



Association of Towns of the State of New York

January 16, 2018

PUBLIC HEARING

on

The Implementation of the County-Wide Shared Services Property Tax Plans

Presented to

Assembly Standing Committees on Local Governments and Cities

Hearing Room C, Legislative Office Building

Presented by

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Shared Services: Already a Culture in New York's Local Governments

Testimony by Gerry Geist before Assembly Local Government Committee

January 16, 2018

Introduction

Good morning. My name is Gerry Geist and I am the Executive Director of the Association of Towns, a membership organization representing the 932 towns in New York State. One of the goals of the founding town officials who formed AOT in 1933 was to help and encourage greater economy and efficiencies. Today, 85 years later, we have exceeded this goal by offering our members legal and technical training, research and information services, cooperative insurance programs and advocating on behalf of towns at the state and federal levels. Thank you for inviting me here today to discuss the present state of shared services in local government and how we can better partner with the state, not only to reduce property taxes but also to meet our constituents' needs.

In addition to my role with the Association of Towns, I also appear before you as a former elected town official, having served on the town board of North Castle in Westchester County for 24 years. With more than a quarter-century worth of experience in local government, I can tell you unequivocally that sharing services is a way of life for towns. Whether sharing equipment and buildings, plowing each other's roads, or collaborating on wastewater disposal, towns have a healthy tradition of working together to bring the best services to their residents at the lowest cost.

Shared Services in New York

Recently, some of the conversation surrounding shared services intimates that it's a novel concept for municipalities, which are occasionally portrayed as insular and loath to work together. The fact is towns, cities, villages and counties have successfully worked together for generations, as stagnant or deficient state and federal aid often compelled municipalities to search for ways to save and make money. In fact, looking at the last 20 years, local governments took in more than \$2.9 billion in revenue from shared services and earned 140 percent more money from collaborative efforts than they received in unrestricted state aid. Sharing services is obviously a great tool for local governments, and it's a tool many have already maximized. I urge every one of you to talk to town officials in your district or come to our Annual Meeting in Manhattan in February to hear firsthand the level of collaboration and innovation towns employ to save their taxpayers money.

Sharing services is a tremendous resource, but one that is best utilized when it is initiated at the local level. A few years ago, the state created the tax freeze program, and last year saw the creation of the countywide share services tax savings program. The countywide program isn't even finished and won't be fully implemented until later in 2019, but there is already talk of making these panels permanent. Unfortunately, no state-initiated shared services program is a panacea in addressing the complex issue of high property taxes in New York. Some reports estimate that these panels will generate approximately \$200 million in taxpayer savings in 2018; however, if you look more closely, \$128 million comes from a single proposal out of Nassau County. Additionally, any plan that has a proposal involving the transferring of functions, or the consolidation or dissolution of a political subdivision, is subject to voter approval through a referendum before being

implemented. Therefore, at this point, the true savings are unknown, and we can only speculate about the success of an ongoing program. What we do know is that this program diverted time and money that may have been better used on providing actual services to the residents of New York. To say nothing of the time spent by local officials, there were the administrative costs involved in convening, holding public hearings, and many plans employed outside consultants, resulting in even more money spent to implement this state initiative.

My questions to you are: why the rush to make these panels permanent, sending local governments scrambling to comply with a program that costs money and might result in savings that appear only on paper? Aren't we better served by analyzing the benefits and shortcomings of these initiatives before making permanent a proposal that hasn't even been battle-tested? These questions become even more salient when you consider that local governments already have the authority to convene panels to explore options in sharing services. General Municipal Law § 239-n gives municipalities the option of creating an intermunicipal relations council comprised of local municipal representatives and specifically grants this panel the power to explore and develop areas for municipal cooperative activities. Local governments demonstrate time and time again that we seek every opportunity to work together; the shared services that are producing the most savings and efficiencies have undoubtedly been of our own initiative and in place long before the Tax Freeze and countywide programs. The recent trend of making programs permanent before their outcomes can be evaluated is a disservice to taxpayers. New Yorkers would be much better served by programs that incentivize shared services rather than mandating them.

Barriers to Shared Services

Frankly, where lack of state funding is often an impetus for shared services, the state's own legislation and regulations can limit local collaboration. Many of the plans submitted identified health insurance and justice court operations as areas where significant savings could be realized by working together, but there was insufficient authority or the process was too cumbersome or confusing, often requiring the added costs of consultants and experts. With respect to creating health insurance consortiums, having a less byzantine process would certainly help local governments, and we were encouraged to hear that the Department of Financial Services plans on reviewing the process outlined in Insurance Law and that DFS will offer help to local governments in navigating the process.

The state can also help on the issue of health insurance and sharing services by expanding and clarifying the authority local governments have to join existing cooperative health insurance programs. For example, many BOCES offer cooperative health insurance programs, but it is unclear if local governments can participate in them due to some confusion over what organizations BOCES are allowed to provide services to under Education Law. However, BOCES are authorized to work with local governments under article 5-g of the General Municipal Law (General Municipal Law §119-n (a)). So, to ameliorate this issue, we recommend that the Legislature clarify with the Department of Education whether there are any impediments to local governments participating in BOCES programs and that any such impediments are addressed. I also encourage you to consider Assembly Member Steck's legislation to allow local governments to join county self-insurance plans (A2578 Steck (MS) Same as S3660 GRIFFO). These simple but sturdy

steps would go a long way in saving local governments money on the enormous issue of rising healthcare costs.

With regard to justice court operations, the procedures set forth in section 106-a and 106-b of the Uniform Justice Court Act to consolidate courts and share court services are burdensome, limiting and confusing. The decision to consolidate or share must remain with local governments, but we encourage you to review these procedures and look for ways to streamline the town-initiated process while removing any limitations. For example, the law does not allow contiguous towns located in different counties to share court facilities, even though the benefits to doing so are clear. This issue could easily be fixed by amending the legislation.

In addition to those obstacles identified in the various county plans, Mildred Warner, a professor with the department of City and Regional Planning at Cornell University, has identified other barriers to shared services. For example, in order for public entities to share services under article 5-g, each participating entity must have the individual authority to provide that service. Professor Warner notably observed that this requirement prohibits towns and school districts from entering into a shared service agreement to provide school crossing guards because school districts are not individually authorized to provide them (General Municipal Law §119-n).

Mandates

Finally, several plans submitted identified that large portions of municipal budgets were consumed by state mandates. While the countywide shared services initiative may result in some savings, those savings will not offset the burden of state mandates. A good first step in alleviating the pressure of unfunded mandates is to include comprehensive

fiscal impact notes for any policy initiatives impacting local governments whether contained in individual legislation or the budget.

Conclusion

In the shared services frontier, local governments have been the trailblazers. We have answered and exceeded every call that mandated our participation in these shared service programs, and we will continue to work together as opportunities emerge. While we appreciate additional funding to help create and implement shared service agreements, I do not believe that compliance needs to be compelled with another administrative layer. Thank you for inviting us today and for your willingness to work with local officials to provide essential services. Above all else, we are encouraged that this conversation is taking place. We believe New York towns are a vibrant place to live and work, and we look forward to working with you this session.