



NEW YORK STATE COMMISSION ON  
LOCAL GOVERNMENT  
EFFICIENCY &  
COMPETITIVENESS

**Commission on Local Government Efficiency & Competitiveness  
April 2008 Update**

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**Commission Items in the Enacted State Budget**

**Local Government Efficiency Grants:** The Commission's early recommendation for a bigger and better grant program to encourage local government efficiency has passed the state legislature. The new Local Government Efficiency Grant program (LGECC) received an increase of nearly \$5 million over last year's Shared Municipal Service Incentive (SMSI) program. In addition to increased funding and a new name, the \$29.4 million LGECC program includes changes to promote consolidations and major service sharing arrangements that save taxpayer dollars. Grants for planning and implementing locally-designed shared services will continue with some enhancements. In response to local government suggestions, transitional personnel costs directly related to a new shared service or consolidation will be eligible for funding. In addition, a new category of high priority planning grants will deliver funding more quickly for local governments to study consolidation or dissolution, countywide or multi-county shared services, and charter revisions that enable functional consolidation or increased service sharing. Like the SMSI program it succeeds, LGECC will be administered by the Department of State. A more complete description of the program is available [here](#).

**21st Century Demonstration Projects:** These grants are a major new component of the LGECC program that will promote large-scale transformative changes. The 21st Century Demonstration Projects will be competitive grants covering costs associated with a functional consolidation or a shared service agreement having great potential to achieve financial savings and to serve as a model. For example, these grants could include consolidation of services on a countywide or multi-county basis, or provide support for local leaders implementing transformative changes in areas like schools consolidation or regional service models in areas like highway maintenance, policing, and smart growth planning, or regional consolidation of school district "back-office" services. Examples of potential 21st Century grants area available [here](#).

**Consolidation Incentives:** New incentives would be available. Municipalities that consolidate could choose among a 25% increase in AIM funding (currently in law) or incentive funding equal to 15% of the combined property tax revenue of consolidating localities (both are continuing funding streams capped at \$1 million annually), or a \$250,000 flat amount phasing down over five years. These new options are in direct response to towns and villages that may be considering merger, consolidation or dissolution, but would not have received a significant incentive otherwise.

**Highway Services:** A new incentive is also available for areas that functionally consolidate highway services countywide (including either all of the towns, or municipalities making up at least 90% of the road mileage within the county). Municipalities will receive this incentive in an amount equal to 30% of current highway aid (CHIPS). This is transitional assistance which is capped at \$1 million and phases out over five years.

**Wicks Reform:** The Commission unanimously endorsed Wicks reform, including dramatically increased thresholds, which was included in the enacted budget.

A number of other Commission recommendations were submitted with the Executive Budget, including special district reforms, improvements in citizen petition procedures, improved local financial data for benchmarking, eased requirements for municipal health insurance cooperatives, and assessing and tax receiving reforms. However, many of these recommendations were set aside for consideration outside of the budget process. We'll keep you informed on these initiatives as the legislative session continues.

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## **Final Report of the Commission**

The Commission's final report is under preparation and will be released soon. In addition to funding incentives, it will include recommendations on county and regional services, modern municipal structures, voter participation and information, mandates and other local cost drivers, and school district efficiency issues driven by scale and organization.

The final report will include a full description of the recommendations and rationale, including relevant research, local initiatives and expected savings. The report will be fully available electronically, including links to research and draft legislation.

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