



NEWS RELEASE

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**Mayors Release Results of City Budget Survey
*City Fiscal Conditions Worsening;
All Efforts Being Made to Minimize Property Tax Increases;
Shovel-Ready Local Infrastructure Projects Abound***

(Albany, NY) The New York State Conference of Mayors (NYCOM) today released the results of its annual “City Budget Survey,” which show that (1) city officials are taking all available measures to limit the impact of growing fiscal stress on real property taxpayers, and (2) the fiscal conditions of cities in New York have worsened dramatically compared to a year ago, as workforce-related expenses continue to rise while revenues have been slowed by the sharp economic downturn.

“Just like families, businesses and governments throughout New York, our cities are under unanticipated levels of fiscal stress,” noted John McDonald, Mayor of the City of Cohoes and NYCOM President. “Our cities, however, remain committed to minimizing our reliance on the property tax, especially at an economically sensitive time such as this. But we cannot do it alone. We urge our partners at the state level to assist us in our efforts to achieve relief from inefficient state mandates, and thereby turn this crisis into an opportunity.”

NYCOM surveyed the sixty-one cities outside of New York City and asked a series of questions about their fiscal condition, property taxes, health and pension costs, budget-balancing measures and Stimulus-related infrastructure projects. The key findings are attached.

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“The results of our survey clearly document the fiscal strain on cities throughout New York, as well as the various efforts cities are making to protect local property taxpayers,” stated Peter A. Baynes, NYCOM Executive Director. “But without significant relief from costly state mandates, local officials will never win this uphill battle. If ever there was a time to reform local governments’ underlying cost drivers, it is now. For example, creating a new pension tier will provide recurring, long-term savings for the state and municipal governments, while not harming a single existing government employee. NYCOM applauds Governor Paterson for advancing such a proposal, and we urge the Legislature to expand it to include both uniformed and non-uniformed employees, and approve the legislation as part of the 2009-10 state budget.”

“This survey also highlights the ongoing need for increased state aid to local governments,” concluded Baynes. “Recent and long overdue increases in AIM funding have had a very positive effect in shoring up the finances of our cities, but the local fiscal pressures produced by the economic tumult of 2009 make the need for state aid even more urgent. As Federal Stimulus monies come to New York and provide fiscal relief to the state, we urge state leaders to renew their commitment to AIM funding increases and the property tax relief such investments will produce.”

RESULTS OF NYCOM'S 2009 CITY BUDGET SURVEY

The following is a summary of the findings from NYCOM's January 2009 budget survey of the 61 cities outside of New York City. Survey responses were received by 46 (75%) of the cities.

Fiscal Condition "Worsening" or "Significantly Deteriorated"

- 54% of cities reported that their financial condition had "worsened" or "significantly deteriorated" over the past year, up dramatically from 19% last year and the highest level since 2003;

Year Reported	Worsening/ Significantly Deteriorating
2002	72%
2003	59%
2004	49%
2005	40%
2006	31%
2007	29%
2008	19%
2009	54%

- prior to the recent economic downturn, as shown above, the state's renewed commitment to AIM funding for cities had led to a steady improvement in the fiscal condition of New York's cities;

Health Insurance and Pension Costs

The cost of pensions and health insurance continue to place an inordinate amount of fiscal pressure on city budgets, together consuming 22% of general fund expenditures in the average city budget:

Health Insurance

- 51% of cities were successful in implementing cost-saving measures pertaining to health insurance, including increased employee/retiree contributions and co-pays, as well as less expensive coverage plans;
- Nonetheless, health insurance on average now consumes 15.4% of a city's general fund expenditures, up from 14.8% in 2008;
- The cost of health insurance for municipal retirees, on average, represents 33% of a city's total health insurance budget.

Pensions

- The cost of providing public pensions represents 6.6% of the responding cities' budgets, totaling nearly \$100 million;
- For the average city, public safety pension costs represent nearly 75% of their total annual pension bill.

Spending Controls and other Budget-Balancing Measures

- 60% have deferred capital/infrastructure spending;
- 48% of cities increased the number and/or scope of intermunicipal agreements and shared services with other local governments;
- 33% of cities have undertaken service cutbacks, program eliminations and/or austerity spending;
- 50% decreased the size of government through attrition, hiring freezes and/or layoffs
 - 38% used attrition
 - 25% used a hiring freeze
 - 13% used layoffs
- 73% increased water/sewer rates;
- 70% increased other fees/fines.

Use of Fund Balance

- 80% of cities reported appropriating a portion of their fund balance to balance their 2009 city budget, up sharply from 63% in 2008;
- The average percent of fund balance appropriated to balance city budgets in 2009 was 21.9%, and the average amount was \$1.3 million;

Property Tax Growth

Even with all of the budgetary actions described above, most cities were forced to increase property taxes, though by a lower average percentage than in recent years:

- 57% of cities increased property tax rates for 2009, essentially the same number as in each of the past three years (54% in 2008, 55% in 2007 and 59% in 2006);
- The average property tax rate increase for 2009 was 3.8%, down from 5% in 2008, 4.6% in 2007 and 5.8% in 2006.

Federal Stimulus Projects

The survey asked cities to list up to five (5) local “shovel ready” infrastructure projects that fall under any of the following categories: water/sewer, transportation, energy or economic development. “Shovel ready” was defined as those projects that can be initiated within 90 to 180 days.

- 32 of the survey respondents listed a combined total of 259 projects, totaling \$1.4 billion in estimated project costs;
- The \$1.4 billion in project costs fell into the following categories:
 - 50% water/sewer infrastructure
 - 28% transportation infrastructure
 - 13% economic development infrastructure
 - 4% energy infrastructure
 - 5% miscellaneous projects