



New York State Commission on  
Local Government Efficiency and Competitiveness

Description of Enacted Budget Proposal for:

## Local Government Efficiency Grants

---

The state budget included changes recommended by the Commission on Local Government Efficiency and Competitiveness to enhance the shared services incentive grants to help promote major service sharing arrangements and consolidations that save taxpayer dollars. This year the budget appropriates an additional \$4.4 million, totaling \$29.4 million for Local Government Efficiency Grants (LGEG). This redesigned grant program includes many new features, such as more readily available planning grants in high priority areas, funding of transitional personnel costs under certain circumstances, and a new category of demonstration grants. Like the prior grant program, local governments can apply for studies and implementation efforts for shared service efforts that they design. Enhanced technical assistance and information on best practices will also be made available. New features include:

**Planning Grants** – Two types of planning grants will be available. *General Planning Grants* for groups of municipalities to study shared services they propose will be awarded on a competitive basis in amounts up to \$25,000 for two municipalities, plus \$1,000 for each additional partner, with a \$35,000 overall maximum. A new category of *High Priority Planning Grants* is targeted to specific types of studies, and will be available on a non-competitive basis to interested localities. Groups of municipalities could receive funding to study sharing or consolidating services countywide or on a multi-county or regional basis. Single municipalities could get grants for city or county charter revision studies that include functional consolidation or service sharing or for a village dissolution study. The amounts for these grants will vary by category, not to exceed \$50,000.

**Efficiency Implementation Grants** – Similar to the prior Shared Services Incentive (SMSI) grant program, competitive grants requiring two or more municipalities to join in an application will be available for activities that can achieve financial savings. These grants can now be used to cover transitional personnel costs to implement new joint functions. Grant amounts will be up to \$200,000 per municipality, with a total amount not to exceed \$1 million.

**Twenty-First Century Demonstration Project Grants** – A new component has been added to support pilot projects that involve transformative changes, have great potential to produce cost savings, and can serve as a model for other municipalities. Funding will be awarded through a competitive process for countywide or regional service models in specific areas such as highway maintenance, policing, schools consolidation and smart growth planning. Grants will be up to \$400,000 per municipality, combining to larger amounts for groups of local governments cooperatively engaging in transformative pilot projects.

**Consolidation Incentives** – Municipalities that consolidate can 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. Another incentive will go to local governments that functionally consolidate highway services countywide (including either all of the towns, or municipalities making up at least 90% of local road mileage within a county). Participating municipalities will receive additional general purpose aid as an incentive, calculated as 30% of current highway aid, phasing down over five years.

LGEG will be administered by the NYS Department of State (DOS), which administers the existing shared services incentive program (SMSI). More information will be available soon on the DOS website at [www.dos.state.ny.us](http://www.dos.state.ny.us).