



NEW YORK STATE COMMISSION ON
LOCAL GOVERNMENT
EFFICIENCY &
COMPETITIVENESS

This e-mail bulletin provides information on efficiency issues and recent events related to local government cooperation, consolidation and modernization.

Local Government Efficiency Grants Preserved

In this tough fiscal climate it is more important than ever for local governments to reevaluate how they do business. Local Government Efficiency Grants (previously SMSI) have become a useful stimulus, enabling local governments to consider and implement a variety of consolidated and shared services, as well as municipal mergers. Despite the necessity for austerity this year, the LGE grant program was preserved in Governor Paterson's 2009-10 Executive Budget, with over \$11.5 million available, scaling the program back to a level similar to the 2006 and 2007 program years. Under the Governor's proposal, the new noncompetitive planning grants and 21st Century Demonstration Grants will continue to be offered to encourage transformative efforts.

In addition, the enhanced incentives for municipalities that merge were continued. When a village dissolves, or two or more municipalities otherwise merge, their Aid and Incentives for Municipalities (AIM) payments are preserved and paid to the remaining municipality. In addition, a continuing incentive is paid through AIM, equal to 15% of the combined property tax levy of the merged governments (capped at \$1 million annually).

LGEC Recommendations in the Executive Budget

Governor Paterson's [Executive Budget](#) includes a number of recommendations of the Commission on Local Government Efficiency and Competitiveness, as part of an overall effort to streamline local government and encourage efficiencies that benefit local taxpayers. Major items include simplifying and unifying local government consolidation procedures; providing flexibility to convert town administrative positions from elected to appointed; easing requirements for cooperative employee health plans; special district reforms and other mandate relief measures. Highlights include:

Consolidation Procedures – Reforms would ease the path for locally initiated municipal consolidations and dissolutions, with clarified uniform procedures for towns and villages. A simpler citizen petition process to dissolve villages and fire districts would also be provided, ensuring that citizen initiatives are not stymied by unclear and complex requirements.

Conversion of Elected Town Offices – Prior to 1974 towns had the authority to change the elective office of clerk, superintendent of highways, or receiver of taxes and assessments to appointive offices upon passage of a local law subject to a permissive referendum. This proposal would return that authority, and also allow town boards to abolish or convert elected highway superintendents to appointed commissioners of public works. These changes empower town boards and help pave the way for combined local offices and shared services.

Health Insurance – Intermunicipal health insurance plans are under consideration in many counties, which have identified needed reforms. Changes would ease provisions for municipal cooperatives, require insurers to provide claims experience to facilitate studies of such cooperatives, and re-evaluate requirements for local governments with fewer than 50 employees.

Multi-County Positions – Residency requirements for certain public officers make it difficult to provide functions across county lines, which may be desirable for smaller counties. These changes allow counties to share the positions of Director of Weights and Measures, as well as Public Health Director, and board of health.

Highway Services – Greater cooperation between the state and localities would be enabled through changes in law, particularly under emergency conditions.

Ending Pay and Perks for Special District Commissioners – Like school board members and fire commissioners, special district commissioners should not receive compensation or other benefits. There is great concern about these payments on Long Island, where most commissioner-run special districts are located. In addition, independent sanitation districts would be subject to town management, which will increase accountability and can help reduce costs.

Mandate Relief – Measures supported by LGEC include creating a Tier 5 retirement plan for new employees, Wicks exemptions for school districts, and making local procurement more flexible by increasing existing bidding thresholds, allowing “best value” contracting, and piggybacking on existing contracts. Other mandate relief measures are also provided, including “collateral source” reform to help lower local litigation costs. Further information is available [here](#).

NOTE: Detailed technical information on the LGEC recommendations in the Executive Budget is available in the [Public Protection And General Government Article 7 Bill Memo \(Part NN\)](#) or the bill itself ([S56/A156](#)).

State Agency Consolidation and Shared Services

New [efficiency measures](#) in the Governor’s Budget include consolidation of state agencies as well as a bold new approach to sharing services among agencies. Thus, the State is seeking efficiencies through consolidation and shared services, just as many programs urge local governments to do. State agency mergers in the Budget

include the State Employment Relations Board and the Public Employment Relations Board; the Office of the Welfare Inspector General and the Medicaid Inspector General; three regional planning and environmental bodies with the Department of State; the NYS Theatre Institute with the Empire State Plaza Performing Arts Center Corporation; and the Department of Economic Development, NYSTAR, and the Empire State Development Corporation. In addition, a Council on Shared State Operations will oversee the development of a shared services model for state government to centralize back-office operations and consolidate administrative functions among multiple agencies. This will reduce expenditures and free agencies to focus on core missions, rather than administrative tasks. Efforts would focus on six areas: the financial management system, procurement, human resources, technology, asset management, and customer service.

Savings of up to 22% Identified for Municipal Consolidation

The Center for Governmental Research (CGR) has released two [reports](#) showing the dramatic potential tax reductions from consolidation efficiencies and state consolidation incentives. They found that if the Village of Albion merges with the Town of Albion, taxpayers can save at least 18%, and if joined by another adjacent town (Gaines), the savings could be 22%. Another CGR report was prepared for the historic Town and Village of Seneca Falls, which examined shared service alternatives up to and including dissolution of the village. It estimated that property taxes for a village resident owning a home with a \$100,000 taxable assessed value could be cut by \$975 a year.

Attorney General calls for Local Consolidation Reforms

Attorney General Andrew Cuomo has proposed broad changes to encourage locally initiated consolidations. Citing inconsistencies and anachronisms in the law, the Attorney General called for simplified procedures for citizen petitions and local governing bodies to dissolve, merge and consolidate local government entities. His plan also outlines broader changes, including allowing counties to propose merger or dissolution of towns, villages, fire districts and other special districts, subject to local referenda. The Attorney General's [website](#) contains his presentation and other materials, and his efforts are bringing much attention to the problems of overlapping and outdated governmental entities and the need for statutory reforms.

Visit the Commission Website at nyslocalgov.org
