weight and leads to few changes. “Most councilors have minds made up before public hearings,” said a town manager. “The budget is really worked over before the hearing.”

Outside of the formal opportunities for public input, many of the interviewed budget-setters felt that informal contact with citizens over the course of the year was much more important. “Citizens will grab you on the street corner,” described a Mayor. A city manager also noted the weight of citizen interactions on his thinking: “I come into contact with citizens only a daily basis. It has to fit for my community at large. I have many ties here, I grew up here too. The coffee shop, the sidewalk talk – 1000s of such interactions and exchanges build up over time.” The value of informal contact with citizens was broadly reported by those interviews, suggesting that budget-decisions are much more than a ‘green bar paper’ exercise. Budget-setters are not only aware of what citizens are saying, but the accumulation of such contacts clearly is on the mind of Mayors and Managers.

### *Elected-body Preferences*

Budget-setters also pay attention to what the town’s elected body wants in a budget. This is true for both elected Mayors and for Managers who are hired by a town’s council. A town manager said that the “Direction of Council is key. I want to maintain services, but policy makers control a lot of what we do so I have to pay attention to what they want. For example, a new Council was just swept into office on conservative tax policy, promising to limit tax increase to 3%.”

Sometimes, citizens and town elected bodies do not explicitly say what they want in a budget. There are, in the words of one town manager, “‘Silent issues’, like the police department. No one says this, but it’s understood that if you touch a cop there would be screaming.” This is important because funding for one city service may impact what’s available for another. For example, said a Manager, “while it may not be cost effective to provide senior busing, it’s something we have to do.” With finite resources, city departments (including schools) must compete for funding.

### **3. Town – School Relations**

School-town relations generated some intense discussion from participants. These relationships are very important, because school districts rely on funding from local government. To advance a

school budget through the budget-setting process, the people representing each of these entities must be in relationship with each other, whether they like it or not. And from interviewers, most say that this relationship is wrought with tension. One manager said that even though the “Board of Education headquarters is in the same building as town hall, interactions are infrequent.”

At most all times, there is much resistance from school leaders to talk deeply about true school costs. Some of these quotes capture this sentiment:

*“The Board of Education is a black box organization.”* - Town Manager

*“The School Board is a Board of Thieves.”* - Mayor

*“The Board of Education believes town officials are impediments to school goals.”*  
- Town Manager

Nearly all Mayors and Managers spoke about the difficult nature of the relationship with the Superintendent and school boards. In the words of one Mayor, this relationship is built on a “strong foundation of institutional distrust.” A manager said that there is a “Built-in tension between town and Board of Ed. They don’t have the ultimate fiscal responsibility.” Said another town manager: “I’ve said to the Superintendent, it doesn’t go over so well when you say a \$1 cut will mean eliminating a teacher. Why don’t you say a custodian? Credibility is hurt because it’s always a teacher.”

That “schools are a world unto themselves” is a notion widely held among those interviewed. “Sometimes,” said one Mayor, “I’ll talk with the Board of Ed chair and say, ‘What are you doing to us?’. Frustrating that they often ask for a budget without thinking about our ability to pay.” A town manager agrees that the “Board of Education will say that their job is to provide the best education, no matter the cost.” A City Manager remarked that “A (former Board of Education member) always said his job was to get as much as possible for the Board of Ed.” Based on how budget-setters see town-school relations, the implication is that the school-budget document is considered in a very skeptical light – before it is even transmitted to the town-side for consideration. Beyond a town’s ability to pay for school funding, school and town leaders are not always the most willing of partners.

Budgets are created by people, so how the people involved in the budget-setting get along matters. Personal relationships can play a role, as captured by this quote from a Board of Finance member:

“A member of the Board of Education called me up and asked if, in my opinion, the Board of Finance had an appetite to support a higher school budget increase. When I said I didn’t think so, he really went off on me, said I didn’t understand the budget or schools and implied that I don’t care about kids. It created a personal dislike for this guy that makes me not want to help him! I have to work very hard to keep it objective.”

Despite the frustrations inherent in school-town relations, some Mayors and Managers do make the effort to engage their school colleagues, even though such exchanges remain guarded. Some towns do try to have ‘off-line’ conversations between school and town leaders to discuss non-operational, capital, and overall school issues. Others interact just during the budget process. One Mayor has “Year round, monthly meetings with the Superintendent – more about operations and things we can’t do anything about.”

Several mayors and managers talk unofficially with the Superintendent heading into the budget setting season, in part to get a sense what schools will request and to communicate positions from the town-side of the budget. A Mayor: “I know what the Board of Education wants a month in advance – the Superintendent gives me an idea what they will be asking for. He knows what I’m concerned about. I’ll talk about state cuts, how we got hit by the revaluation and grand list growth.”

One manager works very hard to cultivate a relationship with his Superintendent to find a school funding allocation that both sides can support:

“The best way is to engage the Superintendent in a discussion, build trust. I don’t want to run the schools. I’ll ask, ‘I have a question on this, help me understand what it is.’ After she sends me the Board of Education budget, I sit down with her to negotiate a mutually agreeable figure. We do talk throughout the year.”

Where town-school relations are better, it appears that schools are more successful at securing a budget closer to what they requested. Where relations are not as strong, it is less likely that town leaders will support the original school-budget request.

#### **4. Transparency of school budget to budget setters and voters.**

All interviewed budget setters remarked on the lack of clarity of school budgets. “There is a wall that isolates them from the City so you can’t scrutinize their budgets,” said one Mayor. “It’s difficult to decipher where all the money goes.”

While no-one suggested wrong-doing on the part of school budget-setters, town leaders felt that the budget format and overall lack of transparency was intentional to better maximize the school budget and to hide costs that may raise question, such as teacher or administrator salaries. Few mayors or managers would quarrel with the notion expressed by one Mayor that said the “Board of Education seeks to create more confusion about their budget. More often than not, it works to their advantage.”

Transparency matters for the interviewed decision maker because the choices they make on school funding are based on imperfect information. Beyond creating frustration for the town-side budget setter, more than one interviewee noted that it’s almost impossible for town leaders to not support some level of inefficiency with the school budget. A manager said “Transparency is a major issue. Gives you a lack of confidence in the numbers. Schools just tack on a percentage to last year’s budget request. There is no in-depth examination into what you do and why.”

The concern over transparency is not just for the town-side budget setter. Some of those interviewed believe the school budget is confusing even for Board of Education members. A Mayor said the “Town-side of the budget is very transparent. The Council can and does go down every single line item. The Board of Ed gives a general overview of big changes and new projects. I don’t think the Board of Ed members would know the details of the line items.”

A component of transparency has to do with school budget surpluses. Budget-setters say that it is not obvious where there are surpluses in the school budget, but they believe the evidence of over-funding is much clearer. Said a Mayor: “There are no straight answers when it comes to how they manage money. Lots of transfers, back and forth. They overfund accounts so they can spend surpluses.” Another Mayor observed that “I can walk into the Board of Ed supply room and I can’t turn around there’s so much stuff in there. The Board of Ed doesn’t return one dime at the end of

the year. Over here, we have to scrap for every pencil.” In difficult economic times, taxpayers and budget-setters have little tolerance for real or perceived excesses.

#### **5. Limits on town budget setter’s ability to control line item school spending.**

Per state statute, towns can only approve a bottom-line figure. This is a big source of frustration for town-side leaders, especially in more difficult economic times. A Mayor said, “If I had more line item control, I’d pick and choose things differently – lack of detail makes us use a dull knife.”

Not only do budget-setters believe it’s often hard to know what is exactly in a school budget request, even if they did know there is a limit on their ability to do anything about it. The “Council would like to have more influence over inner-workings of the Board of Education budget than they do,” said a town manager. “For example, if there’s a feeling that there are too many administrators, we’ll cut an equivalent of ten. But the Board of Ed doesn’t have to cut them, they can cut something else.”

While Mayors and Managers can do little but question specific line items, they can certainly make their feelings known on certain school expenses. In one example, the lack of line-item control lead the budget setter to direct action. A Mayor, formerly the Chair of the town finance committee, remembered:

“As Finance Chair, I went through the Board of Ed budget line by line. I asked the Superintendent why so much for computers? He told me, it’s none of my business, you can’t tell us what to do. So I write down on a piece of paper a number. I pushed it over to him. That’s your budget this year, that’s what you’re going to get. He was furious, but that was what we did. The next year we went back to talk about the school budget line by line.”

Many budget setters noted how the town-side of the budget has undergone increased scrutiny in recent years. There is a belief that the Board of Education does not share in the more careful review of line-item expenses. Some town budget-setters intentionally respond with a school funding recommendation lower than requested to drive home that concern.

## **Discussion**

### *Expected Findings*

Based on the literature and a reading of the daily newspaper, it is not surprising that economic issues – such as the strength of the local economy and level of state funding – are important influences on local budget-setters. With a constricting economy as at the time of this research, towns are faced with enormous pressure in reduced intergovernmental grants, flat or slowing local grand lists, and increased costs. Thus Mayors and Managers are forced to make increasingly difficult choices on levels of spending for public services, including schools.

### *Unexpected Findings*

The literature is largely quiet on three of the most-cited impacts on decision makers and their school funding choices. Mayors and Managers spoke at length about the importance to them of budget transparency, informal citizen expression of spending preferences, and relations between town and school leaders. The presence of these factors was anticipated, but not with such intensity. That the accumulation of morning conversations at the diner makes such an important impression on interviewed town budget setters – even those not elected - was commonly held.

There were numerous other influences that budget-setters noted. As these were not commonly cited, they do not figure prominently in my discussion. For example, I thought that citizen public hearings on the budget would have more of an impact on the town's lead budget-setters. Several respondents did believe that the public hearings had more of an impact on the locally elected town bodies. On the whole, however, it was noted that by the time hearings are held, the budget has already been thoroughly reviewed and changes are less likely so late in the process.

Based on my limited sample of interviews, I was surprised to find different government structures, budget-setting processes, and community wealth yielded similar observations on the important factors of influence.

### *Contributions of these Findings*

My research will be useful for several audiences. It will help citizens better understand what's important to town leaders when setting education budgets, which can help citizens when making voting choices. Whether or not they know it, regular people can have an important impact on budget-setters contributes to the participatory democracy that we value, even though that input on the whole is likely not representative of that elusive 'median' voter and her preferences. One can also compare the factors in a citizen's preference for school spending with those used by elected and school leaders to set the education budget. If there's a disconnect, it's possible that from the taxpayer perspective, 'incorrect' school spending choices may be made. For those with an interest in engaging in the budget-setting process, understanding what matters to town leaders could help improve their effectiveness.

These findings will also be useful for school leaders who want to more effectively relate to town budget-setters to advance a school budget. Importantly, in informal conversations with school administrators and elected Board of Education members, they are also frustrated in talking productively about the school budget with town budget-setters. An understanding of the factors described in this paper might help school leadership speak the language of their town leaders. This can help school leaders more effectively advance their budget request in support of district goals and priorities to serve the academic needs of the local school population.

This research is important for town leaders to know that they are not alone. Mayors and Managers have a shared concern about lack of transparency and line-item control. Despite the limitations and constraints, they can have a very real impact on school spending levels by paying attention to citizen voice and cultivating town-school relations. This matters because attention to this factor can lead to more fully-informed budget-decisions that can more efficiently pay for the service needs of a town's citizenry.

### *Policy Implications of Findings*

The current structure of town-school bodies is widely seen to embody a "systemic weakness of having split between towns and Boards of Educations. There is no interface between town and

Board of Ed during the year except at budget time,” said one town manager. That’s not to say the local policy maker should throw up their hands with the current system.

While state-level reforms are wrought with political sensitivities at both the local and state levels, the State has an important role because they require towns provide free public education. Despite this important place at the budget-setting table, State funding now represents a decreasing share of school resources as local contributions are increasing. To help, the State could:

- Increase school and town aid;
- Create a state-wide common school budget format to improve transparency (by department, object code and line item);
- Have a more ‘hands-on’ role in towns, where needed, to mediate needs and interests between towns and local school boards;
- Explore regional delivery of school services. This could spread the cost of school expenses; and,
- Investigate school districts having their own taxing authority as in other parts of the country.

There are pros and cons to these ideas, but by listening to just the small sample of Mayors and Managers involved with this study, something must be done about how schools are funded. There’s an increasing concern about the ability of the current system of school funding and service delivery to sustain itself.

Some towns, within the parameters of the existing state statutes and town charters, can make a positive impact on school-town relations as they relate to budget-setting. One Mayor has an unofficial seat on his town’s school board. Another town has assigned a City Councilor as a liaison to the Board of Education. Towns may also invite the school leaders to participate at town-side department head meetings. School leaders can invite town-side leaders to sit-in on school budget committee meetings and discussions. The lesson here is this: to secure a useful school budget, town and school leaders have to talk about it. Relationships over the course of the budget process are vitally important, and according to Mayors and Managers, these relationships are shaky at best.

### *Future Research*

To paint a more complete picture of the budget-setting process and influences on decision makers, other investigators can build on this research:

- Interview school-side budget setters to determine what factors are important to them, and too see how those compare with what's important to town-side budget setters;
- Talk with citizens about what influences are important to them and compare/contrast with town and school leaders;
- Study how and where organized groups of citizens successfully advocate for tax and school spending preferences;
- Consider how the weight of factors shifts for budget-setters depending on health of local economy;
- Explore examples and best practices where towns/schools can overcome constraints and barriers to come up with a mutually agreeable school budget;
- Determine how much each factor contributes in changes in amounts of school funding; and,
- Create a more rigorous and representative study on influencing factors by drawing a larger sample of Connecticut or other American towns.

### **Conclusion**

My research questions reflect an interest in confirming what political and economic factors influence town leaders as they make their school funding decisions. The condition of the local economy, the budget setter's reliance on citizen preferences gathered through **informal** means, and town-school relations carry significant weight on the budget setter. Money and the 'human element' matter.

The factors discussed in this paper do make a difference on decision makers and what they approve for school funding. Few schools get the full increase they originally request from the town. The difference between what schools request and what they receive can be attributed to how the mix of influences discussed in this paper are weighed by the town-side budget setters. This suggests that schools probably get more than the true cost of education. The factors in this study drive down school requests, closer to the true costs.

Despite economic and other constraints, town and school leaders, with some effort, can generate responsible and meaningful levels of school spending through sensitivity to citizen preferences and deliberate efforts to cultivate trusting, year-round relationships. This also points to a lack of efficiency in local school funding allocations that require more serious state-level policy reforms as previously noted.

At the very least, understanding what goes into school budgets can get budget setters closer to more fully informed budget decisions that more efficiently meet school goals and taxpayer interests, critical in down economic times. Knowing what matters can make a big difference for elected leaders, administrators, taxpayers and importantly – the students that schools aim to serve.

## **Attachments**

1. Budget schedule, Southington, CT, 2008 (referenced on page 9)
2. Budget Message from Meriden City Manager to Meriden Mayor and City Council (page 16)
3. Table of influences on budget-setters (page 17)
4. List of Connecticut towns (page 18)
5. List of interview participants (page 19)
6. Interview protocol (page 19)
7. Summary of notes from interviews (page 20)
8. Works Cited

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Finally, I appreciate the support, encouragement and patience of my wife Chauce and my research assistants/sons Gage, Ben and Noah. They are all very excited that their dad has finally completed this project.

## Attachment 1

An example of this process is shown below by the budget schedule of Southington, Connecticut.

**Town of Southington**  
Finance Department  
**2008 / 2009 BUDGET SCHEDULE**

The following provisions are per the Town Charter:

1. Each department, except the Board of Education, shall present its budget to the Town Manager no later than **January 15, 2008**.
2. The Town Manger shall present his budget to the Board of Finance no later than **February 25, 2008**.
3. The Board of Finance shall fix a time during the week following the second Monday in February, which is **February 11, 2008**, at which time the Board of Education shall bring before the Board of Finance, for discussion, its proposed budget for the upcoming year.
4. Following this session and no later than **March 3, 2008**, the Board of Education shall file its proposed budget with the Town Clerk. The Board of Finance shall cause the same to be printed or otherwise reproduced so as to be available for distribution with the Town Manager's budget not later than the last Monday in March, which is **March 31, 2008**.
5. A condensed Town and Education budget shall be published in two newspapers having major circulation in Town, no later than the last Monday in March, which is **March 31, 2008**.
6. A public hearing shall be held on the first Monday in April, which is **April 7, 2008**, at a place to be determined by the Board of Finance, giving notice in two newspapers having major circulation in town, at least seven days before, which is **March 31, 2008**. The Board of Finance shall provide sufficient copies of the budget to be distributed to the interested persons in time for the public hearing.
7. After the public hearing, the Board of Finance may insert new items or increase (after an advertised public hearing) or decrease items in the budget.
8. The Board of Finance shall adopt a budget with the vote of four members and transmit the recommended budget to the Town Council by the third Monday in April, which is **April 21, 2008**.
9. The Town Council shall adopt a budget no later than the second Monday in May, which is **May 12, 2008**.
10. The Board of Finance shall fix the tax rate on or before the third Monday in May, which is **May 19, 2008**.

## Attachment 2

### Budget Message from Meriden City Manager to Meriden Mayor and City Council

March 3, 2008

Dear Mayor Benigni and Members of the City Council:

The budget that I submit to you today, if approved, would freeze the tax rate at its current level. The general mill rate would remain at 27.96 mills and the inner district mill rate would be reduced from 2.31 to 1.93 mills. This is possible despite significant reductions in non-tax revenues because of equally significant reductions in expenditures resulting from sound fiscal decisions made and cost savings measures taken in the past few years which are now favorably impacting the City's operating budget.

However, this budget proposal also poses for your consideration and for public input a well defined policy decision. As indicated, no tax rate increase is required to fund this budget as proposed. If adopted, City expenditures for all purposes other than education compared to the prior year would be reduced by \$1,827,389. Funding for local education from the general fund would be significantly increased by \$1,231,296. That increase equals but is limited to the amount of increase required by State law. It is an amount decidedly less than requested by the Board of Education. Any increase in local funding for education above the amount proposed in this budget will require an increase in the mill rate and higher local property taxes, thus clearly framing an issue for public debate and, ultimately, for your decision.

That this budget proposal requires no increase in the local tax rate is remarkable given the extent of the reductions in non-tax revenues. Several of those decreases involve revenue anticipated from the State of Connecticut. First, the payments made by the State in lieu of taxes for State owned property and for hospital property, which is exempt from local taxation under State law, will decrease in the next budget year by \$434,415. This is a result of revaluation, the corresponding reduction in the mill rate and comparatively lesser increase in the value of this property class. Second, in past years the State has reimbursed the City for school building expenses retroactively. The last of those payments will be received in the current budget 07-08 budget year in the amount of \$814,622, reducing year over year revenues by that amount. Lastly, the State LOCIP grant, which reimburses municipalities for certain capital expenditures, remains at its current level of \$533,407. However, this year, as recommended by our auditors, that amount will properly be offset by corresponding expenditures in the operating budget. In prior years these grant funds were budgeted as operating revenue when the corresponded expenses were bonded. Although this reflects proper accounting and reduces the amount of bonding, the net effect is the necessity to make up for that amount of revenue.

Educational cost sharing revenue from the State will increase by \$1,813,397. (Another \$453,349 will be paid directly to the Board of Education. This is the 20% of the ECS increase that the State requires to be paid over to the Board and spent in accordance with a plan approved by the State Department of Education because Meriden is a "failing" school system.) However, that amount

represents an increase of only \$1,026,862 over the amount budgeted for ECS revenue in the current year budget. That is less than the amount by which State law requires the appropriation to the Board of Education to be increased, posing a budgetary shortfall.

Some locally generated revenues also will significantly decrease. Due to anticipated economic conditions and changes in the housing market, I have reduced the amount budgeted for building permit fees and city clerk fees, primarily the anticipated share of the conveyance tax paid on the sale of real property, by a total of \$475,000. Because of changes in interest rates, we are projecting that interest on investments will decline by \$250,000. The last amounts from the bond payment reserve fund, which was created by transfer of accumulated reimbursements from the bond fund, are included in this budget proposal, but the budgeted amount in that revenue line will decrease by \$1,325,000. We do anticipate certain increases in miscellaneous revenues, although some of that increase represents one time revenues. All told, non-tax revenues in the proposed budget will decrease by \$2,268,949.

The budget does project an increase in tax revenues, without an increase in the mill rate, from two sources. First, growth in the Grand List should result in additional current year tax revenue of \$872,855. This sum takes into account an increase in the projected tax collection rate of one quarter of one percent to 97.25%, a collection rate that the Finance Director believes can be achieved. It also reflects a change in the manner in which elderly tax credits are budgeted. In prior years, the amount of revenue that would result from those exemptions was included in the calculation of tax revenue, and also included in the revenue resulting from State reimbursements. That has been corrected and will enable the City to track tax collection efforts more accurately. Secondly, the amount of tax from prior years expected to be collected has been increased by \$800,000. Although that may prove to be a goal difficult to reach, our collection experience of the current year indicates that it is reasonably prudent to include that amount as additional revenue, even though both the collection rate and the anticipated delinquent tax collection rate represent significant administrative challenges, particularly in a worsening economic climate.

As indicated above, I am recommending to you a budget that significantly reduces expenditures for purposes other than education and also reduces overall City expenditures year over year, even taking into account the proposed increase in education funding. If approved and successfully implemented, this would be the second consecutive year that the City has reduced non-education expenditures. This is a remarkable achievement, especially given increases in certain areas necessitated by economic conditions and contractual obligations. Very few, if any, other Connecticut municipalities can make a similar claim.

This reduction results in large part from strict control of capital spending over the last three years, which has reduced our bonded indebtedness and thereby reduced the payments from the operating budget for that purpose. As you know, the City has strictly adhered to the City Council's self-imposed policy of limiting new bonding authorizations to one-half the amount of principal indebtedness paid in the year before, a policy that has required many difficult decisions on which of many necessary and worthwhile projects should be funded. General fund payments on bonds and bond anticipation notes will decrease in the next year by \$3,089,444, a decrease of approximately eighteen percent. Please note that for the first time, the budget proposal this year will also contain a recommended level of spending for the City's capital improvement plan in accordance with requirements of the City Charter. The attached recommendation from the newly constituted

Interdepartmental Review Committee should help form the basis of a true multiple year capital plan. That will give us the ability to better forecast the impact of payments on bonded indebtedness on the operating budget. This will be especially important as the City faces the necessity to repair and renovate the high schools.

The overall reduction in spending also results from changes and favorable experience with regard to employee health care benefits. We should be able to maintain the health benefit fund at acceptable levels while reducing the City contribution from the operating budget. A cautionary note needs to be added that the favorable experience of last year and the current year will not necessarily carry forward, requiring increases in the amounts budgeted for these expenses in future, and that this area also will be impacted in the future by the necessity to plan for meeting our obligations for accrued retiree health benefits.

Departmental budget requests, which include the request from the Board of Education, totaled \$185,861,728. The request from the Board of Education alone was \$6,548,916 higher than the current year budgeted amount. Net requested increases from all other City departments totaled \$1,198,207. As indicated, this budget proposal actually reduces overall expenditures, not only well below the requested amount, but to a level less than the current year. Nonetheless, the proposed budget funds all city services and programs so that they can be delivered at least at current levels. All contractual increases in employee wages are funded and no reduction in City personnel levels is recommended. Third party provided services and programs to which the City contributes are funded at current levels. Pension contributions are funded to the amounts recommended by our actuaries. Purchases of capital equipment with a useful life of less than five years are funded in the operating budget, again avoiding the bonding which had been customary in past budgets until recently.

We have been able to maintain, and in some cases improve, services in most of the operations impacted by last year's personnel changes. The savings from those changes will continue to affect the City's finances favorably. However, a few cuts have proved to be too deep. Some additional positions are recommended for funding to offset cuts made in the budget adopted for the current fiscal year which have proved to impact City services negatively despite the best efforts of our departments and employees. Others are recommended in order to provide needed services more effectively. Funding is included for a part time plumbing inspection position in the Building Division; three positions in the Library which the Director feels will enable the Library to restore hours of service; a position in the Public Works Department and additional civilian positions in the Police Department that, like other changes in the past few years, will enable the Chief to deploy police officers for actual police work rather than clerical or administrative duties.

In addition, overtime in the Fire Department has been significantly increased to reflect actual experience and the apparent need for substantial overtime funding in the Fire Department as currently deployed, a situation which still needs to be addressed. Funding for overtime in the Police Department also has been increased. \$522,742 has been included in the operating budget for street construction to correspond to the anticipated level of LOCIP funding. An increase of \$80,000 has been made to funding for street signs and lines, again moving an expenditure into the operating budget that should not be bonded. Additional funding for public utilities and heating has been included, although these increases are less than otherwise would have been the case because of savings the City has achieved through its energy savings programs. The additional mill rate for trash removal services in the inner district has been reduced, reflecting the fact that a prior year deficit was made up for in the current year budget. If this budget proposal is approved, the taxes paid by

real property owners in the inner district would be lowered, albeit by a small amount. As I said to you in last year's budget message: "Holding expenditures below the current year level and providing the opportunity to improve the City's fiscal well-being on a permanent basis will be no easy task." It was not an easy task, but it has been largely accomplished, and this year's proposed budget reflects that.

What was difficult on the City side of the budget last year is even more difficult with regard to funding for the Board of Education this year. Board of Education funding from the City's general fund increased in the current year over the original amount approved for the prior year by \$3,715,072. The Board received an additional \$978,000 of increased ECS funding directly from the State. The Board has requested approval from the State to defer the expenditure of most of that funding. Since the beginning of the decade, starting with the change from the fiscal year ending 2001, the Board has received additional funding from the City's general fund of nearly \$28 million. This figure does not include increased health benefit costs or the value of other in kind services that benefit the educational system funded from non-education line items, or the significant costs of school construction and renovation. The City's audit statement for the year ending June 30, 2007 states that education related expenditures have nearly doubled in the last ten years, from \$63 million in the year ending 1998 to \$112 million in the year ending 2007. Sixty-three percent of the entire increase in City spending over that time period is attributable to increased education spending. This year the Board of Education has requested that the general fund appropriation be increased from \$96,783,226 to 103,332,142, an increase of \$6,548,916.

That level of increase is clearly not affordable. Moreover, the request follows the pattern of previous requests, and from anecdotal information, requests made by many other Boards of Education in other municipalities. Each year the Board requests a large increase, terming it necessary to maintain current services. Each year, the Council approves funding that is significantly less than what the Board requests, but significantly more than the prior year level. Educational programs funded through the general fund are maintained despite the fact that the Board receives less than it asks for. It appears that would be equally true this year. However, the enormity of the request and the fact that significant new funding, but not the level of increased funding of recent years, can be appropriated to the Board without raising taxes suggest that this is the budget year in which the City Council (and the Board of Education) should consider changing this pattern.

This budget proposal recommends increasing funding for education by \$1,231,296. That is the amount of the increase in ECS funding that the City is required to appropriate to the Board of Education. The Board will receive an additional 20% of the ECS increase, estimated to be \$453,349, directly from the State. The Board will have available to it the majority of the \$978,000 it received directly this year. It should be noted that those latter two sums can be spent only with the approval of the State Department of Education. The amount of such funding is not guaranteed for future years, even though the Board plan for spending the current year funds involved expenditures for additional new administrative personnel that would require continued future funding. The Board, according to the last audit, maintains substantial fund balances in its Education Grants fund (\$892,697), Public School Lunch fund (\$1,005,238), and Public School Rental fund (\$140,614) that may be available in part to fund certain expenses. The Board request, based on prior year patterns, can be substantially reduced. To match the level of expenditure to the recommended level of funding in this budget proposal, however, will require the Board and its administration to reconsider

David Radcliffe  
May 5, 2008

in a more fundamental manner its budgeting methods and expenditure patterns and how it provides its current level of services, including reexamining personnel staffing levels for administrative and non-certified positions. To not do so inevitably will mean that the City's tax rate will need to be increased. Raising the tax rate the year after the implementation of revaluation at a time when economic conditions are worsening is an action that should be avoided if at all possible.

That examination is one that should be made, clearly and in detail. Transparency in the process by which the City's budget is considered and adopted is essential to public support of that budget. Elected and administrative officials need to make information on the City's fiscal status clear, specific and reliable. Public input and debate founded on an informed understanding and defined issues will be invaluable to you in making the difficult decisions that you will make before adopting a final budget. This budget proposal attempts to foster that debate. City staff and I stand ready to assist you in your deliberations.

Respectfully submitted,

Lawrence J. Kendzior  
City Manager

### Attachment 3

#### Factors that Influence Town Leaders on their Local School Spending Decisions

<i>Categories of Influence on Budget Decision Makers</i>	<b>Community Characteristics and Preferences</b>	<b>Budget-Setter Preferences</b>	<b>Town-School Relations</b>	<b>Budget setting Context</b>	<b>Budget Constraints</b>
<i>Defining Factors</i>	<ul style="list-style-type: none"> <li>• School performance trends.</li> <li>• Comparisons with neighboring districts.</li> <li>• ‘Shocks’, such as failing school.</li> <li>• School population: enrollment, poverty.</li> <li>• Demographics – age, ethnicity, income.</li> <li>• Influence of advocate groups.</li> <li>• Opportunities for public input into budget process and voter control.</li> <li>• Influence of media.</li> <li>• Influence of unions.</li> <li>• Political philosophy.</li> <li>• Tolerance for tax increases.</li> <li>• Voter preferences for school services.</li> </ul>	<ul style="list-style-type: none"> <li>• Other service demands and priorities.</li> <li>• Property values.</li> <li>• Town, school leader preferences for school spending.</li> <li>• Understanding of citizen preferences.</li> <li>• Budget maximization.</li> </ul>	<ul style="list-style-type: none"> <li>• Town limits on school line-item spending.</li> <li>• Tenure of policy makers.</li> <li>• Deference to school experts.</li> <li>• Relationships, trust between town – school leaders.</li> <li>• Transparency of school costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to set, control agenda.</li> <li>• Budget setting assumptions.</li> <li>• Structure of local government.</li> <li>• Voting, taxing and budget history, trends.</li> </ul>	<ul style="list-style-type: none"> <li>• State and Federal mandates.</li> <li>• Union contracts.</li> <li>• Availability of resources.</li> </ul>

**Attachment 4**

**Connecticut towns that use Council adoption process  
 (BOLD towns were involved in research interviews.)**

	<b>Mayor-Council</b>	<b>Manager-Council</b>
<b><i>Distressed</i></b>		
Bridgeport	x	
Bristol	x	
East Hartford	x	
Hartford	x	
<b>Meriden</b>		<b>x</b>
<b>New Britain</b>	<b>x</b>	
New Haven	x	
New London		x
Norwalk	x	
<b>Norwich</b>		<b>x</b>
Stratford	x	
Waterbury	x	
West Haven	x	
<b><i>At-risk</i></b>		
<b>Bloomfield</b>		<b>x</b>
Danbury	x	
East Haven	x	
Enfield		x
Hamden	x	
Manchester		x
<b>Middletown</b>	<b>x</b>	
<b>Montville</b>	<b>x</b>	
Naugatuck	x	
<b>Newington</b>		<b>x</b>
Wallingford	x	
Wethersfield		x
<b><i>Developing</i></b>		
<b>Berlin</b>		<b>x</b>
Cheshire		x
Glastonbury		x
Rocky Hill		x
Southington		x
South Windsor		x
Trumbull	x	
<b>West Hartford</b>		<b>x</b>
<b>Wolcott</b>	<b>x</b>	
<b><i>Affluent</i></b>		
<b>Stamford</b>	<b>x</b>	

## **Attachment 5**

### **Research Interviews**

Roger Kemp, Town Manager, Berlin	March 3, 2008
Tim Stewart, Mayor, New Britain	March 4, 2008
Larry Kendzior, City Manager, Meriden	March 6, 2008
Thomas Dunn, Mayor, Wolcott	March 11, 2008
Sebastian Giuliano, Mayor, Middletown	March 12, 2008
John Salomone, Town Manager, Newington	March 19, 2008
Louie Chapman, Town Manager, Bloomfield	March 19, 2008
Jim Francis, Town Manager, West Hartford	April 2, 2008
Alan Bergren, City Manager, Norwich	April 2, 2008
Joseph Jaskiewicz, Mayor, Montville	April 2, 2008
Dan Malloy, Mayor, Stamford	April 4, 2008
Candance Fitzpartrick, Board of Finance, Simsbury	April 7, 2008

## **Attachment 6**

### **Individual Interview Protocol**

Title of Study: Influences on Budget Setters and  
the Decisions They Make on Local School Funding

February 2008

[Out loud] Hello. My name is David Radcliffe. I am a student with the University of Connecticut, Department of Public Policy. I am interested in your views and insights regarding the decisions you make regarding the local school budget and the influences on you that shape those decisions. Your responses along with those of other Connecticut town leaders will be incorporated into a final research paper and presentation.

There are no risks to your participation but for the cost of your time. The benefits include increasing knowledge in this subject area. You will not be paid for this interview.

(Review consent form, answer any questions).

This interview will take about one hour of your time. I will take notes during our conversation. Your responses will be confidential and will not be attributed to you in any way.

Before we begin, do you have any questions?

I will now ask you a series of questions. Please answer candidly and in detail. Thank you for participating.

(Begin asking questions).

First, I want to know more about you and what your job entails.

**I      What is your position with the town/city of \_\_\_\_\_?**

1.      For how long have you been in this position?
2.      Describe the primary responsibilities of your position.

*For this part, I want to better understand your relationship to the setting of the local school budget.*

**II      What are the decisions you make in helping set the school budget?**

1.      When do you make these decisions?
2.      Who are the other key budget setters with whom you interact?
3.      How, why and when do you interact with them?

*Now I want to better understand the influences on you and the decisions you make on the local school budget.*

### **III What factors are important to you as you consider the school budget request?**

1. How are these factors communicated to you?
2. How and when do you communicate budget factors important to you to your school leaders and citizens, if at all?

### **IV Describe the importance of the following influences on you and the decisions you make with regard to local school funding. For each influence, also note how information about these factors reaches you.**

#### *1. Community and school characteristics*

- a. Profile of your communities voters (school-aged families, seniors).
- b. Local voting history and trends related to support for local and school budget.
- c. Political philosophy of town as related to role of government and approach to delivering school services.
- d. School population characteristics and needs of students – poverty, language and special needs, etc.
- e. Tolerance on part of voters and budget setters for increasing local taxes.
- f. School performance – within your community and compared with neighboring and/or similar communities, any notable ‘shocks’.

#### *2. Budget preferences*

- a. Budget setter’s own taxing, spending and policy preferences for education and other local services.
- b. Real or perceived budget maximization by school officials
- c. Presence of effective school budget champions within town or elected leadership.
- d. Influence and awareness of citizen preferences for school spending by town officials.
- e. Attention to property values and relationship to budget setting spending choices.
- f. Other local funding priorities that may divert or make more available resources for school spending.

#### *3. Citizen and other special interest budget participation*

- a. Citizen capacity for effective advocacy for or against school budget.
- b. Influence of media in communicating and/or shaping school policy and budget preferences.
- c. Influence of school employee unions on non-contract educational issues through advocacy efforts.
- d. Opportunities for public participation in the budget process and ability for voters to have some influence and control over budget decisions.

#### *4. Town – School Relations*

- a. Nature of relationship between school and town hall officials.
- b. Transparency of school budget to budget setters and voters.
- c. Reliance by budget setters on expert judgment and recommendations of school administrators, teachers, and unions, especially by those leaders with more tenure.
- d. Limits and constraints on town budget setter’s ability to control line item school spending.

#### *5. Budget setting context, environment and process*

- a. Structure of your local government (Council/Mayor or Manager/Council) itself may lead to more or less public spending.
  - b. Pre-budget setting instructions and assumptions communicated by budget setters to Boards of Education
  - c. State and Federal educational mandates required of local Boards of Education, whether or not there is State or Federal funding to implement those requirements
  - d. Collective bargaining agreements with school employee unions obligate a significant portion of overall school budget for salaries, health care and other benefits.
  - e. Funding available to schools from Federal, State, local and private sources.
  - f. Strength of local economic climate – tax burden, community public service needs, growth of grand list.
  - g. Budget setter’s ability and willingness to shape and control budget setting agenda and process.
6. *Are there any other important influences you can think of?*

*Finally, I want to understand which of the factors discussed carry the most weight with you and the decisions you make on the local school budget.*

**V      What effect do the factors/interests most important to you ultimately have on the size of the school budget allocation?**

**VI     Is there anything else you’d like to add about the school budget setting process?**

Thank you again for participating today! Would you like me to send you a copy of my paper when complete? If you have any further questions, please ask now or refer to your consent form for contact information.

## **Attachment 7**

### **Summary of notes from all key interview remarks, organized by influencing factor.**

#### **Formal Public Participation in the Budget Process**

“Our Board of Education has a public hearing intentionally set the night of City Council meetings, so we can’t go. We just passed on ordinance so that the school hearing can’t be the same night as council meeting.” - Mayor

“Public hearing in April before budget is set. 100s attend. TM does power point of budget. Anyone can talk about the Council’s recommended budget. There are school advocates, but impact not strong. Most councilors have minds made up before public hearings. Budget is really worked over before the hearing.” - Town Manager

“Hearings are not well-attended, I take that to mean that people are satisfied.” - Mayor

At City public hearing, school advocates and teachers encourage money to be added back into the budget. - Mayor

Public hearings have little effect. Get only extreme positions or general statements. Not helpful unless there’s a very specific issue. - Town Manager

BOE has public meetings – they entertain comments. Lots of PTO input is channeled into final request. - City Manager

Public hearings are co-opted by the voices of the extremes. Take out the extremes, there’s not much there. Parent groups are very vocal, even if it means they are supporting inefficiencies. Much larger built-in advocacy group for education than for other services. - Mayor

Budget hearings – spotty participation by citizens. School groups in town weak otherwise. We hear from a very small % of town population. - Town Manager

Huge, strong PTOs. Do attend public hearings at BOE. ‘Don’t cut BOE’. I was part of PTO once. Listened to principal scare parents – ‘they will cut your English teachers’. - Mayor

#### **Other ways citizens communicate tax and spending preferences**

Outside of the formal opportunities for public input, budget-setters did note the importance of contact with citizens over the course of the year.

“I come into contact with citizens only a daily basis. Builds up over time. I’m out and about a lot, informal and formal contact with citizens is the most important influence. No formal public input

after my budget is proposed. Formal public input plays a much more major factor on Council. Many 'strands of perception' I gather from the public." - City Manager

"Citizens have made it clear they don't want to reduce services. Citizens will grab you on the street corner. Public hearing – those with oxes gored will be there. Hearings make a difference because that's the only input we get otherwise." - Mayor

"I have a lot of contact with people in the community over the year. See us at restaurant, grocery store. Hear what we're doing well, what we're not. They will say, 'you're spending too much on education.' Big issue as test scores drop, yet we spend more and more on schools." - Town Manager

"Evolutionary process during the year. Informal input. Anecdotes over the course of the year. Translate this concern into policy and address during the budget process. Council also gathers complaints and suggestions". - Town Manager

"People say after reval, keep our taxes down. My own taxes went up \$500." - Mayor

"Year round community contact is important." - Town Manager

"Emails used a lot, but again, not useful. Extremes. One time I got 20 emails on an issue, and they all said the same thing! Doesn't represent the community. Provides too much weight to one side. Wish Council would discount, but they don't always. Does make an impression." - Town Manager

"West Hartford taxpayers association pushes on the budget. Not objective as they once were. They push for a referendum no matter what. Big influence. Can't make this beast happy. In anticipation of this, Council has recently just supported a maintenance budget knowing that it will go to referendum and get cut anyway. Has taken some power from Council." - Town Manager

"Public safety is #1 issue. Never cut." - Town Manager

"If the citizens aren't screaming and scratching, hard for me to make noise about the BOE. BOE very tough to work with. Always an 'underneath' battle with the BOE." - Mayor

"Threaten programs that have lots of support to get people to come out." - Mayor

"Did a survey of citizens recently. Most said they want more police, fire and schools. To pay for it, they want to cut other services. Those first ones make up 82% of the budget!" - Mayor

"I get a sense of where the community is. Budget has my name on it, it has to fit for my community at large. I have many ties here, I grew up here too. The coffee shop, the sidewalk talk – 1000s of such interactions, exchanges from many different sources." – City Manager

"Biggest weight for me is impact on tax payers. If you go back to the well too many times you won't be in office. Is it worth it to take \$300 more from a widow or family to do what we want?" - Mayor

“Depends on community and value people place on services on how school budget fares. But even if value education, in bad economy tough to support big increases. How costs are allocated are big – classroom, or administrators? Public can get very critical here.” - City Manager

“We know what spending tolerance of voters is based on history, tax rates and the last election.” - Board of Finance Member

### **Influence of media in communicating and/or shaping school policy and budget preferences.**

The newspaper is seen by participants as only moderately important in impacting budget makers, with advent of cable and web-based outreach as a new way to influence budget issues:

“Harder to get word out with very little local media coverage. Newspaper influence is waning, diluted. Many no longer attend budget hearings. Cable television is a new dynamic. Lots watch, more participation in some ways. We have a very dynamic webpage that helps get the information out directly. We also do a live telecast. Public comment at start and end of finance meetings. Sometimes people will be at home, hear something, then they’ll drive over to the meeting to speak!” - Town Manager

Still, some budget-setters are certainly aware of the media’s presence. “I make changes to budget in part to get it to a number. I think about how this will read in the newspaper. Retail – 5.9% vs. 6%. People do form opinions from the Hartford Courant. Paper if first chance to make a case to the public.” - Town Manager And if there’s controversy or a possible budget or tax increase, the print media will be there: “If budget is going up, media is attracted to that and that influences officials. Status quo budget gets no attention.” - Town Manager

“I don’t talk to the media. Too negative. They don’t have much influence.” - Mayor

“If budget is going up, media is attracted to that and influences officials. Status quo budget gets no attention.” - Town Manager

“I do send budget to key people at newspaper. Not a large influence. Makes a difference that we have a local paper. Given time and detail of budget, paper can’t quite capture that. What is in the paper does tie to what I hear from the community.” - City Manager

“I make changes to budget in part to get it to a number. I think about how this will read in the newspaper. Retail – 5.9% vs. 6%. People do form opinions from the Hartford Courant. Paper if first chance to make a case to the public.” - Town Manager

“Surprised by how many watch local cable access. And, they really pay attention to it!” - Town Manager

“Harder to get word out with very little local media coverage. Newspaper influence is waning, diluted. No longer attend budget hearings. Cable television is a new dynamic. Lots watch, more participation in some ways. We do a live telecast. Public comment at start and end of finance meetings. Sometimes people will be at home, hear something, then they’ll drive over to the meeting to speak!

“We also have a very dynamic webpage, helps get info out directly.” - Town Manager

“Print media does influence, but sometimes the whole story is not told due to edit cuts.” - Town Manager

### **School population characteristics and needs of students (poverty, language and special needs)**

Budget-setters do have a good feel for the larger issues facing school districts, including the changing composition of the student body. “No question that we have more needs – diversity brings costs.” - Mayor

A town manager said that the changing demographic of his town “Puts more pressure on schools. Town isn’t growing. State and federal mandates put external pressure on programs that schools provide.”

A mayor noted that “Special education costs on the rise. They have burdens and unfunded mandates.”

Having awareness of student need doesn’t always translate into more support for a school budget.

“I’m aware of needs but don’t have expertise with education.” - City Manager

“Needs carry as much weight with me as they do with the BOE. They seldom talk about needs – they discuss labor issues, buses. Very little time on the quality of education and what they need to accomplish. 45 minutes each meeting complaining about NCLB, 45 minutes on how hard it is to do this work. 90% policy and resources aimed at 5% of school population. Not asking them to make water run up hill or for the sun to rise in the west.”

“No question that we have more needs – diversity brings costs. 58 languages” - Mayor

“I’m aware of needs but don’t have expertise with education.” - City Manager

“First tier suburb. Changing dynamic. 30 foreign languages, more diverse. Puts more pressure on schools. Town isn’t growing. State and federal mandates put external pressure on programs that schools provide.” - Town Manager

“Special education costs on the rise. Super will identify things that are important. They have burdens and unfunded mandates.” - Mayor

“New immigrants, casino workforce has changed our needs a lot. More non-English speakers.” - City Manager

### **Budget preferences**

Budget-setters pay a lot of attention to what the town’s elected body wants in a budget. This is especially true for Managers who are hired by a town’s council.

“Goal is to keep any increases below rate of inflation and keep city livable.” - City Manager

“Not much input from public officials into my budget before I make recommendation. I do brief leadership so they know first – may not change my proposal, but I might think twice if Council has strong feelings on something.” - City Manager

“Direction of Council is key. I want to maintain, but policy makers control a lot of what we do so I have to pay attention to what they want.” - Town Manager

“Biggest thing for me – if I want to keep this job, have to move the town forward in an affordable way. People must also be satisfied.” - Mayor

“Key influence is council themselves. Lots go on between them, vote-trading and all. Party vs. party.” - Town Manager

“I didn’t reduce the BOE budget this year. New Council swept into office on conservative tax policy. Limit tax increase to 3%.” - Town Manager

“Preference is to keep current spending levels and taxes down.” - Town Manager

“Do have to be aware of who else might want this chair, so how I say things is important.”

“Town Council Chair – was 18 years as BOE member. Another Councilor has kids as teacher, another is a retired teacher.” - Mayor

“Council understands that the budget is the biggest part of the budget. There’s a sensitivity to that. Some are concern about BOE expenditure of funds, about teacher salaries and administrative levels.” - City Manager

“(Former Board of Education member) Bill Lutz always said his job was to get as much as possible for the BOE.” - City Manager

“‘Silent issues’ – police department. No one says this, but it’s understood that if you touch a cop there would be screaming. It’s a high need that everyone has. Twenty five years ago we tried to close a fire house, and the neighborhood went nuts even though there would have been savings and better service by relocating staff and equipment.” - Town Manager

#### Town – School Relations

Nature of relationship between school and town hall officials.

“The Board of Education is a black box organization.” - Town Manager

“The school Board is a Board of Thieves.” - Mayor

“There is a strong foundation of institutional distrust.” - Mayor

“The Board of Education believe town officials are impediments to school goals.” – Town Manager

#### *Efforts to interact with school leaders*

“I did talk with Super to ask how much of a raise teachers were going to get as part of new school contract so we’d have an idea of what to negotiate for town side.” - Town Manager

“Year round, monthly meetings with Super – more about operations and things we can’t do anything about.” - Mayor

“Go to a lot of events with the Super, at schools, plays, walking through schools, graduation. Year-round involvement.” - Mayor

“Mayor, Council Majority and Minority leaders meet with Super and BOE chair. “Here’s what we’re looking at for schools.” - Mayor

“I know what BOE wants a month in advance – Super gives me an idea what they will be asking for. Open conversation with the Super. He knows what I’m concerned about. Unofficial. I’ll talk about state cuts, how we got banged by the reval, grand list growth.” - Mayor

“I do confer with the Super about her needs and concerns in January. I also share feedback from the Council, goals, state of economy, mil rate and political will. BOE does understand economic pressures.” - City Manager

“After Super sends me the BOE budget, I sit down with her to negotiate to get to a mutually agreeable figure. We do talk throughout the year, especially on non-classroom issues.” - City Manager

“Not much formal interaction between Mayor and Council and CM in early months.” - City Manager

“Want to create better synergy between town and BOE, such as around info and tech. That’s coming slowly. They naturally want to control their own turf. TM can’t make line-item decisions. BOE not bound to take on suggestions.” - Town Manager

“Best way is to engage Super in a discussion, build trust. I don’t want to run the schools. ‘I have a question on this, help me understand what it is.’ Take care not to criticize Super in public, come to an agreement.” - City Manager

“Council does try to tell BOE to be sensitive to the tax payer. Council and BOE members do talk informally. BOE will say that their job is to provide the best education, no matter the cost.” - Town Manager

#### *Frustrations with town-school interactions*

“Town Manager only interacts with Super – autonomous. Talk every other week or so. BOE HQ in the same building, first floor, yet interactions are infrequent. Some joint collaboration on technology, financial software, purchasing.” - Town Manager

“Knows of no off-line talks with BOE and Council. Council not experts in education. Trusts BOE to spend money properly. BOE must show Council and move of \$ between accounts of more than \$5000.” - Town Manager

“Inherent tension. I do meet with Board admin early on to talk about costs, not about policy and education programs. Appointment of liaison between BOE and Council.” - City Manager

“Guarded relationship. I foster relationship with Super. We go to lunch once a month to talk, alternate who pays. Go to a fish place on the Berlin Turnpike.” - Town Manager

“Relationship between Super in Mayor is personality-based. There’s a strong foundation of institutional distrust. This adversarial position has built up over 200 years and comes from government and school interests are pitted against each other.” - Mayor

“BOE autonomous to City Hall by educational statutes. This is a wall, isolates them from City so you can’t scrutinize their budgets. Lots of resistance. Difficult to decipher where all the money goes. Any BOE surplus gets spent.” - Mayor

“Trying to change charter so Mayor can be a part of the Board of Education and be more part of the budget setting process.” - Mayor

“Built-in tension between town and BOE. They don’t have the ultimate fiscal responsibility.” - Town Manager

“This year, BOE asked for 11% increase. Mayor talked to his friends on the BOE and told them to hold up the budget until the numbers came down. Republicans were able to do this and make changes before budget sent to Mayor. All back-door, not public conversations.” - Mayor

“Sometimes I’ll talk with the BOE chair and say, ‘What are you doing to us?’. Frustrating that often they ask for a budget without thinking about our ability to pay.” - Mayor

“Schools are a world unto themselves.” - Town Manager

“BOE believes town officials are impediments to school goals. ‘We’re an inny club, only educators are allowed’.” - Town Manager

“A member of the BOE called me up and asked if the Board of Finance had an appetite to spend more on schools. When I said no, he really went off on me, said I didn’t understand the budget or schools and that I don’t care about kids. The personal dislike I have for this guy makes me not want to help him!” - Board of Finance Member

### **Pre-budget setting instructions and assumptions communicated by budget setters to Boards of Education.**

“Send fall letter to BOE – be creative, save money, propose new things. Don’t get much response. FOR BOE, doing something differently costs money.” - Mayor

“BOE sets budget entirely on their own. I do get info on state grants from CCM and give that to BOE. BOE budget does receive the most scrutiny, especially with any new proposed positions.” - Town Manager

“I try, but they say ‘if it’s for the children, figure out how to pay for it.’ We do show school spending in the tax bill.” - Town Manager

“Super and Manager talk informally in early March. I say to Council: don’t get bogged down in the details of school budget. That really gets the school’s backs up. Stay at policy level – give them a percentage. You decide how much community can afford.” - Town Manager

“February – City Manager budget message is important – I think a lot about that, outline major issues, changes in policy and staffing. This year, I felt I had to minimize burden on taxpayers especially a year after the reval.” - City Manager

“I do ask the BOE to be cognizant of the town’s position, but falls on deaf ears.” - Mayor

### **Transparency of school budget to budget setters and voters.**

All interviewed budget setters remarked on the lack of clarity on school budgets. While no-one suggested wrong-doing on the part of school budget-setters, town leaders felt that the lack of transparency was intentional to better maximize the school budget and to hide costs that may raise question, such as teacher salaries. This appears to be more of a concern in more difficult economic times.

“How much is enough?” - Mayor

“This is a major issue. Gives you lack of confidence in the numbers. Just tack on percentage to last year’s budget request. No in-depth examination into what you do and why.” - City Manager

“No straight answers when it comes to how they manage money. Lots of transfers, back and forth. Overfund accounts so they can spend surpluses.” - Mayor

“Voters don’t make distinction between BOE and city.” - Mayor

“Town-side of the budget is very transparent. Council can and does go down every single line item. BOE gives a general overview of big changes and new projects. Usually no questions from Council. I don’t think BOE members would know the details of the line items.” - Mayor

“I can walk into BOE supply room and I can’t turn around there’s so much stuff in there. BOE doesn’t return one dime at the end of the year. Over here, we have to scrap for every pencil.” - TD

“Format has changed recently. Easier, but still requires a lot of study. Before, not easy to know what you’re paying for.” - Town Manager

“I’m okay with it. I know there are reserves built in. Council feels there’s money hidden in the budget. ‘Slush fund’, they get frustrated.” - Town Manager

“BOE does have to go out and explain things more thoroughly than in the past. For the first time this year, BOE did meet with Council on the budget. Didn’t have to, but wanted to convince council what is needed.” - Town Manager

“Budget format does make it hard to find where staff are located and how much they cost. Council has questions about number of 4<sup>th</sup> grade teachers, budget shows total costs. When asked, BOE produces this info only reluctantly because they fear criticism on higher salaries, especially in down times.” - City Manager

“This year, on city-side we’ve gone to great lengths to tell the community what we spend from city-side on schools – nurses, crossing guard. Why now? Run a tight ship on city-side, but BOE hit us hard last year. Greater level of scrutiny in down times.” - Mayor

“We spend 30 nights to examine the budgets. Of those, just 4 to BOE – and that’s 55% of the budget! Like Dorothy going to Oz. Pay no attention to the man behind the curtain.” - Mayor

“Education budget doesn’t consider external factors such as ability to pay. Educational philosophy is that others figure out how to pay. BOE seeks to create more confusion about their budget. More often than not, it works to their advantage.” - Mayor

“How much is enough? No clear answers.” - Mayor

“Department heads that have success have detail and can justify requests.” - City Manager

“BOE makes sure they spend every dollar by year end.” - Town Manager

**Reliance by budget setters on expert judgment and recommendations of school administrators, teachers, and unions, especially by those leaders with more tenure.**

There was some discussion on the reliance by budget setters (on both the town side and elected Boards of Education) on the expert judgment and recommendations of school administrators. Many believe that as the educational experts, school leaders should be given the benefit of any doubts. “It’s professional courtesy to the Superintendent to leave the school budget alone. He spent ¼ of year putting it together, would be disrespectful to not rely on his expertise.” - Town Manager

“Here is the thing about the BOE. There is no BOE. It’s all the administration.” - Meriden City Councilor

“Our job is to present a budget number reflecting a responsible tax increase,” said a Board of Finance member. “It’s not our job to micromanage the school budget.” - Board of Finance Member

Sometimes this respect of school leaders is well-earned: “Current Super is very serious about how the BOE spends their money. She makes strategic choices and justifies how to spend money in a very respectful way. I think this approach goes a long way with the Board of Finance.” - Board of Finance Member

There was some sense that the deference to school administrators was too much at times: “BOE suffers from Stockholm Syndrome. They’ve been held captive so long by the administration that they begin to identify with their captors. They rubber stamp the admin and don’t ask what they’re getting for their dollar. - Mayor

On the town side, “Council usually just says ‘good job’ to BOE, never cuts them.” - Mayor

“BOE suffers from Stockholm Syndrome. They’ve been held captive so long by the administration that they begin to identify with their captors. They rubber stamp the admin and don’t ask what they’re getting for their dollar. - Mayor

“Town body moved more by costs than expertise of school leaders!” - City Manager

“Board of Education finance director tells BOE what’s what. Audits point to BOE mistakes – happens that one of the school auditors is a good friend of the Mayor’s.” - Mayor

“Can’t question school budget until you get it. Takes 100s of hours of school staff time. Council only tweaks what they get. If any changes, only incremental.” - Town Manager

“Council usually just says ‘good job’ to BOE, never cuts them.” - Mayor

“TM could make changes to BOE budget, but we get it too late to really get into it before it must go to Council. Also, it’s professional courtesy to the Superintendent to leave the school budget alone. He spent ¼ of year putting it together, would be disrespectful to not rely on his expertise.” - Town Manager

“Current Super is very serious about how the BOE spends their money. She makes strategic choices and justifies how to spend money in a very respectful way. I think this approach goes a long way with the Board of Finance.” - Board of Finance Member

“Our job is to present a budget number reflecting a responsible tax increase. It’s not our job to micromanage the school budget. I once asked about class size, and the BOE seemed irked that I would even ask.” - Board of Finance Member

### **Limits on town budget setter’s ability to control line item school spending.**

Per state statute, towns can only approve a bottom-line figure. This is a big source of frustration for town-side leaders, especially in more difficult economic times.

“If I had more line item control, I’d pick and choose things differently – lack of detail makes us use a dull knife.” - Mayor

“Big frustration that we have no control over Board of Education budget.” - Mayor

“Feeling that BOE is on a higher level. I’ve tried to break down those barriers.” - Mayor

“How do we cut the cake (in the school budget)? We heard about your needs, but we want to cut the cake. We can suggest what to cut. Big source of frustration, big bone of contention.” - City Manager

“BOE budget – I trim the bottom line. We don’t have the authority to tell them what to do. BOE budget request was 10% more this year. Mayor cut it in half.” - Mayor

“With Connecticut system, no incentive for BOEs and administration to go through the process that we go through on city-side because they are not responsible for revenue. We face the music.”

“If we don’t give money to BOE, we’re the bad guys. Should make BOE separate funding district.” - Mayor

“Council would like to have more influence over inner-workings of BOE budget than they can. For example, feeling there are too many administrators, so we’ll cut an equivalent of ten. But BOE doesn’t have to cut them, can cut something else.” - Town Manager

“Contentious the other night – Council wants BOE to be more flexible on staffing issues, BOE dismissed it outright. Council irked.” - Town Manager

“I’ve said to Super, it doesn’t go over so well when you say a \$1 cut will mean eliminating a teacher. Why don’t you say a custodian? Credibility is hurt because it’s always a teacher. Next step, they actually did cut a custodian!” - Town Manager

\$50 mn for schools of \$70 mn overall town budget. BOE could cut \$2 mn with no pain. - Mayor

“As Finance Chair, I went through the BOE budget line by line. Why so much for computers, for example? Super told me, none of my business, you can’t tell us what to do. So I write down on a piece of paper the number they’re going to get. I pushed it over to him. That’s your number this year. He was pissed, but that was what we did. The next year we went back to talk about the school budget line by line.” - Mayor

### **Budget setting context, environment and process**

Budget setter’s ability and willingness to shape and control the budget setting agenda and process to encourage a particular spending level.

Some budget setters make use of their ability to shape and control the budget setting agenda and process to encourage a particular spending level. Said one manager, “I like to cut first vs. Council doing it and cutting the wrong stuff. My budgets aren’t cut much because they know I’m about ‘truth in lending’.” - Town Manager Another manager felt in his position it was his responsibility to press the issue of school funding:

“For BOE to maintain programs, have to have a big fundamental shift on how/what to fund. Will have to reexamine budget from the bottom-up. This year, I didn’t want to just meet in the middle with the BOE as we do every year. BOE needs to think freshly about the budget. Is there another way? I intentionally want to force a discussion on school budget.” - City Manager

There also something to be said about the advantage the budget setter has based on greater time and familiarity with the budget. As a “full time mayor – I’m the day-to-day guy, I spend more time on it than anyone.” - Mayor

“Systemic weakness of having split between towns and BOE. There is no interface between town and BOE during the year except at budget time.” - Town Manager

“My job is to frame the issues, what are the critical factors and key bits of information. Intentionally wants to force a discussion on school budget.” - City Manager

“BOE gets off easy. We’re for all this, but Mayor has to figure out how to pay.” - Mayor

“I like to cut first vs. Council doing it and cutting the wrong staff. My budgets aren’t cut much because they know I’m about ‘truth in lending’.” - Town Manager

“For BOE to maintain programs, have to have a big fundamental shift on how/what to fund. Will have to reexamine budget from the bottom-up. This year, I didn’t want to just meet in the middle with the BOE as we do every year. BOE needs to think freshly about the budget. Is there another way? Big change to the budget can force this. Police department, for example, has been able to civilianize certain functions and crime has still gone down.” - City Manager

**Strength of local economic climate – tax burden, community public service needs, growth of grand list.**

“BOE doesn’t have appreciation for the tax payer. My biggest frustration. They don’t see the little old lady coming in here to pay her taxes.” (C)

“Tied to what’s happening with State and Federal. Macro-connection. Council reacts to people who think the economy is shaky, even if only from TV. Direct connection, even if only mental.” - Town Manager

“Newington housing market is good, but national news has psychological impact. Ripple effect.” - Town Manager

“Just coming off a tough reval plays a lot into what I recommend.” - Mayor

“I take my guidance from BOE. I look at affordability in relationship to the other agencies and tax rate.” - City Manager

“School decisions made within context of larger budget proposal. Mil rate drives my decisions on school budget – what will overall impact be on taxpayer (many of whom don’t have kids in schools) and community?” - Mayor

“What do we want to do to draw business and help underwrite the quality of life we want? Infrastructure, public safety also important. Education too. These two things can be in conflict with each other.” - Mayor

“Maintaining capital plan in the community. We shouldn’t focus so much on the ‘magic %’, as on what we want and need in Bloomfield. Manager should be about what we need, Council more on what can we afford?” - Town Manager

“What’s going on in town is the most important factor. Lawsuit with big tax payer is over us. Costs going up, especially energy.” - Mayor

“Economy is big. If growing, people less concerned. Slumping, as now, people more vocal and say, ‘I can’t afford this.’ Also, make up of town – here we have big elderly population. Lots of influence because they vote, and they also have their own special needs and concerns.” - Town Manager

“Overall increase is biggest for me, and how that effects economy at the time. Growth of grand list also big.” - City Manager

“Town budgets are much more political than in private business. Makes things more complicated. Budget is an art, not a science. There is an important human element. For example, while it may not be cost effective to provide senior busing, it’s something we have to do.” - Town Manager

“Hard to raise taxes when people are paying \$4 for gas. This is one of the toughest budgets I’ve ever had.” - Mayor

“No tax increase last year. This year, revaluation and state funding don’t look good.” - Mayor

“In January we look at economic indicators – cost of living, unemployment rate, grand list. Then we decide whether to issue budget guidelines or a cap (above which we won’t fund).” - Board of Finance Member

“What are tax implications – is the budget responsible and possible?” - Board of Finance Member

### **Budget setting constraints**

“Budgets are made by looking at the prior year’s expenditures. That’s it. Weak approach. No real examining in educational budget making. This is the most important factor in deciding the next year’s budget, hands down.” - Mayor

State and Federal educational mandates required of local Boards of Education, whether or not there is State or Federal funding to implement those requirements.

“Even though education is a state mandate, they never pay full freight. Lack of reimbursement for special education.” - Mayor

“We have a good idea of State funding, as this is year 2 of state budget. BOE does their own lobbying. We do not lobby for BOE. Town legislative priorities to our delegation only, not BOE.” - Town Manager

“I do have to consider changes from State and Feds. Last year, MER to MBR. \$750,000 still sitting there – how much of a need is there really if it hasn’t yet been spent? Feds – redirection of Title I funding into account. Special Fund category always has \$800,000 balance in it.” - City Manager

“No Child Left Behind is big. Little or no money, have to use your own resources. Frustrating ‘not another mandate’. Citizens see big salaries and that develops a feeding frenzy, especially in down times. Special education costs are very expensive. Large amount of resources to help a very few.” - City Manager

“BOE is very good at explaining the budget, so we’re very understanding of things they can’t control.”

### **Timing/amount of state funding**

“My budget to finance by April. I’m driving around that afternoon, last minute dropping it off to Councilors in case any more news on revenue from State.” - Mayor

“Educational Cost Sharing funding and taxes are the major drivers of what we do for schools.” - City Manager

“Major factor is what state will do, esp. with ECS. CM follows work of appropriations committee with help from Connecticut Conference of Municipalities.” - City Manager

“State biennial budget – what year it’s in matters, as year two stays very close to what is budgeted in first year.” - City Manager

“State funding contribution is also big, wildcard from year to year.” - Town Manager

## Attachment 8

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