



# Sacred Heart UNIVERSITY

OFFICE OF THE PRESIDENT

John J. Petillo, Ph.D.  
President

## Submitted for Testimony

March 20, 2014

Brendan Sharkey  
Speaker of the House  
Legislative Office Bldg, Rm 1400  
Hartford, CT 06106-1591

Dear Speaker Sharkey,

I am writing out of great concern about the recent proposed legislation (House Bill No. 5583) surrounding changes to the Payment in Lieu of Taxes (PILOT) program for private colleges and hospitals. I believe that enactment of this type of legislation will have a tremendously negative impact on colleges and universities, the relationship between those institutions and the towns where they reside and, most importantly, on the students and the affordability of a college education. Please let me explain.

This proposal comes at a time of continued high levels of student need. Colleges and universities have drastically increased need-based financial aid to students since the financial crises in 2008 and see no decrease in that need in sight. We have already cut programs and budgets, delayed projects and taken other belt-tightening measures to increase financial aid so that students can have access to a quality education. The additional budget cuts that would be needed should this legislation pass would require further program cuts, layoffs and the need to charge more for tuition, room and board. We would have difficulty competing for students both because of the high costs and the reduced program offerings.

This legislation would also negatively impact the State at a time when it is desperately trying to entice young people to stay, raise their families and work here. If we can no longer attract students to come to (or remain in) Connecticut for their education, there is little chance they will come back to find jobs or start new businesses here. This academic year alone, SHU has awarded \$12,170,838 to 1,171 Connecticut students with financial need. We would no longer have the flexibility to do that under the proposed PILOT legislation. Please keep in mind that colleges serve as magnets attracting students, their families, alumni and tourists to the region throughout the year. They also attract businesses.

It is important to note that all colleges and universities in all states are tax exempt. The notion of granting a property tax exemption to nonprofit institutions of higher education has been in effect since at least the adoption of the U.S. Constitution. Consistent with the reasons for federal tax exemption, the concepts supporting state exemption are the public benefit derived from educational activities and a belief that the government should not be the sole provider of these services.

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Tax-exempt status provides necessary and important support that allows colleges and universities to pursue their critical mission of teaching, research and service. The same is true of hospitals that provide care to those without insurance, offer educational programs, do research and much more. Tax-exempt status has been a tradition for more than two centuries in recognition that these institutions serve the public good by enhancing education, health and the general welfare of the State's citizens.

It is also important to note that many colleges do not make much use of city services. They handle their own security (police) and trash removal, and their nontaxable campus property is not home to children who attend public schools. In other words, universities do not add a major cost to municipal budgets. On the contrary, in many cases, universities offer support to municipalities.

Some examples of that here at Sacred Heart include:

- SHU made a voluntary payment of \$100,000 to the City of Bridgeport to support their sewage system
- SHU has a mutual aid agreement with the municipalities of Fairfield, Trumbull and Bridgeport for first responders, supplies and use of facilities in case of an emergency.
- The SHU Emergency Reserve Corp is available to respond to emergencies and/or disasters at SHU and in the Connecticut DEMHS Region 1 as needed. SHU is also a point of distribution for vaccine distribution if needed.
- SHU has an agreement with Fairfield to use our facilities for a site of reunification if they ever need to evacuate a building.
- WSHU provides emergency broadcast messages to local municipalities as requested by mayors or first selectmen.
- SHU has an agreement with Fairfield to pay for repair work on the three traffic lights that serve our main campus and the greater community.
- SHU has made over \$2 million in tax and permit payments to our host towns over the last decade.

In addition, I strongly believe that the new PILOT proposal would negatively impact relations between colleges and host towns during a time when we need to be working closely together more than ever. The reality is that colleges and universities are the kind of partners most towns seek to have. Not only are they a major employer, but they open their ball fields, meeting rooms and lecture halls to town residents. They offer free programs, concerts, art exhibits and more to the local residents. They also offer programming in support of area schools districts. Just a few of many examples at Sacred Heart are:

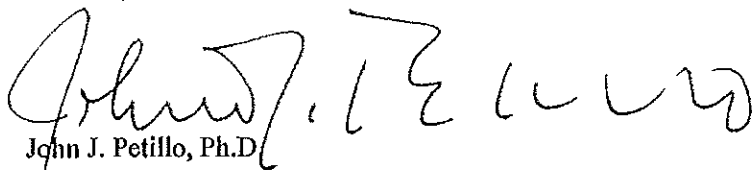
- The placement of student teachers in Bridgeport Public Schools and other school districts throughout the state.
- Dual enrollment and early college placements that allow juniors and seniors from Bridgeport Public Schools who meet admission requirements to take appropriate and available courses for college credit at reduced or no tuition.
- The Horizons at Sacred Heart University program, which addresses the academic achievement gap between children from underserved communities and their more affluent peers. This program serves children from Bridgeport schools via K-3 academic programs in Saturday academies during the school year and a six-week summer enrichment program.

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Students, faculty and staff also volunteer in the community—at schools, at hospitals, at homeless shelters and soup kitchens and much more. That is especially true of Sacred Heart. Over the past five years, the SHU community has donated between 30,000 and 55,000 volunteer hours each year. Many of those hours were donated in Bridgeport and other area communities. In 2013, Sacred Heart University was recognized on the President's Higher Education Community Service Honor Roll for its exemplary dedication to community service. SHU's student-athletes have also earned the Northeast Conference Building Communities all three years of its existence. It recognizes the institution that demonstrates the highest dedication to making an impact in the community through the efforts of its student-athletes, coaches and administrators.

For many years, the State's PILOT program has led the way among most other states. Tax exemption for colleges and hospitals is common to all the states. However in most, there is no state payment to towns for the revenue that would otherwise come from tax-exempt institutions. Connecticut is a leader and the PILOT program should be a source of pride. Maintaining—or even increasing—the PILOT program, as Governor Malloy has proposed, should be a shared priority of host cities and towns, colleges, hospitals and legislators. Let us not devastate one of the few industries that we can still celebrate, and one that attracts many young people to our state.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Petillo". The signature is fluid and cursive, with a large initial "J" and "P".

John J. Petillo, Ph.D.

JP:sm

