Creative Responses to Fiscal Stress

May 8, 2014

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Mack Cook, City of Cortland, NY
An overview of the State of New York Cities conference held on 3/25 as a way of continuing the dialogue about innovation, creative strategies, and policy considerations in a fiscal stress context.

How can municipalities meet the basic needs of their residents and work toward vibrant places to live, work and play?

What groups need to come together to share information and data to support informed decision making at multiple levels?
CREATIVE RESPONSES TO FISCAL STRESS

SETTING THE CONTEXT

Mildred Warner
Dept. of City and Regional Planning

Webinar CaRDI
May 8, 2014

http://www.mildredwarner.org/restructuring
State Context

- Cuomo’s Original Proposal
  1. Tax Cap for governments and school districts
  2. Property Tax Freeze - Tax Circuit Breaker for homeowners
  3. Mandate Relief

- Need all three reforms for comprehensive relief
  Tax Cap without the other reforms provides no real relief to tax payers. It just starves the cities and citizens of services
  
  If Tax Cap had been in place in 2000, expenditures today would be 23% less

  Property Tax Freeze - Tax Circuit Breaker now proposed but with strings attached
  
  Requires new sharing arrangements, ignores prior history of sharing

  Mandate Relief still needed
Cities are controlling their expenditures

Expenditures, 2000-2012
Constant U.S. Dollars, 2009=100

- Buffalo
- Rochester
- Syracuse
- Utica

Year

Presenter analysis based on data from: Office of the New York State Comptroller, 2014
www.osc.state.ny.us/localgov/index.htm
Property Taxes Flat or Falling (even before the Tax Cap)

Property Tax Revenue, 2000-2012
Constant U.S. Dollars, 2009=100

Year

$- $20,000,000 $40,000,000 $60,000,000 $80,000,000 $100,000,000 $120,000,000

Buffalo Rochester Syracuse Utica

Presenter analysis based on data from: Office of the New York State Comptroller, 2014 www.osc.state.ny.us/localgov/index.htm
What Happened to Mandate Relief?

• NYS has the highest level of state decentralization of fiscal responsibility of any state in the region.
  • 64% of all state and local expenditures are handled at the local level in NYS!

• This is a primary driver of high local property taxes in NYS

<table>
<thead>
<tr>
<th>State</th>
<th>State Decentralization 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>NY</td>
<td>0.64</td>
</tr>
<tr>
<td>PA</td>
<td>0.55</td>
</tr>
<tr>
<td>NJ</td>
<td>0.54</td>
</tr>
<tr>
<td>CT</td>
<td>0.48</td>
</tr>
<tr>
<td>MA</td>
<td>0.44</td>
</tr>
<tr>
<td>VT</td>
<td>0.38</td>
</tr>
</tbody>
</table>

State Aid has fallen in real terms since the recession.

**Total State Aid 2000-2012**

Constant U.S. Dollars, 2009=100

Presenter analysis based on data from: Office of the New York State Comptroller, 2014 www.osc.state.ny.us/localgov/index.htm
Local Government Response

**Hollowing Out**
Cut services, lay off workers

**Riding the Wave**
- **Shared Services**
  Now larger than privatization
  Promotes regional collaboration
- **Cautious Privatization**
  Insourcing equals Outsourcing

**Pushing Back**
- **Citizen** – Acquiescence or Political Protest (Tea Party)
- **Local Government** - New Forms of Service Delivery
  Developer impact fees to fund public services
  Business Improvement Districts
  Land trusts for foreclosed properties
## NYS Municipality Survey 2013 Response Rate

<table>
<thead>
<tr>
<th></th>
<th>Cities</th>
<th>Counties</th>
<th>Towns</th>
<th>Villages</th>
<th>School Districts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total – NYS</td>
<td>62</td>
<td>57</td>
<td>932</td>
<td>556</td>
<td>675</td>
<td>2282</td>
</tr>
<tr>
<td>Number of responses</td>
<td>49</td>
<td>44</td>
<td>494</td>
<td>359</td>
<td>245</td>
<td>1191</td>
</tr>
<tr>
<td>Response rate</td>
<td>79%</td>
<td>77%</td>
<td>53%</td>
<td>65%</td>
<td>36%</td>
<td>52%</td>
</tr>
</tbody>
</table>
NYS Municipalities’ Responses to Fiscal Stress

- Increase user fees: 41%
- Explore additional shared service(s): 34%
- Personnel cuts/reductions: 34%
- Reduce service(s): 22%
- Explore consolidation with another…: 18%
- Consolidate departments: 15%
- Deliver services with citizen volunteers: 11%
- Eliminate service(s): 10%
- Sell assets: 7%
- Consider declaring bankruptcy/insolvency: 0.4%
Property Tax Freeze/Circuit Breaker and Shared Services

• 2013 NYS survey shows service sharing is already common among NYS municipalities
  • Of 29 services measured, sharing rate was 27%
  • Public works, public safety, parks and recreation showed highest levels of sharing

• Cost savings were only one goal – and only achieved half the time.
  • Other goals include improved service quality and regional coordination.
• International studies find cooperation is not primarily driven by cost savings and cost savings are not always found.
## Outcomes of Inter-municipal Shared Services

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Cost savings</th>
<th>Improved service quality</th>
<th>Improved regional coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>All 29 Services</td>
<td>56%</td>
<td>50%</td>
<td>35%</td>
</tr>
<tr>
<td>Public Works &amp; Transport.</td>
<td>53%</td>
<td>56%</td>
<td>39%</td>
</tr>
<tr>
<td>Administrative/Support</td>
<td>70%</td>
<td>39%</td>
<td>25%</td>
</tr>
<tr>
<td>Recreation &amp; Social Services</td>
<td>44%</td>
<td>59%</td>
<td>38%</td>
</tr>
<tr>
<td>Public Safety</td>
<td>48%</td>
<td>54%</td>
<td>38%</td>
</tr>
<tr>
<td>Economic Dev. &amp; Planning</td>
<td>51%</td>
<td>52%</td>
<td>46%</td>
</tr>
</tbody>
</table>
Do Municipalities that Share Services Have Lower Expenditures?

• Results of Regression Models – controlling for population, density, metro status (Based on Comptroller budget data)
(EMS, Administration, Planning and zoning, economic development, youth recreation, sewer show no significant difference in cost if shared)

<table>
<thead>
<tr>
<th>Service</th>
<th>Total Expenditure if Shared Service</th>
<th>Per Capita Expenditure if Shared Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Expenditures</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Solid Waste</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Roads and Highways</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Libraries</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Elder Services</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Fire</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>
## Administrative and support services

<table>
<thead>
<tr>
<th>Service</th>
<th>Municipalities engaged</th>
<th>Avg. length years</th>
<th>Most common arrangement</th>
<th>Cost Savings Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax assessment</td>
<td>39%</td>
<td>17</td>
<td>MOU</td>
<td>71%</td>
</tr>
<tr>
<td>Energy (production or purchase)</td>
<td>25%</td>
<td>10</td>
<td>MOU</td>
<td>88%</td>
</tr>
<tr>
<td>Purchase of supplies</td>
<td>17%</td>
<td>14</td>
<td>MOU</td>
<td>88%</td>
</tr>
<tr>
<td>Health insurance</td>
<td>12%</td>
<td>10</td>
<td>MOU</td>
<td>79%</td>
</tr>
<tr>
<td>Liability Insurance</td>
<td>6%</td>
<td>12</td>
<td>Joint Ownership</td>
<td>76%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>8%</td>
<td>7</td>
<td>MOU</td>
<td>73%</td>
</tr>
</tbody>
</table>
Management Costs – Designing the Sharing Agreement

Create a BOCES-type structure to promote sharing
- Sharing arrangements less likely if there is diversity among municipalities in the county (i.e. income)

Change State rules that limit sharing and service innovation
- Restrictions on service sharing between local governments and special districts (fire, schools)
- Contract rules which promote leveling up of costs among sharing districts
- Liability, accountability concerns and state rules were the three most commonly listed obstacles to service sharing
## School Survey: Shared Administrative Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Another district(s)</th>
<th>BOCES</th>
<th>Private sector</th>
<th>Municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll/accounts payable</td>
<td>9%</td>
<td>91%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Cafeteria services</td>
<td>26%</td>
<td>57%</td>
<td>17%</td>
<td>0%</td>
</tr>
<tr>
<td>Transportation services</td>
<td>52%</td>
<td>21%</td>
<td>18%</td>
<td>9%</td>
</tr>
<tr>
<td>(Buses, garage, maintenance)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax collection</td>
<td>7%</td>
<td>13%</td>
<td>20%</td>
<td>61%</td>
</tr>
<tr>
<td>Security/SRO/police</td>
<td>7%</td>
<td>12%</td>
<td>7%</td>
<td>75%</td>
</tr>
<tr>
<td>Health insurance</td>
<td>39%</td>
<td>52%</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Joint purchasing</td>
<td>13%</td>
<td>77%</td>
<td>2%</td>
<td>8%</td>
</tr>
</tbody>
</table>
We need new alternatives

Need a State Level Partner

- Recentralize fiscal responsibility for services to the state level
  - Bring level of decentralization in line with other states to increase local government competitiveness

Give local governments more flexibility

- In sharing services with other municipalities and districts
- In co-production with citizens
- In collaboration with labor unions

Provide an administrative structure to facilitate sharing

- A ‘BOCES’ for local government (see Hayes’ report)

Need Regional Approaches

- Service quality and coordination are needed for a 21st century local government.
Resources – found at www.mildredwarner.org/restructuring

- Inter-municipal Sharing: BOCES helps Towns and Schools Cooperate across New York, Hayes
- Shared Services in New York State: A Reform That Works, Homsy et al.
- Shared School Services: A Common Response to Fiscal Stress, Sipple et al.
- Consolidation, Shared Services and Mandate Relief: Localities Can’t Do it Alone, Warner
- Inter-Municipal Cooperation and Costs: Expectations and Evidence, Bel and Warner
Poll #1

Does your municipality share services?
   Yes       No

If yes, what services, that you have shared, have saved you the most money?
CREATIVE RESPONSES TO FISCAL STRESS

STORIES FROM UPSTATE

Clint McManus
Dept. of City and Regional Planning

Community and Regional Development Institute
Cornell University - May 8, 2014
Creative Responses from Upstate

- Unique examples from Buffalo, Rochester, Syracuse and Utica

- In response to the current State trends, these cities are all
  1. Cutting expenditures where possible
  2. Increasing revenues where possible
  3. Attempting to remain solvent in order to provide strong services
Wrangling with Revenues
Select Revenue Sources, 2000-2012 in Constant U.S. Dollars 2009 = 100

Presenter analysis based on data from: Office of the New York State Comptroller, 2014
www.osc.state.ny.us/localgov/index.htm
Seeking Sales Tax

• Cities are attempting to boost sales tax revenue through
  • New commercial developments
  • Small business support
  • New sales tax agreements

Utica’s Harbor Point redevelopment

R.I.T.’s Center for Urban Entrepreneurship

Source: (1) l Grid, harborpointsite.com, (2) rit.edu
New Non-Tax Strategies

- Some municipalities strengthened non-tax revenue sources
  - Innovative user fees
  - Engaging with anchor institutions
  - Building grant capacity
  - Land banking

Source: (1) connectivecorridor.syr.edu (2) buffalorising.com

Syracuse’s Connective Corridor

Buffalo’s land bank demolition
Axing Expenditures

- Tough budget cuts have been made easier through creative trimming
- Innovations include
  - Service sharing with counties, school districts, and other municipalities
  - New public-private partnerships
  - Innovative service delivery
  - Renegotiated labor agreements

Source: (1) citygaterochester.com
Innovate in Upstate

• Local governments are places of innovation

• Feel free to share your innovative strategies with us
Poll #2

What % of your property tax base is tax exempt?

Do you charge user fees or service fees to tax exempt properties in your communities?

Yes    No
Using demographics in fiscal planning

Robin Blakely-Armitage

STATE OF NEW YORK CITIES: Creative Responses to Fiscal Stress

Webinar – May 8, 2014
“Demography is like tofu……

For many people, it’s hard to stomach on its own......
... But it has a lot to contribute, particularly when mixed with other things”*

* I am eternally grateful to Warren Brown at CISER & PAD for this quote!
Demography is Not Destiny

- Demographic changes can propel communities upward or downward
  - Can pose challenges
  - Can enhance opportunities

- Impacts of population changes are not automatic
  - Mediated by
    - Local social structure
    - National and international environments in which they are embedded

- Important to have good data, research & other information to proactively plan for future.
How many people?
Who and where are they?
Some basic demographic trends to pay attention to

– Population change
  • Even if community population is stable, it is unlikely that the composition is stable
– Change in Population Composition
  • Age structure
  • Poverty/Income
  • Unemployment status
  • Educational attainment
  • Other characteristics (race/ethnicity, foreign born status, renters/owners, source of income, social service participation rates, etc.)
Population Change, 2000-2012

How does your community compare to others in the region or state?

- U.S.: 9.8%
- NYS: 2.2%
- Erie County: -3.2%
- Monroe County: 1.3%
- Oneida County: -0.5%
- Onondaga County: 1.7%
Population change is not equally distributed across space
Erie County, NY
County Subdivision, Percent Change in Population 2000-2010

Legend
Percent Change
-100% - 5%
-4.9% - 2.1%
-2% - 0%
0.1% - 2%
2.1% - 7.4%
7.5% - 240%

Population Change 2000-2012

-3.2%
-10.5%

Erie County
Buffalo
Monroe County, NY
County Subdivision, Percent Change in Population 2000-2010

Population Change 2000-2012

<table>
<thead>
<tr>
<th>Monroe County</th>
<th>Rochester</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3%</td>
<td>-4.0%</td>
</tr>
</tbody>
</table>

Legend
Percent Change
-68.2% - 5.1%
-5% - 2.1%
-2% - 0.1%
0% - 2%
2.1% - 7.4%
7.5% - 112%

Created by Cornell Program on Applied Demographics, May 2012.
Data Source: 2010 Census TIGER/Line® Shapefiles.
Migration is specific of certain ages:
Upstate has been losing young adults since the 1960s
look up your county - Net Migration Rates for U.S. Counties:
http://www.netmigration.wisc.edu/

Source: U.S. Decennial Censuses
The Aging of the baby boom in Upstate NYS

- NYS Median Age increased by 1.8 years since 2000
  - More rapid aging in Upstate -- by 2.3 years
- Pct. 65+ reached 15% in 2010 in Upstate
  - Estimated to reach 20% by 2030

Changing Landscape of Diversity

- Hispanics are now the largest race/ethnic group in NYS
  - In **Upstate**, African Americans still outnumber Hispanics
    - But, Hispanic rate of growth > African American
    - The vast majority of Upstate counties experienced Hispanic population growth

NYS County Percentage Change in Hispanic Population, 1990-2009

Source: Center for Disease Control, Race and Ethnicity dataset
Educational Attainment (2012)

- U.S.: 28.5% (No high school degree), 14.3% (Bachelor's degree or higher)
- NYS: 32.8% (No high school degree), 15.1% (Bachelor's degree or higher)
- Buffalo: 23.4% (No high school degree), 18.3% (Bachelor's degree or higher)
- Rochester: 20.6% (No high school degree), 25.1% (Bachelor's degree or higher)
- Syracuse: 19.9% (No high school degree), 25.9% (Bachelor's degree or higher)
- Utica: 21.0% (No high school degree), 15.9% (Bachelor's degree or higher)
Poverty, 2012

<table>
<thead>
<tr>
<th>Region</th>
<th>People Below Poverty</th>
<th>Families Below Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>14.9%</td>
<td>10.9%</td>
</tr>
<tr>
<td>NYS</td>
<td>14.9%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Buffalo</td>
<td>30.1%</td>
<td>26.4%</td>
</tr>
<tr>
<td>Rochester</td>
<td>31.6%</td>
<td>27.9%</td>
</tr>
<tr>
<td>Syracuse</td>
<td>33.6%</td>
<td>27.4%</td>
</tr>
<tr>
<td>Utica</td>
<td>30.1%</td>
<td>25.7%</td>
</tr>
</tbody>
</table>
Poverty rates vary by age group (2012)
Poverty varies by race & ethnicity (2012)
Poverty varies by location
Segregation by income & other variables may be cause & consequence of other processes

Legend

Median Household Income for a family of 4
- Below the Poverty Line ($23,624)
- $23,624 - $55,603
- $55,603 - $74,134
- $74,134 - $133,083
- Data Not Available
- City of Rochester Boundary

Onondaga County Median Household Income
by Census Tract, 2012

Monroe County Median Household Income
by Census Tract, 2012

Created by: Clint McManus
Date: 6 March 2014
Data Source: U.S. Census Bureau, American Community Survey
Projection: NAD 1983
Demography is important in fiscal planning.

- Access these user-friendly data tools to explore your community’s profile.

- Identify trends and patterns in your community’s population size and composition.

- Understanding these population dynamics may help inform decisions around programs, budgets, investments and other strategies.
Data Tools & Sources:

PAD – Cornell Program on Applied Demographics
http://pad.human.cornell.edu

NYS County profiles:
http://pad.human.cornell.edu/profiles/index.cfm

Sub-County profiles (Cities, Towns, & Villages):
http://pad.human.cornell.edu/profiles/subcounty/SchuylerMCD.pdf

Headwaters Economics – Socioeconomic toolkit
free download to run on Excel
http://headwaterseconomics.org/tools/eps-hdt

U.S. Census Bureau
http://census.gov
Links to some other useful data sources:

- State and County Quickfacts: [http://quickfacts.census.gov/qfd/](http://quickfacts.census.gov/qfd/)
- American FactFinder (population, income, education, and social characteristics): [http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml](http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml)
- County Business Patterns: [http://censtats.census.gov/cbpnaic/cbpnaic.shtml](http://censtats.census.gov/cbpnaic/cbpnaic.shtml)
- Center for Urban Research - [http://www.urbanresearch.org/resources/census-2010-NYS-links-roundup](http://www.urbanresearch.org/resources/census-2010-NYS-links-roundup)
- New York State County Health Indicator Profiles: [http://www.health.state.ny.us/statistics/chip/index.htm](http://www.health.state.ny.us/statistics/chip/index.htm)
- Comparison data on purchasing power, business activity, and workforce density for all residential ZIP codes and the 100 largest metro areas in the U.S. [http://www4.uwm.edu/eti/etizip.cfm](http://www4.uwm.edu/eti/etizip.cfm)
- Historical Census Browser: [http://mapserver.lib.virginia.edu/](http://mapserver.lib.virginia.edu/)
- Etc, etc, etc!
Headwaters Socio-Economic Profile Toolkit

Welcome to the Economic Profile System-Human Dimensions Toolkit which allows users to produce free, detailed socioeconomic profiles at a variety of geographic scales.

Download to install EPS-HDT after completing an easy, first time only, registration.

See How to Use EPS-HDT or Technical Information.

For Custom Analysis, contact Headwaters Economics with any questions about custom analysis.

EPS-HDT was designed and funded in partnership with the Bureau of Land Management and the U.S. Forest Service. (Terms of Use)

For more information, contact:
Ray Rasker, Ph.D. at 406.570.7044 or [email]

http://headwaterseconomics.org/tools/eps-hdt

Create regions, compare geographies, run 14 different reports, includes study guides, data for sub-county units as well.
Example #1:
Run a socio-demographic report for a “region” (using whatever counties and/or states you choose)

- Download free EPS-HDT software to your computer
- Open Excel
- Select “Add-ins” from top menu
- Select “EPS-HDT” from top left, click “Select Geographies” from drop-down menu
- Select 1st General Report, Socioeconomic Measures (check box)
- Select counties or states to include in a region, and give your region a “title”
- Select geography to compare as a benchmark (entire state, non-metro part, etc).
- “Run”
Example #2:
Run a summary report comparing two or more counties

- Select “Add-ins” from top menu

- Select “EPS-HDT” from top left, click “Select Geographies” from drop-down menu

- Select “Detailed Reports, Summary” (check box)

- Select counties to compare individually (select state first). By default the system will also create a “region” of these individual counties (even if it doesn’t make sense…) so you may want to give this region a “title”. Otherwise, ignore the region in the resulting report.

- “Run”
Example #3:
Run a demographic report comparing two or more towns, villages, cities, and/or counties (sub-county geography only available for Demographic detailed report)

- Select “Add-ins” from top menu
- Select “EPS-HDT” from top left, click “Select Geographies” from drop-down menu
- Select “Detailed Reports, Demographics” (check box)
- First select the **state** within which you will select smaller geographies.
- Then select the **geographic level**. Cities and towns will be found by selecting “County subdivisions” in drop-down menu and are organized alphabetically **within** counties. Villages will be found by selecting “Cities and Towns and Census Designated Places (CDP)” and are organized alphabetically for the whole state.
Poll #3

Has sales tax become a primary revenue source for your municipality?
   yes    no    not sure

Do you feel that your municipality is too dependent on growth in sales tax revenue?
   yes    no    not sure
DISCUSSION POINTS

• SHARED SERVICES: THE LOW HANGING FRUIT HAS BEEN LONG PICKED

• THE ROAD BLOCKS
  --AVAILABLE RESOURCES TO RESEARCH A NEW MODEL
  --CAPITAL TO FINANCE A CHANGE IN THE MODEL
  --STATE LAWS THAT ACCOMMODATE A CHANGE IN THE MODEL
  --CHANGE THRESHOLDS
  --__________/BENEFIT

➤ NEXT AVENUE: BUDGET MINING BY CHALLENGING THE PARADIGM
  --EXAMPLE: HEALTH INSURANCE

➤ ANOTHER AVENUE: TAKING ADVANTAGE OF “DOING MORE WITH LESS”
  --EXAMPLE: REVERSED OUTSOURCING
THE VALUE OF DEMOGRAPHICS

• ARE WE LOOKING AT THE PROBLEM OR THE RESULTS OF THE PROBLEM?

• DEMOGRAPHICS LINK OUR INSTINCTS WITH OBJECTIVE DATA

• THEY ADD STRUCTURE TO FINANCIAL DATA
  • FINANCIALS ANSWER “WHAT”
  • DEMOGRAPHICS ANSWER “WHY”
Figure 1
State and Local Budgets Pressured by Health Care Spending
Total state and local government health care spending as a share of own-source revenue, 1987-2012

Note: Expenditure data from the National Health Expenditure Accounts were divided by revenue data from the National Income and Product Accounts. State and local revenues is state and local current receipts minus contributions for government social insurance and federal grants-in-aid.

Sources: Centers for Medicare and Medicaid Services; Bureau of Economic Analysis
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HEALTH INSURANCE

• COMMON LANGUAGE THROUGHOUT COLLECTIVE BARGAINING AGREEMENTS (THE PARADIGM)

“EMPLOYER SHALL MAINTAIN THE SAME OR SUBSTANTIALLY EQUIVALENT HEALTH INSURANCE”

☐ WITH A 12% ANNUAL INCREASE THE PREMIUM COST OF ANY POLICY WILL 2X IN 5 YEARS. (DOES NOT FACTOR IN THE CADILLAC TAX COMING INTO PLAY IN 2018)

☐ WITH PROPERTY TAX CAPPED AT 2%, LOCAL GOVERNMENT TAX REVENUE WILL 2X IN 35 YEARS

☐ IF THE NEW ‘NORM’ IN WAGES INCREASES IS 1% - EMPLOYEES WAGES WILL 2X IN 70 YEARS

  ◆ 30 YEAR MORTAGE ON A $100,000 HOUSE IS $480/MONTH
  ◆ AT A 15% EMPLOYEE CONTRIBUTION RATE FOR FAMILY COVERAGE THE MONTHLY COST TO THE EMPLOYEE WILL BE $515 IN YEAR 10
LABOR/MANAGEMENT SHARED COUNTER MEASURES

• COOPERATIVE PLAN DESIGN
  ➢ MULTI-PLAN STRUCTURE
  ➢ RELEVANT Rx DRUG PLANS

• WELLNESS
  ➢ INCENTIZED PLANS CAN REDUCE ANNUAL PREMIUM INCREASES BY 7%.
    ❖ RAISE THE GROUP CONTRIBUTION RATE THAN PERMIT INDIVIDUAL MEMBER TO REDUCE THEIR RATES WITH GOOD HEALTH MARKERS

• MUNICIPAL RISK POOLS
  ➢ HEATH INSURANCE CONSORTIUMS

• MEDICARE RETIREE DRUG SUBSIDARY (RDS)

• MEDICARE SUPPLEMENTAL HEALTH AND/OR Rx POLICY
RETIREE HEALTH INSURANCE

SHARE OF PREMIUM

- MUNI's SHARE OF PREMIUMS: 86%
- EE's/RET's SHARE OF PREMIUMS: 14%

DISTRIBUTION OF MUNI's PREMIUM COST

- MUNI's COST OF ACTIVE EE'S: 51%
- MUNI's COST OF RET'S: 49%

EE's/RET's SHARE OF PREMIUM

- EE'S SHARE OF PREMIUM: 39%
- RET'S SHARE OF PREMIUM: 61%
CHANGING RETIREE HEALTH INSURANCE BENEFITS


For a retiree to be vested in specific health care benefits the CBA must express this with specific language.

“(t) coverage provided shall be the coverage which is in effect for the unit at such time as the employee retires”
REVERSED OUTSOURCING

• “DOING MORE WITH LESS” IS UNIVERSAL—AFFECTING BOTH PUBLIC AND PRIVATE SECTOR-CREATES A MARKETING OPPORTUNITY
  ➢ “SELLING” MUNICIPICAL SKILLS SETS TO THE PRIVATE SECTOR

• EXAMPLE: OWNING, MAINTAINING AND OPERATING INDUSTRIAL PRE-TREATMENT FACILITIES
  ➢ CONCEPT: GOVERNMENT DOES WHAT IT DOES WELL, PRIVATE SECTOR DIRECTS ITS RESOURCES INTO CORE BUSINESSES
  ➢ FOR THE LOCAL GOVERNMENT-OPENS NEW REVENUE STREAMS

5/9/2014
Next Steps/Follow-Up

• Check out resources, websites, articles
• We will continue to provide education to the public and to local and state officials
• ILR planning a bargaining pensions in the public sector panel presentation, Fall in NYC
• Continued research on shared services
• Networking - Municipal Innovation Exchange
Thank You

Visit CaRDI website for additional background information:

http://cardi.cornell.edu/cals/devsoc/outreach/cardiacardi/training/state-of-ny-cities.cfm