GOAL #11

Managing for Results

Long Island’s counties, towns, villages, and other jurisdictions manage their costs and provide quality local and regional services.

Local governments—counties, towns, villages, school districts, fire districts and other special districts—are the level of government closest to their constituents and provide a wide range of services, from education to public safety. Program allocations and assistance from the state and federal governments provide a large share of local revenue, but the majority of funding is raised locally, primarily from taxes on residential, commercial and industrial property. How much revenue these governments raise and how much they spend is determined in part by how well the local economy is doing, but mostly by decisions of elected officials and voter approval of school budgets.

Long Island property taxes are unquestionably high compared to the United States, as is New York State as a whole. Compared to other parts of New York State, taxes are slightly higher or somewhat less, depending on how they are measured. Because they are affluent counties, Nassau’s and Suffolk’s property taxes look worse when measured on a per person basis rather than as a share of property value. Less clear is whether services are similarly of higher quality, and if these services are delivered efficiently.

Government spending and property taxes are no longer increasing as rapidly as they had when property values were rising rapidly, but it’s not clear if this has resulted in more efficient service delivery. Government spending and property taxes are no longer increasing as rapidly as they had when property values were rising rapidly, but it’s not clear if this has resulted in more efficient service delivery. Both the 2007-2009 national recession and a statewide property tax cap enacted in 2011 have checked the increases in both revenues and expenditures. Some services, such as county-provided bus service, have clearly declined, but it is difficult to assess how the overall quality of services has changed.
Bond ratings are a primary measure of how well budgets and the fiscal underpinnings of the jurisdictions are managed. These are important because they affect how much it costs jurisdictions to borrow money. Both Nassau and Suffolk Counties have “A” bond ratings from Moody’s Investment Services (Nassau has an A2 and Suffolk an A3 rating) considered “upper medium grade with low credit risk.” Towns and village ratings vary, with only a few in the highest AAA tier.

The large number of local governments on Long Island has often been cited as a source of high property taxes, and it does appear to result in duplicative services and less economy of scale. Long Island has a similar number of governments compared to other parts of the New York region, but much of the country outside of the Northeast has different government models with far fewer units of government. And a 2007 Long Island Index comparison with northern Virginia found the wide difference in the number of governments to be a factor in differences in property taxes. For example, Long Island had nearly eight times the number of fire districts, leading to a number of duplicative equipment costs.

If you had an issue that required the assistance of an elected COUNTY official, how easy or difficult do you think it would be for you to get the elected official or a member of their staff to consider your situation?

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- Very or Very Difficult: 66%
- Somewhat or Somewhat Easy: 29%
- Don’t Know: 4%

Numbers may not add to 100% due to rounding.
Source: 2017 Long Island Index survey
Both revenues and expenditures from all local governments on Long Island—counties, towns, villages, cities, school and fire districts—grew rapidly from 2000-2008 but have since leveled off. Government expenditures per person grew from $6,595 in 2000 to $8,164 in 2008, a 24% increase in just eight years. However, they declined from 2008 to 2011, and increased only slightly from 2011 to 2015. All in all, expenditures have decreased by 1.2% since 2008. At the same time, total revenues increased by 23% between 2000 and 2015. While 18% of this increase took place between 2000 and 2008, an additional 4.4% took place between 2008 and 2015. Taken together, in 2015 Long Island local governments raised $7,740 in revenues per capita and spent $8,066 per capita.

Both economic and policy changes are likely behind the inflection point in 2008. Rapid increases in property values drove an increase in revenues and allowed expenditures to rise. Both state and local revenues took a large hit from the economic downturn, even though federal stimulus helped limit the decline. And in 2011, New York State limited property tax increases from all local governments and school districts to 2% per year.

Local governments are now slightly more dependent on property taxes—they were 52% of all revenues in 2015 compared to 48% of revenues in 2000. Property values also increased overall, but fluctuated with the economy and real estate market. After full property values for the purposes of tax collection more than doubled in real terms between 2000 and 2008, they then decreased by 26% between 2008 and 2015.

School districts had the highest expenses in 2015—$4,245 per capita. This pattern of expenses matches that of New York State overall, excluding New York City. However, in absolute terms, Long Island expenditures were consistently higher than those of New York at large, with towns and school districts overspending in comparison with New York by 17% and 20% respectively.
Long Island’s property taxes are higher than in other parts of New York State when measured as taxes per person or as a share of income, but less when measured as a share of property values.

Homeowners in Nassau and Suffolk pay higher property taxes than most parts of the United States, as do most homeowners in New York State, New Jersey and Connecticut. Whether Long Island taxes are higher than other parts of New York State or the metropolitan region depends on how they are measured. In 2015, property taxes from all levels of government amounted to $4,014 for every person living in the two counties. That’s 7% higher than the $3,763 per person paid in New York State outside of Long Island and New York City. (New York City is excluded because it uses a combination of local income, sales and property taxes to pay for schools and other services that most localities pay for exclusively with property taxes.) But because property values are much higher than in other parts of the state, Nassau and Suffolk residents actually pay a smaller share of property values, 2.4%, than in the rest of New York State, which averages 3.4%. Using a third measure—taxes as a share of income—Long Island’s taxes are slightly higher at 5.9% than the 5.4% of income in other parts of the state.

No one method is necessarily better than the other. Taxes per person is the method most commonly used to compare regions, but doesn’t account for differences in wealth or ability to pay. Measuring as a share of property values takes into account whether homeowners’ taxes are relatively high or low compared to how much their homes are worth. But while this is a good way to assess how wealthier and poorer regions compare in terms of how much their properties are taxed, it doesn’t necessarily indicate whether taxes are comparable in terms of ability to pay. Residents living in homes that have appreciated in value faster than their incomes or home payments can be “house rich but income poor.” Taxes as a share of personal income is a better measure of ability to pay, but even this does not take account of differences between low, moderate and high income households.

Looking at the three measures together, Long Island’s property taxes do not look that far out of line with the rest of the state. By comparison, when the Long Island Index did a similar comparison in 2005, Long Island’s taxes were much higher than the rest of the state on a per person basis (65% higher in 2005 compared to 7% in 2015) and were also less favorable by the other two measures.
Long Island’s 665 units of local government are far more than in other parts of the United States.

An inventory by the Long Island Index found 665 units of government across the two counties that includes 124 school districts, 200 fire districts and 331 districts for functions including sewers, water, sanitation, police and libraries. Some are a part of general purpose governments (counties, towns, cities and villages) but most are separate entities.

This complex governance structure may be part of the reason that property taxes are higher than in other parts of the United States. A 2007 Long Island Index study comparing Nassau and Suffolk with a comparable two-county suburban area in northern Virginia found that Long Island spends more per capita than the counties of Fairfax and Loudoun and has far more government entities that provide similar services and levy property taxes. For example, the study counted 179 fire districts on Long Island at the time, compared to only 21 in northern Virginia (2 county, 2 city and 17 volunteer). These different models produced highly divergent resource allocations for areas of similar size. Northern Virginia had much higher personnel costs because they relied primarily on professional fire fighters while Long Island’s were mostly volunteer. However, the difference was more than made up by Long Island’s higher equipment and other non-personnel costs. For example, Long Island had more than six times as many fire stations (381 vs. 58) and more than seven times the number of fire engines (693 vs. 90). One implication cited in the study was that Long Island’s model could become increasingly costly and inefficient if it is unable to maintain the same number of volunteer workers.*

* Long Island Index, A Tale of Two Suburbs: A Comparative Analysis of the Cost of Local Governments on Long Island and in Northern Virginia, Long Island Index, 2007

Mr. Kapell is former Mayor of Greenport, Long Island and Executive Director of Right Track for Long Island Coalition.
Who determines my property taxes?

Long Islanders have some of the highest property taxes in the country and they are increasing at a much faster rate than inflation. Our taxes are determined by county, town and multiple local districts. And every neighborhood is different depending on the districts in their community. Here is a break-down for just one homeowner living in an unincorporated area of North Hempstead. Breakdowns for other communities are likely to differ.

Try this at home.

Learn more by checking your annual tax statements sent by your town’s Receiver of Taxes. If you live in Nassau, you can go to www.mynassauproperty.com for details on each tax levy.
There are multiple ways that residents can participate in the civic life of their community. Voting in local elections is the most direct means of influencing decisions that affect conditions in a town or village. Other forms of participating include attending school board or parent-teacher association meetings, attending public hearings or town meetings, participating in a neighborhood civic association, or contacting an elected or public official with a concern or request. Robust participation in civic life can help ensure that tax dollars are spent in the best interests of community residents and businesses. It can also provide a stronger sense of community and provide volunteer services that can improve quality of life, particularly for vulnerable residents.

Surveys conducted by the U.S. Census Bureau provide self-reported participation in various types of civic engagement. These show that a small share of citizens participate in civic life, but generally no less than in other parts of the New York region. Part of the reason is that voting is restricted to citizens, and many citizens are not registered to vote.

Few Long Island residents have confidence that public officials will address their concerns if they tried to bring them to their attention.

Surveys by the Long Island Index identify a likely cause. Few Long Island residents have confidence that public officials will address their concerns if they tried to bring them to their attention. This lack of trust, whether based on experience or perception, likely affects other forms of civic engagement as well.

Technology may offer ways to increase resident participation in civic life.

Digital communication makes it easier for governments to improve both services and communication with constituents, and for residents to contact public officials and government employees. However, unless efforts are also made to improve internet access for low-income residents, technology can reinforce the disproportionate exclusion of these residents for local decision-making.
Only 23% of Nassau and Suffolk residents report always voting in local elections. The school election of November 2017 is another example of relatively low civic engagement. Overall, only 8% of people voted in the election. Smaller school districts saw slightly higher participation rates—12% voted in school districts with fewer than 10,000 adults, while larger school districts saw lower participation rates—with only 7% of people voting in school districts with over 30,000 adults.

Participation in local elections is low everywhere in the New York region, but reported rates are higher in more urban areas such as New York City and northern New Jersey. Participation in the suburbs north of New York City is similar to that on Long Island. While Long Island had the fewest number of people who reported that they never vote in a local election, they had the highest number that gave no response.

The health and functionality of a place can only be assured by thoughtful and effective civic engagement. It took too long for Long Island to develop this capacity, resulting in poor planning, over-development and uncoordinated policy-making.

But we’ve made great progress in the last quarter century. We protected more than 100,000 acres of Pine Barrens, thanks to the coordinated effort of some 125 environmental and civic groups and a population that identified the need for land and water protection and put up the billion dollars it cost.

Recently, the Long Island Clean Water Partnership comprised of four leading environmental groups has used their diversified skills to attract the professional and governmental resources needed to restore water quality Island-wide.

And most recently, Long Island overcame its reputation for NIMBY to achieve commitment to a “Third Track” to dramatically improve Long Island’s transit system. Continued thoughtful, focused civic engagement can and is improving Long Island.

*Mr. Amper is Executive Director of the Long Island Pine Barrens Society.*
LESSONS LEARNED
BY PAUL TONNA

Long Island Needs More Civic Engagement

In the 1830s, Alexis de Tocqueville remarked that America’s dedication to civic engagement impressed him as the essential element in making our democracy work. But what has happened to Long Island? As the Long Island Index shows, most Long Islanders are disengaged from local government.

Primary among the causes is that Long Island is fractured—with a total of 665 government entities, making it difficult to know the who, when and where of voting. The result is an egregious lack of accountability and transparency, perpetuated segregation, and increased corruption.

What can we do? First, Long Island needs unified voting for special district elections. New York State needs to pass legislation in Albany on a unified voting initiative, so all special district elections are on the same day and at the usual November polling places, thereby making it easier for residents to vote. Second, Long Island needs vigorous election day notifications. Special districts should be required to rigorously notify all residents about local district elections. Third, Long Island needs to grow a culture of leadership committed to the virtues of wisdom, to discern long-term necessities vs. short-term appeasement; justice, to include the voiceless, vulnerable and disenfranchised; courage, to battle those consumed with self-interest, shortsightedness and parochial views in the face of long odds, furious opposition and bigotry; and moderation, to temper our passions and seek compromise when necessary.

We need these roadblocks to civic engagement removed, so that Long Islanders can address the serious, complex and multi-dimensional issues challenging the region.

Other types of civic participation also engage a small share of Long Island residents, and surveys indicate that residents have little confidence that public officials will address their concerns.

Only six percent of Long Island residents reported contacting a public official in 2013, and only 15% reported that they participated in a school, neighborhood or community association. Both shares are comparable to New York City, the Hudson Valley and northern New Jersey.

Surveys conducted by the Long Island Index in 2017 indicate that few residents have confidence that government officials would address issues brought to their concern. When asked if they had an issue that required the assistance of an elected official, 66% said that it would be very or somewhat difficult to get a county official or staff member to consider their situation, and 63% said the same for town officials. Village officials fared somewhat better, but 50% still said that it would be very or somewhat difficult.

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How well does Long Island compete with other suburban regions in building the types of housing needed to attract and retain young professionals? Hmm, not great.

In Fairfax, Virginia all the necessary data, forms and permit requests are online and clearly documented. Long Island? Not so easy. Check out the maze of offices, permissions, and multiple jurisdictions that have to get involved in one typical Long Island village.

What does this mean? Long Island’s transformation of its built environment will be slower and more costly. Hope our kids can wait…