



Photo by JM Johnson

Governance



GOAL #11—MANAGING FOR RESULTS

LONG ISLAND'S COUNTIES, TOWNS, VILLAGES AND OTHER JURISDICTIONS MANAGE THEIR COSTS AND PROVIDE QUALITY LOCAL AND REGIONAL SERVICES.

INDICATOR:

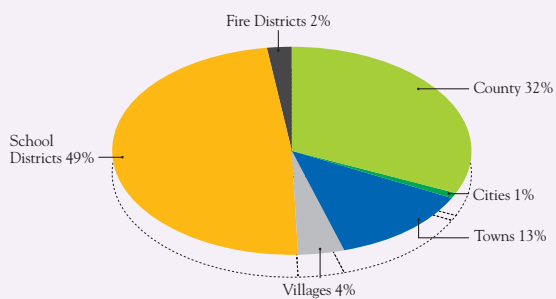
EXPENDITURES AND REVENUES

Long Island has had higher increases in expenses in comparison to other counties in New York State, and relies more heavily on local tax revenues to support those expenses.

WHY IS THIS IMPORTANT?

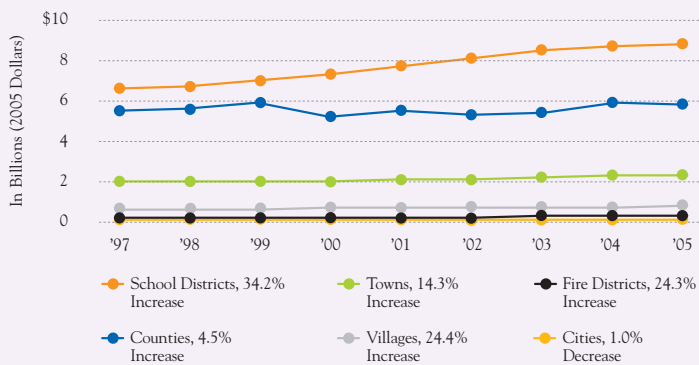
Long Island has a large number of local governmental entities with associated expenditures that are large and growing. Local taxpayers contribute 79% of the total cost of local government, a higher percentage than other areas of New York State (excluding NYC). A nine-year history of local government expenditures and revenues, and comparable figures for local governments and school districts, allows Long Islanders to evaluate whether or not efforts to reduce the cost of local government are effective.

Distribution of Local Government Expenditures, 2005



Note: Results may not add to 100% due to rounding.
Source: New York State Office of State Comptroller (OSC)

Change in Local Government Expenditures on Long Island, 1997-2005



Source: New York State Office of State Comptroller (OSC)

HOW ARE WE DOING?

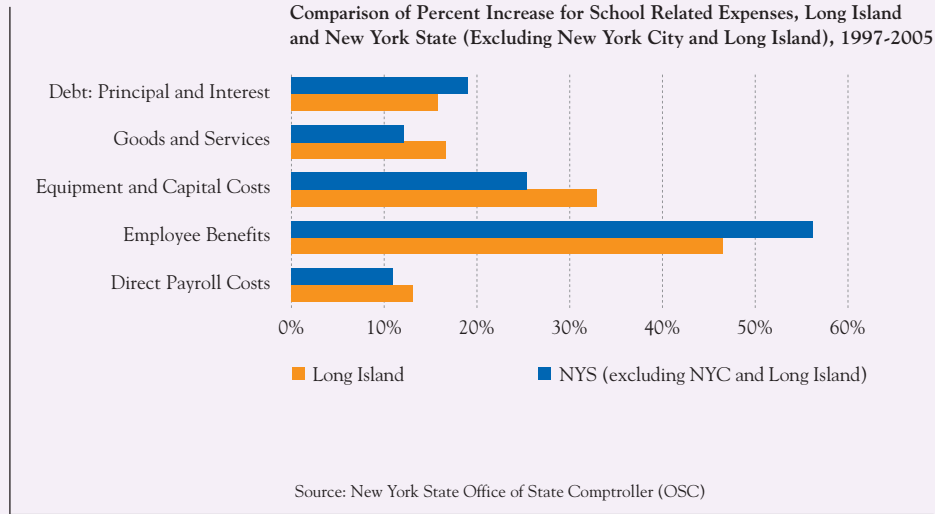
Long Island’s expenses grew 20% faster than inflation between 1997 and 2005. The largest increases during this time period were school expenses and fire districts and villages. It is notable that State revenues are a much smaller portion of Long Island’s total revenues, 17%, compared to other New York State local governments (excluding NYC), 27%. Also, Long Island’s local governments rely much more heavily on local property taxes, and depend less on sales tax revenues compared to other New York State governments (excluding NYC).

EXPENDITURES

Total expenditures by local governments¹ amounted to \$18.1 billion in 2005. School districts were the largest component of local government expenditures and county government expenditures were the second highest. Compared to New York State (excluding NYC), Long Island’s distribution of expenditures are almost identical.

Spending by all local governments on Long Island grew 20% faster than inflation between 1997 and 2005. The growth rate shown for counties reflects the fact that expenditures and revenues for Nassau County prior to 2000 included the county hospital, which was spun off from county operations to a public benefit corporation on Sept. 29, 1999 and is no longer counted in county expenses and revenues subsequent to that date. In addition to being the largest component of local government spending, school districts had the greatest increase in spending, rising 34.2% higher than the rate of inflation over the nine-year period. This was followed by a 24.4% increase in village spending and a 24.3% increase in fire districts spending.

¹ Local governments included in this report were all counties, cities, towns, villages, school districts and fire districts that filed annual reports with the New York State Office of State Comptroller. Independent special districts on Long Island are not included, as the Comptroller database does not include information from all these districts. However, based on the information available on reporting districts, CGR believes the total expenditures for special districts not included in these totals is less than \$200 million, or less than 1.5% of the total counted in these tables.



Regarding school district expenditures, Long Island grew faster than the rest of the state due to higher increases in Direct Payroll Costs, Equipment and Capital Costs, Goods and Services. However, Long Island held down expenses for Employee Benefits and Debt: Principal and Interest better than the state as a whole.

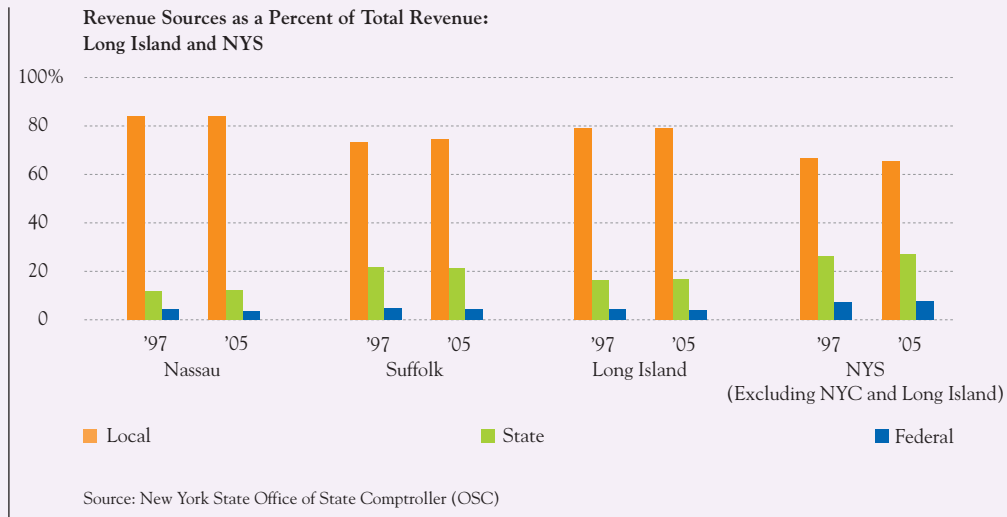
REVENUES

All local governments in New York rely on three sources of revenue: local revenues, state funding, and federal funding. In both 1997 and in 2005, 79% of the total local government revenues on Long Island were generated from local sources: either property tax, sales tax, interest and earnings, or other fees and taxes; while 17% came from state sources and the remaining 4% from federal sources.

The data also illustrates several key differences both between counties as well as between Long Island and the rest of the state. In Nassau in 2005, 84% of all local government revenues came from local taxes, interest and fees. This exceeded Suffolk's reliance on local revenues (75%), and the average for the rest of the state (66%). Suffolk's greater state funding is primarily due to higher aid in four key items: basic state aid formula, mortgage tax, lottery aid and education of handicapped children.

Overall for Long Island, local revenues were 79% of all revenues, compared to 66% for the rest of the state. This significant difference undoubtedly explains why Long Islanders perceive such a heavy local tax burden. The data also illustrates that the relative local tax burden differential between Long Island and the rest of the state has not changed over the last ten years.

More detailed information about the sources of local revenue, showing the total amounts for Long Island and the rest of the state along with the changes from 1997 through 2005 demonstrates two important differences between Long Island and the rest of the state. First, Long Island relies more heavily on property taxes for local revenues than the rest of the state (62% of the total for Long Island in 2005 versus 50% of the total for the rest of the state). Second, property taxes increased 14% above the rate of inflation on Long Island, compared to 7% for the rest of the state, while correspondingly sales taxes increased 32% higher than inflation for the rest of the state compared to 13% for Long Island. These represent significant differences in how local governments are funded on Long Island.



**Selected Sources of Local Revenue for Long Island and NYS Local Governments
(In Billions, 2005 Dollars)**

	Long Island					NYS (Minus NYC and Long Island)				
	1997	% of Total	2005	% of Total	% of Change	1997	% of Total	2005	% of Total	% of Change
Sales Tax	\$ 1.822	16%	\$ 2.064	15%	13.3%	\$ 2.246	10%	\$ 2.964	11%	32.0%
Real Property Tax	\$ 7.205	65%	\$ 8.224	62%	14.1%	\$12.736	54%	\$13.664	50%	7.3%
Interest and Earnings	\$ 0.189	2%	\$ 0.193	1%	1.9%	\$ 0.591	3%	\$ 0.397	1%	(32.8)%
All Other	\$ 1.933	17%	\$ 2.886	22%	49.3%	\$ 7.809	33%	\$10.070	37%	29.0%
TOTAL	\$11.150	100%	\$13.367	100%	23.2%	\$23.382	100%	\$27.095	100%	15.9%

Note: Results may not add to 100% due to rounding.

Source: New York State Office of State Comptroller (OSC)

Note: See our website for a more in-depth analysis of Long Island's governmental expenditures and revenues.

What People in the Region Are Saying
*How serious a problem are high property taxes
in your county?*

