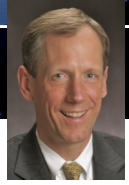


LOCAL GOVERNMENT EFFICIENCY UPDATE

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New Government Efficiency Incentives Aim at Local Action

Governor Cuomo has proposed major changes for state incentives and grants aimed at local government efficiency and consolidation. New approaches include property tax relief, special assistance after citizens petition to consolidate municipalities, and awards for local governments that accomplish efficiencies.

The Administration is pursuing local efficiency with some urgency, and the Governor's proposals take an action-oriented approach by encouraging citizens and local governments to make big changes, with funding offering a strong incentive. Under the new programs, actual implementation – or at least a strong commitment to it – is required up front.

The Governor's budget has \$79 million in appropriations supporting municipal efficiency and consolidation. Nearly half of the funding (\$35 million) is specifically allocated to consolidation, including Citizen Empowerment Tax Credits paid out annually *after* consolidations occur and Citizens Reorganization Empowerment Grants for studies. In addition, a new \$40 million Local Government Performance and Efficiency program would recognize and reward major efficiency initiatives. Lastly, the existing Local Government Efficiency grants for study and implementation of efficiency initiatives is continued at \$4 million.

Overall, this would be a substantial increase in available funding, if adopted by the state legislature. However, under the new programs money will only be spent if local actions are taken — which is the point. It will probably be some time before regulations are adopted and applications are available. Nevertheless, given the quantum change in approach, it's definitely not too early to start thinking about what the changes mean, and how Pattern and its members can become involved. Major new programs include:

- **Local Government Performance and Efficiency** grants would offer competitive awards to recognize counties, municipalities and groups thereof that have achieved significant and innovative actions to improve efficiency and performance. This is an after-the-fact reward and recognition program, and changes must be fully implemented *before* awards can be made. However, the rewards can be substantial — up to \$25 per capita, with a further cap of \$5 million. Individual municipalities or groups can apply, and must demonstrate "quantifiable recurring financial savings, efficiencies and permanent improvements to municipal services." Actions that began in 2010 or later would be eligible.
- **Citizen Empowerment Tax Credits** entitle citizens in towns, villages or cities that consolidate to continuing annual aid payments equivalent to 15 percent of the current property tax levy (or combined levy for multiple municipalities) capped at \$1 million annually. This program existed previously as a municipal merger incentive (several dissolving villages have qualified for payments, which go to the consolidated municipality), but the revamped program *requires* that at least half of the aid be used for direct relief to property taxpayers. In most instances, this will guarantee tax relief of at least 7.5 percent.
- **Citizens Reorganization Empowerment Grants** to support consolidation studies, plans and implementation would be available to towns, villages and special districts (fire, library, other, but not school districts) that are consolidating. Expedited assistance would be provided following a successful petition for dissolution or consolidation, guaranteeing better information for voters prior to a referendum.

Schools are not eligible for these new programs, but there are funding changes for pupil transportation and in other areas to encourage shared/consolidated operations. There is also a competitive pool of \$250 million for Management Efficiency Awards. We'll report on these shortly, including a plan to reconfigure aid for BOCES programs that has attracted strong criticism.

With local efficiency a primary goal of the Cuomo Administration, there will likely be more activity soon, including increased attention to schools consolidation. Pattern will keep you informed about developments through issue alerts, local finance bulletins and training events. Informed advocacy from business and civic leaders is needed to promote these opportunities.

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