

Fairfield Taxpayer Responds to Recent Letter in the Minuteman

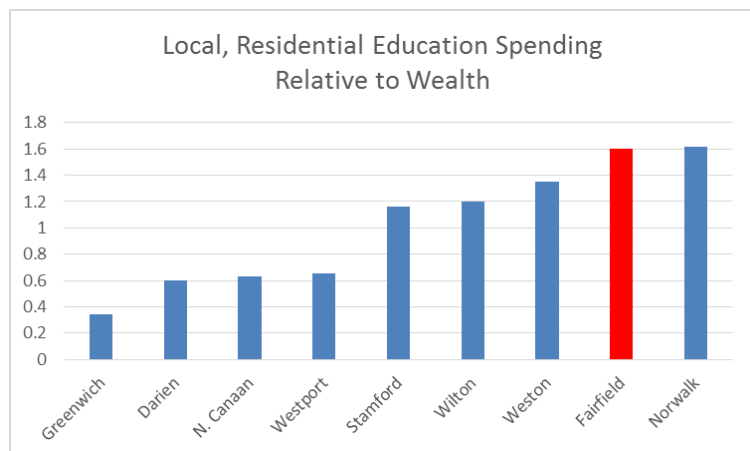
According to a recent letter in the *Fairfield Minuteman* and the *Fairfield Citizen News*, “We need to spend more money on education.” Why? Because **affordability is not a concern for a wealthy town like Fairfield**, and because **lower spending will hurt both our children and our property values**. The author offers the following arguments:

1. Since "affordability" is subjective for wealthy towns like Fairfield, **we can afford anything we want**, and since other wealthy Fairfield County towns spend on average 20% more per pupil and are asking for 5%-7% increases next year, we can afford to spend 3.87% more.
2. Since a Google executive believes that certain personal qualities are more important to future success than GPAs and test scores, and since Fairfield, unlike its wealthy neighbors, has not funded certain [unspecified] educational initiatives in recent years that may foster these qualities, therefore we may be **hurting our children**.
3. Since school system quality is correlated with higher property values, therefore we will **hurt our property values** if we don't spend more on our schools.

We Can Afford It?

In support of the first point, the author asserts that Fairfield is on a *Forbes* list of The 100 Wealthiest Towns in America, but, unfortunately, Fairfield is **not** among the 100 wealthiest towns on the *Forbes* list. First, this list is actually a ranking of **zip codes** (not towns) by median home prices. Second, as a measure of wealth, there are well-known statistical pitfalls with using median home prices (which can be quite erratic whenever sales volume is abnormal at either the high end or the low end – ask any realtor). Third and most important, **one or two zip codes do not necessarily make a town, particularly a large town like Fairfield**. Finally, even if there were any validity to using these rankings, the average median home price for the six zip codes in Greenwich, Westport, New Canaan and Darien (the towns the author declares to be our “peers”) that are on the list, is more than twice the average for the two Fairfield zip codes that are much further down the list at #191 (06890) and #295 (06824). The average housing value for these six zip codes is more than twice ours (even without considering all the additional homes in our third zip code), which does not seem to make them our economic peers.

For the purpose of comparing the ability of different towns to pay for public services, Fairfield Taxpayer recommends a number computed each year by the State Department of Education (which it uses to allocate state grants) called “AENGLC,” or Adjusted Equalized Net Grand List per Capita. **As the graph shows, relative to its wealth by this measure, Fairfield is**



spending 70% more than the Southern Fairfield County towns that our Superintendent of Schools chooses to compare Per Pupil Expenditures. For more information on this analysis, please see: "*A Teachable Moment for our BOE*" on the FairfieldTaxpayer.com website.

Hurting Our Children?

In support of the second argument, the author asserts that because the person in charge of hiring at Google said in a recent *NY Times* article that he thinks "*GPA's and test scores are worthless predictors of future success,*" and that "*learning ability, emergent leadership, intellectual humility and ownership*" are more important, and because some of the educational initiatives implemented by wealthy towns like Greenwich, Westport, New Canaan and Darien, might or could foster those qualities, therefore Fairfield may be hurting its children by not spending more on education. Fairfield Taxpayer agrees that the evaluation of educational outcomes should not be limited to standardized test scores and that higher spending may provide benefits that either cannot be measured or have not yet been measured, but **spending more merely in the hope that our children will benefit is not a viable plan unless money is indeed no object.**

Hurting Our Property Values?

In support of the third argument, the author asserts that "*sixty years of economic research demonstrate how school system quality is correlated with higher property values,*" and quotes one study that states that "*an implicit demand for schools is reflected in the market value of every residential property.*" The problem with this argument is that, during the 60 years of postwar prosperity that we all enjoyed, there is a correlation between education quality and literally everything else that happened, both good and bad, **but that does not mean there is a significant causal relationship between educational quality and any of those things.**

In the specific case of "education quality" and "property values," it is far more likely that both benefit from favorable demographics and culture, and that both suffer from unfavorable demographics and culture. Though we may never be able to determine exactly what combination of demographic/cultural factors optimizes both education quality and property values, one thing that relevant studies consistently show is that additional spending on education beyond some reasonable threshold does not produce any measurable improvement in student performance. Some data even suggest the opposite, that higher spending beyond that threshold results in poorer outcomes. We agree with proponents of education spending that good schools support property values in a town. However, we should all remember that, as with most things in life (e.g., sun, chocolate, apple pie and ice cream), we can also have too much of a good thing. Thus, **at some point, high spending on education, or any other government service, also hurts property values by raising taxes to levels that are not affordable or competitive.**

Crisis Over?

Since underlying assumptions are also important, we will address two other points in this letter. Having referred to the "*the credit crisis and subsequent Great Recession,*" the author states,

“the crisis [is] now passed [sic].” On the contrary, the crisis is not past. Economic growth remains slow, jobs are hard to find (only half of the jobs that CT lost in the Great Recession have been recovered), and incomes are still under pressure, particularly for seniors who depend on interest income on their retirement savings and on pensions that are tied to COLAs that are tied to the rate of inflation. Indeed, incomes for many Fairfield residents are still down significantly from where they were in 2008, and yet Fairfield’s taxes have risen over 20%, not including the proposed ~3% increase proposed for next year. **The crisis is far from past – our town, our state and our country face serious ongoing challenges.**

Divisive?

The second underlying assumption that deserves a response is the author’s assertion that *“it is divisive to this town to suggest that households without current school-aged children should desire reduced education spending.”* On the contrary, Fairfield Taxpayer feels **it is essential to encourage everyone in Fairfield – those who have children in our schools and those who do not – to consider the full, long-term consequences of the decisions we must make, as a community, about our spending and taxes.**

Fairfield, like every other town, must compete to attract and retain residents who are willing to pay for services they do not use, particularly the cost of education because, at \$175+ million, it represents 63% of our total spending, but only 30% of our households have children in our schools. After 17 years of increases in our total spending and taxes at 2.5x-3.0x the rate of inflation, our tax rates are now too high relative to other towns, making Fairfield increasingly unaffordable for many of its residents, which on top of problems at the state level with high taxes and low job creation, is driving more and more residents to leave and hurting our property values. The people most likely to leave are those who do not have children in our schools, and the people most likely to buy the homes they vacate are people with school-age children. This turnover, driven by our high tax rate and by a relatively large supply of affordable homes in a wonderful town with great schools, may explain why Fairfield has experienced continued growth in school enrollment at a time when many other towns, with lower tax burdens that are not driving out as many of their residents, have seen their school enrollment shrink. **The issue is not, as some advocates of education spending assert, whether our spending on education can be explained by growth in enrollment, by inflation and by unfunded mandates. The real issue is how much more Fairfield can afford to spend on education without undermining the ability of the Town itself to continue to prosper and support its great schools.**

This is not a divisive argument that seeks to pit “We” against “Them.” If all of us, collectively, do not acknowledge the economic reality we face and restrain our spending and taxes, then it is only a matter of time before our fine school system and all of our property values, will be at risk. And it is simply not possible to restrain our overall spending without continuing to restrain the cost of our schools, which as noted above represent around 63% of our total spending.

Much as we all wish Fairfield could afford everything our wealthy neighbors can, we must recognize that this is not possible. Accordingly, **it is crucial to the continued prosperity of our town and thus to the future quality of our schools that we hold tax increases to no more than**

the rate of inflation. If we do nothing to address our affordability problem in the short term, we will hurt everything we all love about Fairfield in the long run.

Sources:

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The Letter in the Minuteman:

Last month the New York Times ran an article on the hiring practices of Google calling out their view that GPAs and test scores are worthless predictors of future success. Good grades are certainly important they say but these attributes matter more: learning ability, emergent leadership, intellectual humility and ownership.

Recently Fairfield's Board of Selectmen submitted its 2014-2015 budget request, trimming the amount sought for the education budget to 3.32% over the prior year from the 3.86% sought by the Board of Education. Well-organized watch-dog groups have urged us to believe that the national rate of inflation should be our spending benchmark rather than using a more localized or education oriented gauge. Since the credit crisis and subsequent Great Recession, Fairfield's spending on its public schools and students in the past five years has averaged below the inflation rate (1.54% for education vs. 1.60% for CPI) – while our public school enrollment increased.

With the crisis now passed, the narrative is changing. These same groups want us to focus on what we can afford to spend and set a top down budget number from there. That sounds good. But affordability is subjective when you live in one of the Forbes 100 wealthiest towns in the country — as we do here in Fairfield — so the debate will inevitably turn to the question of what are we willing to afford? What do we want?

We want a good value.

What does value cost? Fairfield spends \$14,907 per pupil (2012-13). Our neighbors and peers, Greenwich (\$18,165 without benefits), Westport (\$18,173), New Canaan (\$17,443) and Darien (\$16,719) not only spend 20% more than Fairfield, they are asking for 5-7% increases for next year (Fairfield's BOE seeks 3.87%). They have implemented and are implementing educational initiatives that Fairfield has had to forego due to budget constraints. Let's hope for Fairfield's children that these initiatives don't foster things like learning ability, emergent leadership, intellectual humility and ownership.

If they do then what will be the cost of falling further behind our peers?

Sixty years of economic research demonstrate how school system quality is correlated with higher property values with local funding driving the highest rates of school performance. It is divisive to this town to suggest that households without current school-aged children should desire reduced education spending. As one study states: "Local property values reflect the aggregate demand of buyers...So an implicit demand for schools is reflected in the market value of every residential property." (Mackenzie, University of Delaware.) Maybe under resourcing our schools will result in lower future appreciation of our real estate value compared to our peers? I'd rather not find that out.

Fairfield's education budget request from the BOE at 3.8% is not only reasonable, it is lean.

We should be proud to stand and deliver such value to our taxpayers and citizens.