



STATE ROOM

New York politics – from City Hall to Albany

Going Local: Cuomo's Play for Consolidation

The governor's first budget offers incentives for many of the state's villages and towns to consolidate.

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Gov. Andrew Cuomo

When Andrew Cuomo advocates for smaller government, he does not mean, as conservatives often do, that the government should do less. He means that the government should be smaller — fewer agencies, fewer employees, fewer entities whose jurisdictions and purposes overlap. As governor, Cuomo has talked most about streamlining the state government, but he's also interested in consolidating local government entities, of which, he's pointed out in the past, New York has more than 10,000. More efficiency on either level gets New York to the same place. Smaller government, state or local, means a smaller tax burden.

In 2007, as attorney general, Cuomo shepherded through Albany a piece of legislation that made it easier for New York villages to vote themselves out of existence. New York, he said at the time, had the highest local tax burden in the country, "because we're paying for all those local governments." This year, Cuomo's first budget as governor included \$35 million for Citizen Empowerment Tax Credits and Citizen

Reorganization Empowerment Grants, two tools to incentivize local governments to downsize government. The tax credits benefit only communities that consolidate governments, but both policies aim to save taxpayers money.

"The goal here is to decrease property taxes and to make sure that governmental entities are efficient and that people try to work together," Dede Scozzafava, the deputy secretary of state for state and local government, told State Room.

In New York, every acre is a town or a city, but in some places, where one agglomeration of people contains both a town and city, the dividing line can seem arbitrary. A village doesn't exist on its own but overlays a town. As a rule, villages came into existence in rural towns where a small knot of more concentrated houses decided to join together to provide municipal services, like water delivery. Today, they might also be suburban areas. Some villages are tiny, with fewer than 400 people; some have populations of more than 15,000.

Local governments do overlap in ways that don't always make sense. In Ithaca, NY, for instance, where the town and city have studied consolidation, the town hall is located within the city's limits. But streamlining government and, in particular, consolidating local government entities means navigating intergovernmental territorial disputes and strongly held notions of community identity.

"It's an extremely emotional issue," said Jason Molino, the city manager of the City of Batavia, which has been working since 2007 towards a vote on consolidating with the Town of Batavia. "When you do

public hearings, people come out who are very much for it or very much against it.”



Dissolving even a tiny village can take years, and there is not a clear procedure for merging larger entities like towns and cities. Local governments find that citizens have little trouble accepting partnerships on some government functions, like wastewater treatment, but may object to combining forces on others, like community policing. And despite the emotions that these discussions raise, taxpayers generally don't receive windfall savings.

“When you look at the overlapping levels of government, the reflex is to say, ‘Oh we're wasting so much money!’” said Kent Gardner, the president and chief economist at the Center for Governmental Research, a New York consulting firm that's worked with more than 40 municipalities on reorganization and consolidation. “Our experience suggests that the cost savings are often quite modest.”

While property taxes may be high, the cost of local government makes up only a piece of the tax burden. School district taxes take up a huge percentage, for instance. “Maybe you're down to 25 percent of your tax bill going to the general purpose government below the county level,” Gardner said. “Suppose you can save 25 percent. If you can save 25 percent of 25 percent, you're down in the 6 percent level of savings on your total property taxes.” In Johnson City, one village that voted against dissolution, village and town services amounted to about a third of the local property tax burden. Taxpayers would have saved 29.2 percent of that portion. For individual taxpayers, that would have meant yearly savings in the range of \$231.19 on a house with a \$50,000 market value to \$927.60 for a house with a \$200,000 market value — not an insignificant sum, but not enough to revolutionize a household's yearly budget.

In recent years, the state has spent more than \$2 million in funding grants for more than 30 studies of different villages, towns, and cities looking to reorganize. All but a handful of the grants have gone to study village dissolutions or town-village consolidations, essentially the same projects. So far, four of the villages studied have voted to dissolve. (In the past four years, another four which aren't on the State Department list of reorganization grantees have voted to dissolve.)

“You can't judge the not successful votes as failures,” said Scozzafava. She pointed out that going through the process of studying consolidation often leads to ideas for collaborations, cost-savings, and efficiencies, even if the relevant government entities remain in tact.

The Center for Governmental Research consultants have found that to be true, too. “In our experience, although they rarely pull the trigger on the big change, they almost always behave differently after the study than before,” Gardner said.

But those improvements aren't necessarily measured in property tax savings, in part because local governments that operate on top of or right next to each other have often figured out how to work together and save money. In Ithaca, a consolidation study committee found that it was possible that town and city officials had already realized through informal agreements the majority of the savings consolidation could offer.

In Batavia, where the city and town have been working since 2007 towards a vote on consolidation, the two governments work together on programs like wastewater treatment and code enforcement.

“We actually maintain their one or two traffic lights,” said Molino, the Batavia city manager.

Consolidation, Molino said, would take cooperation to the next level. CGR found that the town and the city would save just under a million if they combined, but the real advantage could be less fiscally tangible. "You're starting to see economic development, but it's right on the city-town line," Molino said. Consolidation could give the area an advantage when making economic development decisions, he said.

But any village, town, or city that's interested in the benefits of cooperation, fiscal or not, has to be able to look beyond the territory and the loss of identity to what a better system might look like. Reorganization is a headache not worth chasing without the right attitude, Molino tells other government officials.

"If you can't accept the fact that your name or your color can't be on the truck that's going to service you from now on, don't waste your time on it," he said.

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