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Policy Brief 2019:02

By Michael Hattery, Celia Watt, and Dawn Footer*

Policy Issues for Local Governments in New York State

Introduction

In the summer of 2019 the Public Management Program at the College at Brockport conducted a survey of New York State's chief elected officials (CEOs). The survey was sent to town supervisors, village and city mayors, and the chairs of county governing boards. More information about the survey and survey respondents are included in *2019 Survey of New York's Local Chief Elected Officials: The Details*.¹ This policy brief explores findings on policy issues of importance to local elected officials.

Pressing Issues for NY Local Government

Table 1 depicts the 22 separate issues included in the 2019 survey. The respondents were asked to identify, on a scale from 1 to 4, how pressing each issue is for their municipality. The table shows the percent of CEOs that viewed issues as important or pressing by selecting a 3 or 4 on the four point scale (hereafter referred to as pressing issues). The table also provides data on CEOs' responses from two previous surveys conducted in 2000 and 2009. Not all issues were surveyed previously therefore some cells are intentionally left blank.

In the 2009 survey, across all policy issue items, CEOs indicated an average of 45% of these items were pressing issues. This average dropped to 30% in 2019. In 2009 local officials were responding in the midst of a recession with fiscal pressures coming from all sides. It is not

surprising that 6 of the 11 most pressing issues for local officials in 2009 were in the *Revenue and Finance* area. Need for increases in unrestricted state aid (72%), need for increases in state highway aid (80%) and concern over access to stimulus package funds (70%) ranked highest among the six. The need for reform of property tax administration (66%) and assessment (59%) both were among the high priority issues in 2009.

In 2009, two of the human resource issues ranked among the 11 most pressing issues also have a link to recessionary fiscal pressures. Prevailing wage restrictions for construction projects (65%) and pension costs and rates of increase (74%) were a serious concern for New York local governments in 2009.

Ten years later in 2019, local officials expressed diminished concern on many fiscally related policy issues. For example, concern about increased use of fund balance to meet operating budget obligations fell from 47% to 27% between 2009 and 2019 among responding CEOs. Statewide figures (Office of the New York State Comptroller, 2016:7) tend to confirm an easing of financial pressure since 2009. The Comptroller's office reports that Total (General Fund) Fund Balances grew substantially for local governments over the period from 2009 to 2014. Only Towns, as a class of local government, showed a loss in fund balance over the 2008-2014 period.

¹ Polling results are often reported with a qualification noting the degree of accuracy or margin of error. Based on the respondent sample size of 493, the total percentage estimates reported for survey items in this study have a maximum margin of error of plus or minus 3.7% (at a 95% level of confidence) around the reported percent figure. The margin of error for reported subgroups (e.g. village mayors) are generally larger and depend on several factors including the size of the sample subgroup and the size of the subgroup total population. (See Survey Details at: https://digitalcommons.brockport.edu/public_management.)

Table 1: Priority Policy Issues Comparison: 2000-2019						
Percentage of CEOs selecting 3 or 4 on the 4-point scale for “Important” or “Pressing” Issues						
	2019 Rank	2019 Total	2009 Rank	2009 Total	2000 Rank	2000 Total
Revenues and Finance						
Distribution of sales tax revenue within the county	10	30%	10	53%	23	40%
Need for growth in general state aid (Aid and incentive for municipalities, AIM)	2	65%	3	72%	2**	67%
Need for increases in state highway aid (CHIPS)	1	69%	1	80%	1*	69%
Absence of PILOTs on state owned land	18	18%	20	20%		
Absence of PILOTs on community residences	21	14%	21	18%		
The need for reform in the administration of property taxation	6	34%	4	66%	10** *	50%
The need for reform in real property assessment	12	28%	8	59%	10** *	50%
Inability to recoup costs for municipal services provided to tax-exempt properties	8	32%	9	50%		
Increased use of fund balance to meet operating budget obligations	13	27%	11	47%		
Declining property tax base	14	24%	12	45%	19** **	43%
Impact of property Tax Cap on raising needed revenue	5	41%	23			
Fees						
Exclusion of cellular services from the Utility Gross Receipts Tax	11	29%	14	36%		
Inability to impose fees for Volunteer Emergency Rescue and Ambulance Services	17	19%	17	23%		
State restrictions on where Official Notices can be published (for example permit legal notices to be published in free papers or on municipal website)	16	20%	18	22%		
Procurement						
Competitive bidding limits that are set too low on purchasing goods and on construction contracts	15	22%	13	45%		
Wicks Law requirements for construction projects	7	33%	6	62%		
Public Works and Public Safety						
Inadequate funding for local water or wastewater infrastructure	4	45%	7	61%		
Restrictions on local governments to reclassify local roads as minimum maintenance or low volume	19	17%	16	24%		
Prevailing wage restrictions for construction projects	3	48%	5	65%		
Other Items						
County responsibility for the Pre-School Special Education Program	22	13%	19	21%		
Cost of providing post-employment benefits for local government retirees	9	31%	2	74%		
Limitations on admission to promotional civil service exams	23	13%	22	16%		
Legal framework for collective bargaining	20	14%	15	31%		

The language in the original 2000 Policy Issues varied as follows:

*The need for reform in state highway aid

**The need for reform in state revenue sharing

***Reform in the administration of the property taxation and assessment

****Large loss of property tax base

In 2019 only two fiscal policy issues were considered pressing issues by over 50% of responding CEOs (more regarding those under *State Aid* below). Three policy issues were considered pressing by more than 40% but less than 50% of CEOs responding the survey. The three were: Prevailing wage restrictions for construction projects (48%), Inadequate funding for local water or wastewater infrastructure (45%), and Impact of property Tax Cap on raising needed revenue (41%). The property Tax Cap item was the only newly surveyed policy issue in the 2019 survey.

Table 2 provides a breakout of the responses on policy issues/concerns by municipal type; county, city, town, and village. The level of policy concern varies across type of local government, but with some notable exceptions this variation is not substantial.

Worthy of note, city CEOs expressed higher levels of concern than other CEOs about recouping the cost of providing service to tax exempt properties (67%), state restrictions on where official notices can be published (58%), prevailing wage restrictions for construction projects (63%), and limitations on admission to promotional civil service exams (54%). County CEOs expressed higher levels of concern than other CEOs about the impact of the property Tax Cap on raising needed revenues (71%), Wicks Law requirements

for construction projects (76%), prevailing wage restrictions for construction projects (76%), county responsibility for the Pre-School Special Education Program (71%), and limitations on admission to promotional civil service exams (53%).

State Aid to Local Governments

Two policy issues have persisted as pressing concerns for two thirds of local CEOs across all three surveys - covering nearly twenty years. The two policy concerns involve intergovernmental revenue flows between the state and its localities; (1) need for increases in State Highway aid and (2) need for growth in general state aid (Aid and incentive for municipalities, AIM). In addition, Table 2 reveals that the current (2019 survey) strength of these policy concerns for these two issues is shared by officials across counties, cities, towns, and villages.

On the general issue of state aid, CEOs were also asked the additional question in 2019:

“General purpose state aid to local governments in New York has declined as a percent of local revenues overtime. Do think there is a need for a broader policy assessment of state aid to local governments in New York State at this time?”

Table 2: Priority Policy Issues by Municipal Type: County, City, Town and Village - 2019
 Percentage of CEOs selecting 3 or 4 on the 4-point scale for “Important” or “Pressing” Issues

	Rank	Total	County	City	Town	Village
Revenues and Finance						
Distribution of sales tax revenue within the county	10	30%	24%	33%	30%	32%
Need for growth in general state aid (Aid and incentive for municipalities, AIM)	2	65%	59%	83%	61%	71%
Need for increases in state highway aid (CHIPS)	1	69%	82%	88%	66%	72%
Absence of PILOTs on state owned land	18	18%	18%	29%	19%	14%
Absence of PILOTs on community residences	21	14%	18%	25%	12%	16%
The need for reform in the administration of property taxation	6	34%	24%	46%	36%	30%
The need for reform in real property assessment	12	28%	37%	34%	27%	27%
Inability to recoup costs for municipal services provided to tax-exempt properties	8	32%	29%	67%	27%	37%
Increased use of fund balance to meet operating budget obligations	13	27%	29%	25%	25%	32%
Declining property tax base	14	24%	35%	33%	21%	26%
Impact of property Tax Cap on raising needed revenue	5	41%	71%	46%	41%	37%
Fees						
State restrictions on where Official Notices can be published (for example permit legal notices to be published in free papers or on municipal website)	11	29%	12%	58%	24%	39%
Exclusion of cellular services from the Utility Gross Receipts Tax	17	19%	35%	8%	18%	20%
Inability to impose fees for Volunteer Emergency Rescue and Ambulance Services	16	20%	12%	17%	23%	15%
Procurement						
Competitive bidding limits that are set too low on purchasing goods and on construction contracts	15	22%	29%	13%	21%	25%
Wicks Law requirements for construction projects	7	33%	76%	42%	29%	35%
Public Works and Public Safety						
Inadequate funding for local water or wastewater infrastructure	4	45%	65%	63%	42%	47%
Restrictions on local governments to reclassify local roads as minimum maintenance or low volume	19	17%	12%	25%	20%	9%
Prevailing wage restrictions for construction projects	3	48%	76%	63%	44%	51%
Other Items						
County responsibility for the Pre-School Special Education Program	22	13%	71%	4%	14%	5%
Limitations on admission to promotional civil service exams	9	31%	53%	54%	27%	32%
Legal framework for collective bargaining	23	13%	18%	29%	11%	13%
Cost of providing post-employment benefits for local government retirees	20	14%	47%	42%	12%	11%
	12	30%	40%	40%	28%	30%

Eighty six percent responded “Yes” to this question, only 5% indicated “No” with the remaining 10% not responding. This strong response to the need for a state level policy assessment was shared by CEOs from all four major local government types in New York (see Table 3). While the survey question refers specifically to general purpose state aid, the persistence of CEOs concern about state highway aid suggests that it may be an opportune time for a similar policy assessment of this state-local revenue partnership as well.

The last two New York State Comptroller’s have called for policy reappraisal and increased state budget priority for general purpose aid to local governments in New York (Office of New York State Comptroller, 2005, DiNapoli, 2013). The state comptroller’s office has a unique vantage point - overseeing both local government finances and state budget priorities.

Table 3
Do you think there is a need for a broader policy assessment of state aid to local governments in New York State at this time?

	County	City	Town	Village	Total
Yes	89%	83%	83%	91%	86%
No	6%	0%	5%	3%	4%
No Response	6%	17%	12%	6%	10%
Total					100%

State-Local Relations

State aid to local governments is one important dimension of the broader partnership between state and local institutions in serving citizens. Some states have advisory commissions on state-local relations to actively monitor the vitality of this partnership. In the 2019 survey, local government CEOs were asked if they thought it would be valuable to consider creating such an

advisory commission in New York State. A majority of local leaders (56%) responded affirmatively to this question, a third (33%) did not think this was a good idea, and 11% did not respond. County, city, and village CEOs supported this idea much more strongly that town officials in the survey (see Table 3).

Table 4
Do you think it would be valuable to consider creating such an advisory commission in New York State?

	County	City	Town	Village	Total
Yes	83%	75%	47%	69%	56%
No	11%	8%	40%	25%	33%
No Response	6%	17%	13%	6%	11%
Total					100%

Shared Services

New York’s local governments have engaged in a range of shared service activities over time. Both local motivations and state law and policy influence local action in this area. Of the CEOs responding to the survey, 86% indicated that they participated in county shared services plans or planning efforts in compliance with the New York State Countywide Shared Services Initiative Law enacted in 2017.

In the survey CEOs were asked to identify *their reasons* for entering into intergovernmental contracts for services (more than one reason could be identified). Table 5 summarizes the responses to this question.

CEOs indicated that the top three reasons for entering into intergovernmental contracts were: 1) to save money, 2) to strengthen collaborative intergovernmental relationships, and 3) to promote higher quality/more effective service delivery.

Table 5: If your local government participates in shared service arrangements, please check the reasons that motivate your government to enter into intergovernmental contracts: (Check all applicable.)

Motivation	Rank	Total	County	City	Town	Village
To strengthen collaborative intergovernmental relations	2	53%	72%	67%	49%	58%
To promote regional service integration	5	30%	39%	50%	28%	28%
To avoid shedding services	7	17%	17%	29%	17%	15%
To promote higher quality/more effective service delivery	3	47%	50%	58%	46%	48%
To achieve economies of scale	4	46%	61%	50%	45%	45%
To access technical expertise	5	30%	44%	38%	27%	34%
To save money	1	76%	67%	79%	73%	81%
To take advantage of the opportunity created by New York State’s Countywide Shared Services Initiative law	6	29%	44%	29%	28%	30%
Other (Please specify.)	8	10%	11%	8%	11%	8%
Number of Non-Respondents	N/A	12%	11%	12%	14%	5%

Summary

Local CEOs' policy concerns decreased in their intensity over the decade between 2009 and 2019. The significant exceptions to this trend are the concerns about the need for growth in state general purpose aid and state highway aid. These policy concerns have been consistently strong and identified by approximately two thirds of local leaders as a pressing policy concerns for each of three survey in 2000, 2009, and 2019.

Further, in 2019 86% of CEOs in the survey indicated that they "think there is a need for a broader policy assessment of state aid to local governments in New York State at this time." In a related question about state-local relations more generally, 56% of CEOs in the 2019 survey indicated that they think it would be valuable to consider creating advisory commissions on state-local relations in New York State.

Finally, local governments were most strongly motivated by local factors in participating in shared service agreements. The motivations identified most often were: saving money, strengthening collaborative intergovernmental relationships, and promoting higher quality/more effective service delivery.

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