



NEWS RELEASE

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Pension and Health Insurance Costs are Forcing Property Taxes Higher and “Crowding Out” Taxpayer Priorities -- Mayors Release Results of City Budget Survey --

(Albany, NY) The New York State Conference of Mayors (NYCOM) today released the results of its annual “City Budget Survey,” clearly documenting that drastic increases in pension and health insurance costs – which, due to state laws, are largely beyond the control of local officials – are:

- creating financial pressures beyond the fiscal capacity of cities and their taxpayers;
- forcing widespread and significant increases in property taxes, as 88% of cities increased their property tax levies in 2011, and by an average of 4.8%;
- “crowding out” other local budgetary priorities, such as essential services pertaining to public safety, transportation, water and sewer;
- leading to continuing reductions in the size of municipal workforces, as 82% of cities have cut their staffing levels over the past decade, by an average of 11%;
- resulting in an ominous trend of growing reliance on dwindling fund balances as a means of halting even greater increases in property taxes; 79% of cities appropriated fund balance and expended, on average, 27% of their remaining available funds.

“This data, in the starkest of terms, shows that our cities are in the express lane on the road to fiscal ruin, where the combination of pension and health insurance costs will devour every single dollar of property taxes collected, leaving no resources to provide essential local

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services,” stated Peter A. Baynes, NYCOM Executive Director. “Albany’s choice is clear: either reform and rein in these out-of-control costs, or watch our cities and our state continue to decay.”

“NYCOM’s recent report, ***You Can’t Cap What You Can’t Control***, has provided the Governor and the State Legislature with a clear and reasonable roadmap for providing significant and sustainable property tax relief in a way that does not decimate municipal workforces and the essential services they provide,” concluded Baynes. “The seemingly inexorable growth in New York’s mounting property tax burden cannot be successfully stopped without recalibrating New York’s public sector benefit structure. NYCOM urges the Governor, the Senate and the Assembly to do what has to be done.”

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, and workforce reductions. The key findings are attached.

City Employee Benefit Costs Alone Would Exceed Capped Property Taxes



