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Consolidations could mean savings for taxpayers

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Guest essayist

In unprecedented numbers, communities across the state are looking at the potential for consolidating government services, either through shared service agreements or outright merging of governments.

Why? Because citizens have reached the point where the high cost of local taxes has motivated them to stand up and ask that governments reconsider in fundamental ways who should deliver services, and how.

Study after study makes it clear that consolidation is not a magic bullet for drastically reducing costs and can't provide the 10 percent to 30 percent immediate savings that many taxpayers want. Rather, research suggests that consolidation realistically reduces total costs by 2 percent to 5 percent which critics use to raise the question why bother? Based on 10 studies over the past three years where the Center for Governmental Research examined shared services and consolidation in towns, villages, cities and school districts across New York, I suggest five reasons why consolidation should be considered.

First, counties, cities, towns, villages, fire districts and school districts across the state, excluding New York City, spent \$67.7 billion in 2007. A 2 percent savings statewide would equal \$1.35 billion per year. A 5 percent savings statewide would amount to \$3.38 billion per year. Certainly, savings of this magnitude are worth pursuing.

Second, these are not one-shot savings, because once the costs are out of the system, savings continue every year. It's the same principle as homeowners restructuring mortgages to reduce costs over time.

Third, while the 2 percent to 5 percent savings come from total expenditures, the percentage impact on local property taxes is much higher. In Seneca Falls, for example, a savings of \$243,000 equals 1.8 percent of total expenses, but translates into a 7.2 percent property tax cut.

Fourth, consolidations reduce direct costs primarily by creating personnel efficiencies. Since retaining dedicated, conscientious public employees is important, government consolidation plans typically reduce payroll only through normal attrition, except where top level administrators or duplicate elected officials are eliminated on day one. And, even then, in most cases, nonelected positions are eliminated only when affected employees voluntarily resign. Consolidation-related savings are less about immediate personnel reductions and more about governments not having to fill vacant positions because of the efficiencies consolidation creates.

Fifth, because of artificial boundaries caused by the multitude of local governments, decisions are frequently made about buildings, facilities, equipment and staff that result in costly and inefficient use of limited community resources. For example, the decision to build a new fire station on Ridgeway Avenue created a \$3.2 million cost that a consolidated approach could have avoided.

Perhaps the most hopeful sign is that communities are making the effort to examine their current operations in a new light. What we're seeing now has fascinating parallels to what happened 100 years ago in the "good government" movement. Now, as then, civic minded citizens want an open and

honest evaluation of how services are provided in order to identify how to eliminate duplication and overlap to make government more effective and efficient.

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