

Comments for a Public Hearing of
The Senate Local Government Committee and
The Senate Urban Affairs and Housing Committee
On Multi-Municipal Planning and Shared Services

By

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Good Morning. Thank you Mr. Chairman and committee members for the opportunity to address the issue of multi-municipal shared services and planning.

I will be brief in my remarks and focus one very important existing program and suggest ways to beef up the scope and size of that program. Here I speak of the "Shared Municipal Services Program," operated out of the Department of Community and Economic Development, specifically the Governor's Center for Local Government Services. The program was created in 1970 with the purpose of promoting cooperation between municipalities and to foster increased efficiency and effectiveness in the delivery of municipality services at the local level.

The program offers grants to any group of two or more municipalities or a body such as a Council of Government to underwrite projects that will permit municipalities to carry out functions in a joint manner with the aim of lowering costs, improving effectiveness or making greater use of technology. Examples might be insurance pooling, shared public works operations, shared recreational activities, etc.

Grants are usually made up to 50 percent of the project cost with a required match from participating municipalities. In fiscal 2006-07, the program provided 68 grants affecting 19 cities, 187 boroughs and 283 townships in 60 counties with grants totaling \$2.4 million. For fiscal 2007-08, \$2.4 million has once again been authorized for the program.

The grant application is fairly straightforward with typical requirements of description on needs, objectives, local commitment and estimated costs savings.

Some major modifications to this program could be a good place to start. I apologize in advance if other presenters have covered the same ground.

- 1) Rather than simply providing matching grants averaging around \$35,000, the program should have a system that rewards successful joint, shared services projects. Success chiefly measured by cost savings. For every dollar of savings the municipalities achieve by sharing services, the state would match with a \$2 contribution, with the proviso that every dollar be used to lower local taxes and for no other purpose. Of course, the proof of savings would be very strict and would require clear documentation. The state reward contribution would continue for five years as long as the savings were maintained. The reward could be on a sliding scale depending on the financial status of the municipalities involved. For example, Mon Valley communities might receive \$3 dollars for each dollar of savings.
- 2) To accomplish this state would have to set up a fund that could be drawn down as needed. Perhaps some gaming money could be set aside to create a \$50 million fund. If more becomes necessary, that would be a clear indication the program is

working. After all if we can use \$80 million a year from the gaming fund to build a convention center in Philadelphia and a new hockey arena in Pittsburgh, we ought to be able to afford a similar amount to encourage efficiency and lower cost delivery of municipal services and provide taxpayers with some much needed relief.

- 3) Such an incentive program would give taxpayers incentive to press their elected officials to work with other communities to come up with multi-municipal plans for sharing service delivery.

- 4) The five year time frame should be long enough to create a commitment by officials and residents to the new way of providing services. The revised program might need to include some sanctions for backsliders.

Another area to be explored by the committee would be the possibility of legislatively creating something I would call "Municipal Service Districts". These would be similar to school districts but voluntary rather compulsory. Under this plan municipalities could come together in a formal alliance to share the delivery of a list of contractually agreed upon services and to provide guaranteed fair share of costs. Perhaps over time the idea of a full merger with alliance partners might become more attractive.

Here again, the state ought to provide substantial incentives for the creation of "Municipal Services Districts."

I would favor a referendum prior to the creation of such a district after all the benefits and disadvantages have received a thorough public airing. That is where the state incentive in the form of tax reducing allocations could tip the balance.

Obviously a lot of thinking and analysis of these recommendations would be necessary to guide writing of legislation. However, I believe that something far more dramatic than what the state is doing now will be needed to create momentum in the direction of shared services.