

**THE ASSOCIATION OF TOWNS
OF THE
STATE OF NEW YORK**



TESTIMONY

Presented to the

**COMMISSION ON LOCAL GOVERNMENT
EFFICIENCY AND COMPETITIVENESS**

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Chairmen lundine, members of the commission, good afternoon and thank you for the opportunity to appear before you today on a matter that is vitally important to the membership of the association of towns of the state of new york. Improving local government efficiency is not only the charge of this commission, but it is a fundamental reason why the association of towns was formed almost 75 years ago.

In the interest of time, our testimony here today is focused primarily on the first of these suggested topics of discussion that is “the most effective means for achieving the commission’s goals of improving the local government efficiency and competitiveness,” although it may touch slightly upon other portions of the enumerated topics.

As you know, there are only 1607 general purpose local governments in new york state, despite often quoted statistics that put that number is in the neighborhood of 4200. These local governments are defined by our state constitution as counties, cities, towns, and villages. Their defining characteristics include home rule authority and the power to tax and incur indebtedness. To the extent that other entities possess the power to tax, such as school districts and fire districts; or to require that taxes be levied on their behalf, such as special districts, they may be public corporations that provide specialized services, but they are not local governments.

In the preparation of this testimony, i pondered the nuance of the word efficiency as it applies to the charge of the commission. In applying efficiency to local governments, one could consider the quality of services provided to the inhabitants of that local government, or one could focus on the cost of providing those services, or a blend of those two elements. Furthermore, one might

ask if the concern about efficiency is being driven mostly by the increasing burden of real property taxes, which are the primary source of revenue for local governments. One can safely say, however, that efficiency cannot be determined, or for that matter improved, by looking simply in absolutes such as the number of local governments. Reducing the number of local governments in a geographic area may spread the cost of a particular service over a larger population base, but it does not necessarily equate to greater local government efficiency; particularly where there is no community wide need for the expanded service. In order for this commission to be successful, it cannot be drawn into the trap of examining the sheer number of local governments, but rather looking at the services provided by those local governments, and determining if such services can be delivered more efficiently. When a local government offers services that are needed or desired by its residents and provides those services at the lowest possible cost to the taxpayer, it is operating efficiently.

I know that this commission is approaching their task with an open mind, but there are those among us who have already formed the opinion that local governments, particularly the smaller ones, have become obsolete in the 21st century and the way to government efficiency is by means of larger regional governments. The association of towns, and its membership, feels quite the opposite. As the commission carries out its duties, we hope to participate with constructive dialogue throughout the process. To that end, we will retain a consultant who will compile the data with which we expect to prove that, for so many reasons, the preservation of our present system of local governments, and its resultant greater local democracy, is in the best interests of the state of new york and all its residents.

In my tenure as executive director, this is not the first time that we have participated in discussions regarding the sharing of municipal services and potential municipal consolidation. In fact, Mr. Chairman, my first was the blue ribbon commission on consolidation commissioned by Governor Cuomo and chaired by Secretary of State Gail Schaeffer. The consistent position of this association has been to encourage intermunicipal cooperation where desired among municipalities and to advocate for changes in state law and regulation which might facilitate such agreements. We remain committed to those goals.

In discussing cooperative services among municipalities, there are some aspects that are important to keep in mind, particularly for those who advocate the larger regional type of government as opposed to merely intermunicipal cooperation agreements. One of those aspects is to remember that economies of scale do not occur with all services. This is particularly true where not all local governments involved have offered the same services, or level of service. Services that are provided which are fairly labor intensive, for example, are particularly vulnerable. We have been told, and expect to document at a later time, examples where combining workforces into a larger entity actually results in higher costs to the taxpayer because the process of collective bargaining naturally results in union contracts that encompass the highest salary and benefit packages. In addition, the larger regional governments tend to be administered by highly paid career-bureaucrats rather than governed by volunteer public officials who serve their neighbors at little or no cost to the taxpayer because they love their community. You might call it a rising tide floats all boats situation.

I am particularly hopeful that this commission will look beyond its immediate charge. If, as I suspect, some of the impetus for this issue is caused by rising real property taxes currently paid by residents throughout New York State, the role in the effect of those taxes on local government efficiency must be considered. Real property taxes have risen dramatically in New York State for several reasons. New York State officials must recognize the state's role in creating this problem and should be prepared to make adjustments if the state expects us, at the local level, to help. I anticipate that our consultant will find that the efficiency of local government services and resulting higher real property taxes have been negatively impacted by the reduction in state and federal revenue sharing and the imposition of state "social policy" through unfunded mandates such as the provision of prevailing wage in public works projects.

Not only have local governments annually lost close to \$1 billion in state shared revenue in the last 20 years, but mandates, be they legal ones such as compliance with prevailing wage or the Wicks Law, or regulatory mandates such as have occurred recently in the administrative areas of local government, have resulted in increased local expenditures without meaningful funding from the authority imposing such mandates.

A fundamental step to improving local government efficiency has already been recognized by Governor Spitzer in his letter to local officials explaining the mission of this commission. That step is recognizing that the state and its local governments are partners in this endeavor. History has shown, and past commissions can attest, that early and active participation by local governments and other municipal associations is an essential element to improving local government efficiency. Local government officials are in a unique position to recognize and

respond to the needs of our residents and we are in the best position to identify services that might be provided more efficiently if done jointly or cooperatively. We are particularly helpful in pointing out where barriers exist to expanding intermunicipal cooperation or, if desired, consolidation among local governments.

We, at the association, consider this issue and the recommendations of this commission to be crucial to the future of new york state. Not, as some might suspect, because we are worried about preserving our niche, but because we realize that the backbone of this great country, and this great state, is protected by the participation of its citizens in their local governments. Their ability to be in constant communication with representatives that they have elected at the local level, and through them exercise control over the issues and services that provide their quality of life, this greater local democracy, is the lifeblood upon which this country was founded.

We hope to participate in each of the scheduled hearings that you will hold throughout the state. As the work of the commission progresses, we hope to contribute often and substantively to the dialogue. I have discussed the work of this commission with supervisor frankel and expect to be involving her in the work of this association regarding this issue.

I thank you for the opportunity to address you today. Thomas jefferson, who worked in federal, state and local government service, famously noted "the government closest to the people serves the people best." this statement was born from personal experience. It is important that this commission not overlook the opinions born from the personal experience of new york's local government leaders and the associations that serve them. For like thomas jefferson, local

government leaders speak from years of personal experience. I therefore urge you to take advantage of this expertise and experience and encourage you to consult with our staff, some of the most knowledgeable municipal attorneys in new york state, as questions arise in fiscal, constitutional and legal areas.