SAGE Commission – Governor Cuomo harkens back to Alfred E. Smith and his reorganization of the executive branch. His great legacy was redesign of the core institutions and structures of state government.

Smith’s agenda derived from changes sought but not obtained at the 1915 constitutional convention. Less remembered, was the extensive agenda for local govt. reform at this convention.

Mike Balboni – SAGE Commission member, former Assembly member, Senator, Homeland Security Department head - said last week that We are trying to do things formerly done by constitutional change. We don’t do it that way any longer. Let’s come back to that.

In a special message to the legislature given on March 15, 1926 - 85 years and 69 days ago – Smith cited that convention, and a following report of Legislative joint commission in taxation and retrenchment (1921-23) which concluded that “county, town and village government was costly wasteful and obsolete and that it needed complete reorganization.” (Public papers of 1926, p. 214).

Lots has changed over the three quarters of a century, some for the better, planning, health, public assistance (though town responsibility for safety net remains in my home county). But many issues seem familiar – J.P. qualifications, elected officials filling non-policy admin positions – but some issues seem persistently familiar – e.g. assessing equity, efficiency in property tax administration, or inducing “county governments to cooperate in certain joint enterprises, such as county jails” – (p. 217) a topic we are now working on in the Hudson Valley.

Remedies over the years – shifting functions. Regulating performance within existing structures.

But not fundamental restructuring. For example, in another speech, the State of the State to the legislature given in 1928, on the eve of his historic, failed presidential run Smith said:

“While we are taking account of the great benefits accruing from the reorganization of state government and the modernization of its administrative methods, let us bear in mind that the present form of county government is as old as the state itself... Reasonable people would admit that if the counties were set up today, no one would think of dividing the state into 62 of them. The counties were all erected years and years ago when we had no adequate means of transportation and no state system of highways.... [U]nless there is consolidation, efficiency and economy in the government of counties, the situation will become impossible.” (Public Papers, 1928, p. 21)
Local structural government reform – Elusive – Most intractable objective in NYS government

Conflation of community value and governmental structure

- The village and the community
- The schools at the heart of community identity

Persistence of status quo – Organized interests in support of status quo

Resistance to “expert” vision (Great exception school district reform since 1930’s)

Economics of local government service – benefits – What do we learn from interest group research - intensity of interest of relatively small group – indifference by most

Not irrationality - A different kind of rationality – a communal rationality

Presumptions of reformers

- an economic rationality, a structural rationality
- Premises regarding scale not always right

What are the goals?

1. The numbers of governments goal – Setting up failure, so long as local action is the premise

   a. Spitzer – Lundine Commission – Goal reduce numbers of governments

   b. Cuomo - A.G. legislation (see below)

   c. Cuomo - campaign literature – Structure linked to tax burden

   “There are more than 10,500 local governmental entities — including 62 counties, 932 towns, 555 villages and over 7,000 special districts — imposing taxes and fees across New York State.” (p. 82)

   “The original construction of local government was envisioned in a time that was vastly different from today — before transportation systems, cell phones and the Internet.117 Local government is not proportionate to population; it’s not proportionate to geography; it’s not separated by discrete functions. It’s just a question of how governments evolved in that area. Nobody ever sat down and designed the system at one time; it simply evolved, little by little, over hundreds of years.” (p. 84)
d. But governments are still being created

Orange County – Kiryas Joel reaction – Village of Woodbury (2006)

Creating governments to consolidate government (New Paltz)


e. New state incentives – Citizen Empowerment Tax Credits - post-facto reward for reduce numbers – aid to reduce taxes flows if village eliminated, even if FD is created, but not for co-terminality.

2. The layering and boundaries goal

a. 55 Different effective property tax rates in Ulster County

b. Co-terminality of boundaries and government administration - Equalization

c. Linked to simplicity and democracy, below

3. The efficiency/cost control goal

a. State incentivizing what locals can do -

- Secretary of State’s Program – Results? Annual Report – 2009 – 2010 – Local Government Efficiency Program - Measured relative to “Tax Impact per $1000 of Value” calculated at $0.38. Total savings for funded projects is $11.2 million annually, for grant spending of $13.2M. (Are savings continuing?)

- Primarily functional in nature

- Saugerties Police - Context is key, study is important)

- Comptroller – Turning data into information - targeting - use of data by others

- Real Property – Assessment reform

b. Locals demanding state action – Mandates reform – cost reduction – No action as of yet

c. The extreme cases – Newburgh charter reform – Business community taxing itself and providing services outside of city government – loss of confidence – and not within BID structure – Intervention by state
d. Collaboration and Consolidation

Collaboration

– Yes (But is this really a subsidy for actions that might have been taken)- Null hypothesis problem.

  o Yes, in areas that public wants (Marist poll confirms earlier polls- here we have an access to data issue –services less personally delivered)
  o Yes, but it gets harder as the numbers of govts. needed to collaborate increase(Ulster County highway study) so incremental progress is needed
  o Need for an agenda in place and up to date to support action
  o Need for anticipation (e.g. Ambulance services, Fire Districts)

Consolidation, reducing unit #s – No – (e.g. New Paltz study, Benjamin and Nathan emphasize economic agreement, but economic rationale for doing it not compelling – targets of opportunity, reduce force of status quo)

4. The Property tax control goal – Property Tax cap – Starving the beast (Reagan-esque)

a. Limit growth in levy

b. Accommodating growth in base

c. Incentive to reform in Assessment

d. A covert driver for consolidation?

5. The democracy goal – simplicity, improving accountability, responsiveness

a. Are small governments more democratic?

  - Measures – leadership recruitment, election turnout

b. Are small governments what people want (Marist poll confirms earlier polls)

6. The reform of state legal framework goal

a. Reclassification – re-codification

  - Reduce complexity

  - Rationalize state policy

  - Enhance efficiency

  - A chimera
b. Constitutional change – One generation’s solution is the next generation’s problem. Home rule as a city issue. Generalized by increments until codified for all general purpose governments in 1963. Should we be giving home to jurisdictions that could not be created under current general law, sustaining entities that we would not now permit? Are there values to be balanced here.

- Pension guarantee
- Revisit Article VIII, IX, XI
- Remove the barriers to serious consideration of a convention