



07

A TALE OF TWO SUBURBS

A Case Study Comparing Governance,
Taxes and Local Services on Long
Island and in Northern Virginia:
Executive Summary



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**This report is one of a three-part Case Study comparing
Long Island and Northern Virginia.**

The three reports are:

**A Case Study Comparing Governance, Taxes and Local Services on Long Island and in Northern
Virginia: Executive Summary**

A Comparative Analysis of the Cost of Local Governments on Long Island and in Northern Virginia

Survey Report on Jobs, Taxes and Governance on Long Island and in Northern Virginia

March 2007

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BACKGROUND

Ask any Long Islander what our most serious problem is and the likely answer is “taxes.” In the *Long Island Index* survey, 84% of Long Islanders responded that high taxes were an “extremely” or “very serious” problem and a near majority (45%) cited it as *the* major local problem. But what options exist to address this issue? Last year when the *Index* benchmarked the Long Island region against other peer suburban communities, one region stood out in stark contrast to our own. Fairfax, Virginia, a well-to-do community outside Washington D.C., had the lowest per capita property taxes among the regions selected for the study – \$1,547 in 2002 compared to Long Island’s \$2,450 for the same year. They also had the lowest number of governmental municipalities – 9 in contrast to Long Island’s 439. Was there a relationship between these two facts, we wondered.

	Nassau	Suffolk	Long Island	Bergen	Fairfax	Westchester	Silicon Valley	Fairfield
Total Population, 2004	1,317,054	1,445,497	2,762,551	891,649	996,176	917,956	2,440,000	884,639
Total Area in sq. miles	287	912	1,199	234	395	450	1,500	626
Population Density per sq. mile	4,589	1,585	2,304	3,810	2,522	2,040	1,627	1,413
Total # Households, 2004	437,274	486,552	923,826	331,503	368,475	332,865	811,624	328,304
Total # Municipalities, 2002	202	237	439	149	9	120	28	124
Median Household Income, 2004	\$78,762	\$71,956	\$75,177	\$70,957	\$88,133	\$70,095	\$88,500	\$73,110
Property Taxes Per Capita, 2002	\$2,815	\$2,115	\$2,450	\$2,315	\$1,547	\$2,584	N/A	\$2,213
Educational Attainment, Bachelor's, Age 25 +, 2004	39%	30%	N/A	43%	57%	44%	40%	44%
Median Home Value, 2004	\$420,903	\$368,460	\$394,682	\$408,697	\$415,418	\$476,462	N/A	\$422,495

Sources: U.S. Census 2004 County Estimates; 2002 Census of Governments; 2004 American Community Survey Data Profiles; March 2004 Supplement of the Current Population Survey

In order to explore this question, the *Long Island Index* commissioned two studies. First, we asked the Center for Governmental Research (CGR) in Rochester, New York to conduct an analysis that compared local taxes in each region in order to clarify the key cost drivers. Second, we asked Stony Brook University’s Center for Survey Research to conduct a survey comparing how residents in the two regions felt about the services provided by local governments. Many of the findings surprised us but the bottom line we found was the potential for greater cost savings coupled with higher satisfaction.

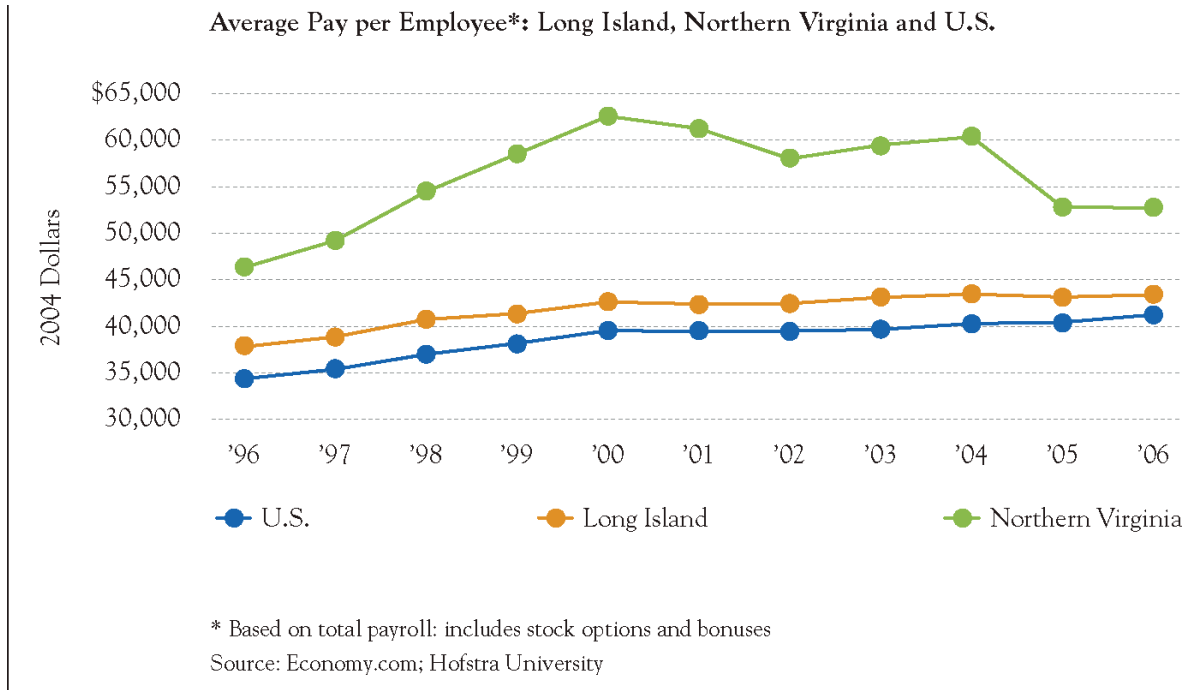
COMPARING THE TWO REGIONS

Area of Study

The CGR analysis looked at Fairfax County and the neighboring Loudoun County as well as the two independently run cities embedded in Fairfax County: Fairfax City and Falls Church. By enlarging the region which we refer to as “Northern Virginia” or NVA, we came closer to comparing two similarly sized areas – the two Virginia counties plus two cities encompass 924 square miles and has a population of almost 1.3 million people compared to Long Island’s 1,199 square miles and 2.8 million people. For the purposes of the Stony Brook survey, we decided to focus on just the two counties since they contain over 97% of the population.

Economic Growth

There are several significant differences between the regions. Most importantly, Northern Virginia is experiencing rapid economic and population growth, akin to the changes that Long Island underwent in the 1950’s and 1960’s. While Long Island’s Gross Metropolitan Product is almost twice the size of NVA (\$131 billion compared to \$77 billion), NVA is undergoing rapid economic growth. For the ten year period from 1996 to 2006, growth of the regional Gross Metropolitan Product (GMP) for Northern Virginia was double Long Island’s: 89% growth for Northern Virginia compared to 44% for Long Island. NVA’s growth is being fueled by three principle industries: Information Services, Government Employment and Creative Services. With an economy spawning high paying jobs, NVA residents have a higher average per employee salary (based on 2006 figures), \$52,815 compared to \$43,264 on Long Island and \$41,299 for the United States overall.¹

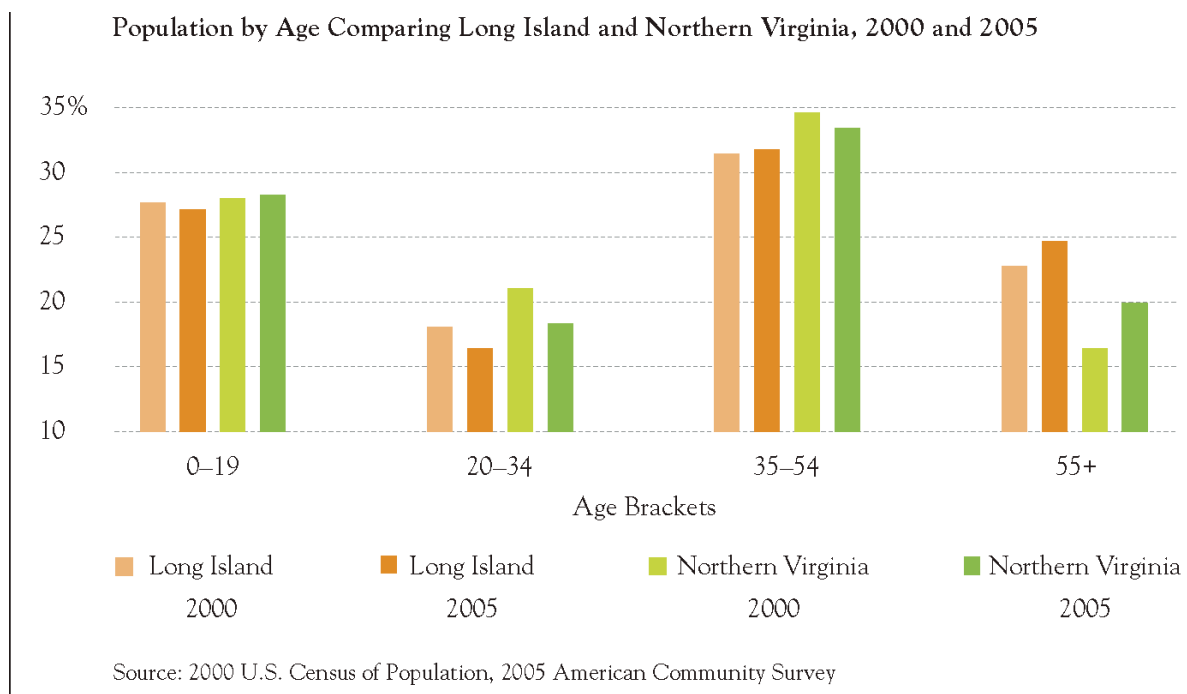


Population Change

With an expanding economy, NVA has seen a dramatic influx of population. From 1990 to 2000, Long Island's population grew by 5.5% while NVA grew by 25.4%. From 2000 to 2005, Long Island's population remained stagnant while NVA grew by another 10%.

As more people move to NVA, the region is also more racially and ethnically diversified than Long Island – in 2005, 37% of the NVA region was non-white; on Long Island for the same time period, it was 27%. The single factor contributing most to this difference is the large Asian population in NVA – almost 15% of the population compared to 5% on Long Island.

Age is the other key demographic that differs between the two regions. Long Island has a greater percent of its population who are over 55 years of age, 25%, compared to NVA where this age bracket accounts for 20% of the total population. The percent of people in the 0-19 age bracket is similar but this segment of the population is growing in Northern Virginia and declining on Long Island.



Public Opinion

By comparing these two regions, it brings into sharp contrast the differences between an older suburb that is no longer experiencing rapid growth, such as Long Island, and a younger, growing suburb, such as NVA. When our survey asked residents in both regions to name their biggest problem, Long Islanders said “taxes/property taxes” and “economy/cost of living/jobs/poverty.” Virginians said “roads/traffic transportation” and “overcrowding/overpopulation/overbuilding.”

Long Island residents report much greater difficulty in paying their mortgage than NVA residents (58% on Long Island compared to 36% in NVA) and have a dimmer view of the economy. Almost half of NVA residents believe job opportunities increased in the past 12 months compared to only 18% of Long Islanders who hold the same view.

Overall, Long Islanders have lived in their region longer and identify more strongly with Long Island than residents of NVA identify with their respective counties. 56% of Long Islanders identify very strongly with the region compared to 31% in NVA. But in terms of community, residents of both regions feel similarly – 78% of Long Islanders and 73% of NVA residents feel they have a strong sense of community in their region.

Our past surveys have found that Long Islanders are thinking about leaving the region in the next five years to move to an area with lower housing costs and property taxes (54% in 2006). The sharp increase over a three year period in the number of people who were considering moving took Long Island residents and policy makers by surprise. Northern Virginians, a more mobile population that has not lived in the region as long as Long Islanders are also considering moving in the next five years in similar numbers – 51%. Over 6 in 10 Long Islanders gave lower family housing costs as the major reason they would consider moving. In contrast, NVA residents note a more diverse set of motives, including lowered housing costs (36%), move to a less crowded area (22% compared to 9% on LI), and improve their job prospects (12% compared to 4% on LI).

Long Islanders and Northern Virginians are experiencing problems common to rapid growth but the two regions are at different ends of the spectrum. Virginia's strong economy is fostering rapid population growth and with it clogged roads and overcrowding. Long Island's relatively weaker economy is partly to blame for the rise in taxes and the increasing unaffordable costs of living here.

KEY FINDINGS

There are many variables that may explain higher taxes. In our analysis we tried to control for each variable as much as possible. However, given the available data and the difficulties inherent in completing an “apples-to-apples” comparison between two regions with different state requirements, different reporting structures, different costs of living, we cannot conclusively prove a cause and effect relationship between number of governmental entities and cost of services. We did make a number of observations and findings that are instructive for Long Islanders and other regions evaluating the differences between centralized vs. decentralized government services.

Overall Observations

Governmental Fragmentation: Long Island has almost 26 times more governmental entities than Northern Virginia

Long Island has many more governmental entities than Virginia. Comparing only the number of counties, cities, towns, villages and school districts Long Island has 239 governmental units while Northern Virginia has 17. When we add in special districts, the Long Island figure reaches 439.

Governmental Fragmentation: On average Long Island has nine times more governmental units involved in budgeting for a single type of service than Northern Virginia

We compared governmental functions in two ways: who provides the service and who budgets the necessary funds for the service. Looking at the units in this way allows us to illustrate local government fragmentation – the more government units involved in funding decisions in a region, the greater the complexity of the government decision-making process. For example, Long Island has 110 governmental entities budgeting for highways and Departments of Public Works while Northern Virginia has 9. Looking at nine different governmental functions, Long Island averages nine times more units budgeting for a particular service than Northern Virginia.

Units of Government Funding at Least \$10,000 to the Functions Shown, 2002-2004		
Governmental Function	Governmental Units	
	LI	NVA
Financial Administration	102	13
Fire Protection	88	5
Judicial/Legal	79	7
Libraries	21	4
Parks and Recreation	74	9
Police Protection	66	9
Sewers & Solid Waste Mgmt	93	12
Water	33	11
Highways/DPW	110	9

Per Capita Spending: Almost 50% of the spending difference is related to schools, 28% to differing state requirements, 20% to police spending

In 2002, the latest year which we could gather comparable data for both regions, Long Island governments spent \$5,562 per capita, which equated to \$1,722, or 44.8% more than the \$3,840 per capita spent by local governments in Northern Virginia.

Major Function of Expense	Long Island \$ per Capita	Northern VA \$ per Capita	Per Capita Difference	% of Total Difference
Costs Due to Different State Requirements				
Public Assistance Programs	\$345	\$181	\$164	9.5%
Highways	\$147	\$50	\$97	5.6%
Own Hospitals	\$120	---	\$120	7.0%
Higher Education	\$96	---	\$96	5.6%
Subtotal	\$708	\$231	\$477	27.7%
Other Major Components				
Education (Elem. & Second.)	\$2,650	\$1,816	\$834	48.1%
Fire Protection	\$104	\$106	\$(2)	(0.1%)
Police	\$400	\$156	\$244	19.6%
All Other Functions ²	\$1,700	\$1,531	\$169	4.4%
Subtotal	\$4,854	\$3,609	\$1,245	72.0%
Total Per Capita Spending	\$5,562	\$3,840	\$1,722	100.0%

Breaking the spending down into its key components, there are two major state related items where Long Islanders pay considerably more than NVA – public assistance programs and highways – because of differences in how funding these services are split between the state and the local governments. Two other key components, hospitals and higher education, Long Islanders split the cost with the state while in Virginia, the state covers the cost completely.

Of the remaining \$1,245 per capita, the majority of the spending covers expenses for elementary and secondary education (\$834) and the balance to all other functions (\$413). Also, Long Islanders spend \$2 less per capita in fire protection.

- **Question for further research:** What are the potential financial implications if state related items, such as public assistance programs and highways, were paid for and operated at the state level rather than split with local governments?

Salaries comprise the single largest difference between the regions

Although Long Island has 13% more government employees than NVA, we spend 82.5% more on total salaries costs (\$2,545 per capita on Long Island compared to \$1,124 in NVA). A likely explanation for this is the difference in labor/management relationships in the two states. In New York, the Taylor Law requires that if an employee union exists in a local government, that local government must bargain in good faith with that union as the representative of all employees covered by the bargaining unit. Virginia, on the other hand, is one of 22 states that are characterized as “right-to-work” states and are not subject to the same collective bargaining requirements. In Virginia, employee unions are effectively associations and the governing boards of each government can and do set their own terms and conditions of employment.

Per Capita Spending: Almost 50% of the spending difference is related to schools, 28% to differing state requirements, 20% to police spending

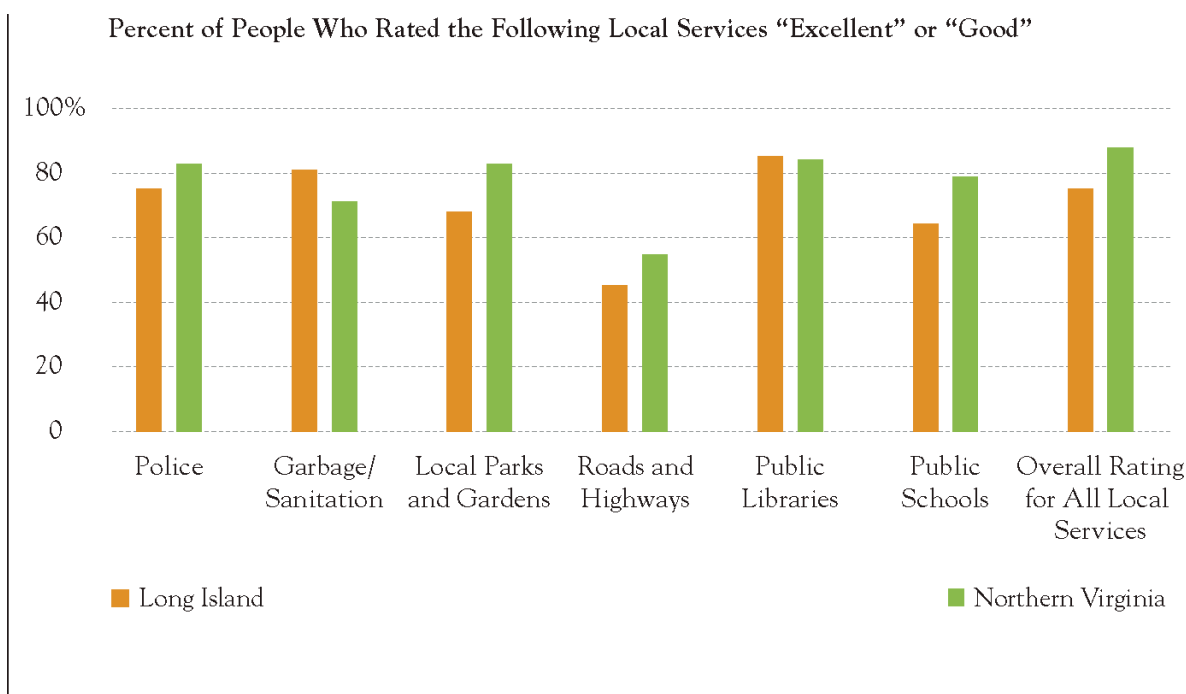
Total revenues collected by Long Island governments exceeded Northern Virginia by \$1,689, on a per capita basis³. The breakdown in revenue sources highlights some key differences: Long Islanders receive more in state education funding but less in other state funding; Long Islanders collect more in sales and gross receipt taxes but less in miscellaneous revenue.

Revenue Sources	Long Island % of Total	Northern VA % of Total	Difference
Other Local Tax Revenue	1.7%	8.3%	-6.6%
Miscellaneous Revenue	4.0%	10.1%	-6.1%
Other State Funding	7.6%	10.9%	-3.3%
Current Charges / Fees	7.0%	9.2%	-2.2%
Federal Intergovernmental Revenue	1.1%	2.1%	-1.0%
Local Intergovernmental Revenue	1.5%	0.6%	0.9%
Property Tax	46.1%	43.7%	2.4%
Sales and Gross Receipts Tax	10.9%	4.2%	6.7%
State Education Funding	18.3%	10.8%	7.5%

- **Question for further research:** As Long Islanders consider options for reducing taxes, alternative revenue sources are increasingly important. More details on Northern Virginia's ability to glean revenue from "Other Local Tax Revenue" and "Miscellaneous Revenue" may be helpful in suggesting additional strategies and options that Long Island could consider adopting.

Satisfaction Levels: County-wide delivery of local services does not mean dissatisfaction

In commissioning this study, the *Long Island Index* was particularly interested in finding out whether people who pay less in Northern Virginia are less satisfied with what they are getting than Long Islanders who pay more. We knew from previous surveys we had conducted that Long Islanders generally were very satisfied with the quality of the services provided although they were unhappy with the cost of those services as reflected in high local taxes. We wondered whether Virginians would feel similarly where most services are delivered by county-wide governmental entities. To our surprise, overall we found greater levels of satisfaction in Virginia.



Given these results, it is not surprising that residents of NVA are twice as likely (62%) as Long Islanders (33%) to feel that the value they received from property taxes in terms of the quality of local services was excellent or good. Further, three out of four Fairfax residents think things are going in the right direction in their county; Loudoun is at 57% and Long Island comes in at 48%.

Overall, if people are satisfied with the services being provided by governmental agencies, we wondered how things worked when they need help to resolve a problem and how much they felt they could trust their local officials. On average, residents of NVA are significantly more satisfied than Long Islanders.

Percent of people who...	Long Island	NVA
Could trust their county government to do what is right all or most of the time	26%	51%
Felt it would be very or somewhat easy to get help from an elected official	36%	45%
Had a very or somewhat favorable opinion of their county government	64%	79%

One strong conclusion from this data is that county-wide delivery of local services does not necessarily equate to loss of control, inability to resolve a local problem or dissatisfaction with services.

Education

Long Island has 127 school districts ranging in size from a small of 9 students to a large of over 16,000 students. Northern Virginia has three – two county-wide districts (Fairfax and Loudoun) and one city-wide district (Falls Church).⁴ On average, Long Islanders spend \$2,650 of their per capita tax dollars on education while people living in Northern Virginia spend 48% less, only \$1,816. The question we asked in this study was why are costs so different between the districts?

Size Matters: The larger the school district, the lower the cost structure

As we started analyzing the data on school size and average expenditure per student, we divided all Long Island districts into quartiles by average number of students. We then compared the spending in each quartile. We found that the 31 largest districts (4th Quartile) on Long Island had a 21% lower cost structure, on average, than the 32 smallest districts (1st Quartile) on Long Island⁵.

School Districts	Expenditure per Student	Avg. Students per District
Long Island School Districts		
1st Quartile (Smallest districts)	\$21,183	662
2nd Quartile	\$18,209	2,278
3rd Quartile	\$17,467	4,082
4th Quartile (Largest districts)	\$16,793	7,802
Northern Virginia School Districts		
Falls Church	\$14,735	1,874
Loudoun	\$14,033	40,750
Fairfax	\$11,494	164,235

Northern Virginia school districts are significantly larger – Loudoun has 40,750 students and Fairfax has 164,235 students. Again we find that the larger the district, the lower the expenditure per student.

When it comes to school districts and cost, our findings show that size matters: the larger the district, the lower the cost structure.

Student-Teacher Ratios: Roughly Equivalent

With such a great amount of variability in the expenditure per student, one might expect to find greater differences in a key component of a district's commitment to high quality education, the ratio of students to teachers. In fact we find that regardless how much is spent by the district in these regions the student-teacher ratio is roughly equivalent, averaging out at 12.7 – below the average U.S. ratio of 14.⁶

School Districts	Student/Teacher Ratio
Long Island School Districts	
1st Quartile (Smallest districts)	12.0
2nd Quartile	12.5
3rd Quartile	13.0
4th Quartile (Largest districts)	13.8
Northern Virginia School Districts	
Falls Church	10.8
Loudoun	13.5
Fairfax	13.4

Non-Teaching Staff: Roughly Equivalent

We expected that with Long Island's larger number of districts, we would find a larger gap in the ratio of non-teaching staff to number of students than in Northern Virginia. Surprisingly, we did not. The ratio is roughly equivalent between the two regions.

	Total Number of Non-Teaching Staff	Total Number of Students	Ratio of Students per Non-Teaching Staff
Long Island	33,333	474,382	14.2
Northern Virginia	15,331	206,859	13.5

Note: The numbers for non-teaching staff include some differences. For example, in NVA all bus drivers are employed by the district. On Long Island, more than half the school districts have out-sourced transportation services and therefore, in these instances, bus drivers are not included in the staff totals. Based on our rough estimates, we do not believe these differences significantly alter the overall ratio we are reporting.

Key Factors in Cost Differences: Salaries first and foremost

The key element in explaining the cost differences between Long Island and Northern Virginia are salaries, in particular the instructional staff – 64% of the difference is the instructional staff salary and benefits. When you include salaries and benefits for General Administration, School Administration, Support Staff and others, it jumps to 71% of the difference.

EXPENDITURES BY STUDENT				
Type of Expenditure	Long Island	Northern VA	Per Student Difference	Difference as % of Total Expenditure
Instructional Staff Salary	\$7,187	\$4,609	\$2,578	48%
Instructional Staff Benefits	\$2,044	\$1,194	\$850	16%
Subtotal	\$9,231	\$5,803	\$3,428	64%
All Other Salaries *	\$2,711	\$2,439	\$272	5%
All Other Benefits *	\$734	\$640	\$83	2%
Subtotal	\$3,445	\$3,079	\$355	7%
All Salary and Benefits	\$12,676	\$8,882	\$3,794	71%
Total All Expenditures	\$17,392	\$12,023	\$5,369	

** Includes General Administration, School Administration, Support Staff and others*

Since NVA's staffing is roughly proportional to Long Island's, on a per student basis, it suggests that the expenditure difference is not due to significantly higher staffs but rather to lower salaries⁷. As mentioned earlier, a likely explanation for this is the difference in labor/management relationships in the two states.

Overall Higher Costs on Long Island

	Number of Districts	Number of Students	Capital Outlay: Total Expenditures	Support Services: Total General Admin.	Support Services: Total Ops. & Maintenance	Support Services: Total Student Transportation
Long Island Total	127	474,382	\$808,646,000	\$162,887,000	\$646,415,000	\$ 421,743,000
% of Total Expenditure			10%	2%	8%	5%
LI Total Cost/Student			\$1,705	\$343	\$1,363	\$ 889
Northern Virginia Total	3	206,859	\$305,023,000	\$16,888,000	\$202,105,000	\$ 108,099,000
% of Total Expenditure			12%	1%	8%	4%
NVA Total Cost/Student			\$1,475	\$82	\$977	\$523
Ratio of LI Total: NVA Total	42.3 : 1.0	2.3 : 1.0				
Cost/Student Difference			\$230	\$262	\$386	\$366

Capital Outlay: Long Islanders spend \$230 more per student than NVA

Northern Virginia is going through a period of rapid growth and new schools are going up every year. In Loudoun County alone, they have built 20 new schools in the past 11 years and have plans to break ground on another six within the year. Therefore, we expected to see that capital outlay expenditures would account for a significant proportion of spending in NVA, and they do, 12%. We were puzzled though that Long Island, a region where population in this age bracket is now declining (although we did go through a growth period from 1990 to 2000) and new schools are not being constructed at the same rate as NVA, we spent almost 10% of all expenditures on capital outlays. In part this level of expense may be explained by the fact that we have older schools and more renovation is needed. Additionally, New York State offered aid for school construction costs and many districts availed themselves of these funds. But it remains an important question deserving of further exploration.

- **Question for further research:** Why are capital outlays for Long Island higher than NVA when they are going through a rapid population expansion requiring the building of numerous new schools and we are not?

General Administration: Long Islanders spend \$262 more per student than NVA

The General Administration category includes expenditures for Board of Education and Executive Administration services and other local education agencies (note: this is a separate category from school administration expenses). Since these types of expenses are related to school districts, the greater the number of districts, the greater likelihood that these expenses will increase.

EXPENDITURES BY STUDENT				
General Administration	Long Island	Northern VA	Difference	Difference as % of Total Expenditure
General Administration Salary and Benefits	\$165	\$67	\$98	37%
All Other General Administration Expenses	\$178	\$15	\$164	63%
General Administration Total	\$343	\$82	\$262	100%

Based on the data available we can ascertain that 37% of the difference between the two regions is attributable to salary and benefits. However, the bulk of the difference, 63%, is related to non-salary/benefits expenses for General Administration. Here again we can point to this as an item deserving further investigation.

- **Question for further research:** What are the potential savings in General Administration costs if Long Island school districts were restructured?

Operations and Maintenance: Long Islanders spend \$386 more per student than NVA

Operations and Maintenance includes expenditures for building services, care and upkeep of grounds and equipment, non-student transportation, and security services. A closer examination may clarify potential options for savings either through a redistribution of resources that makes it possible to eliminate some facilities, create bulk purchasing agreements, or other rationalizing of resources shared among a larger pool rather than on an individual district level.

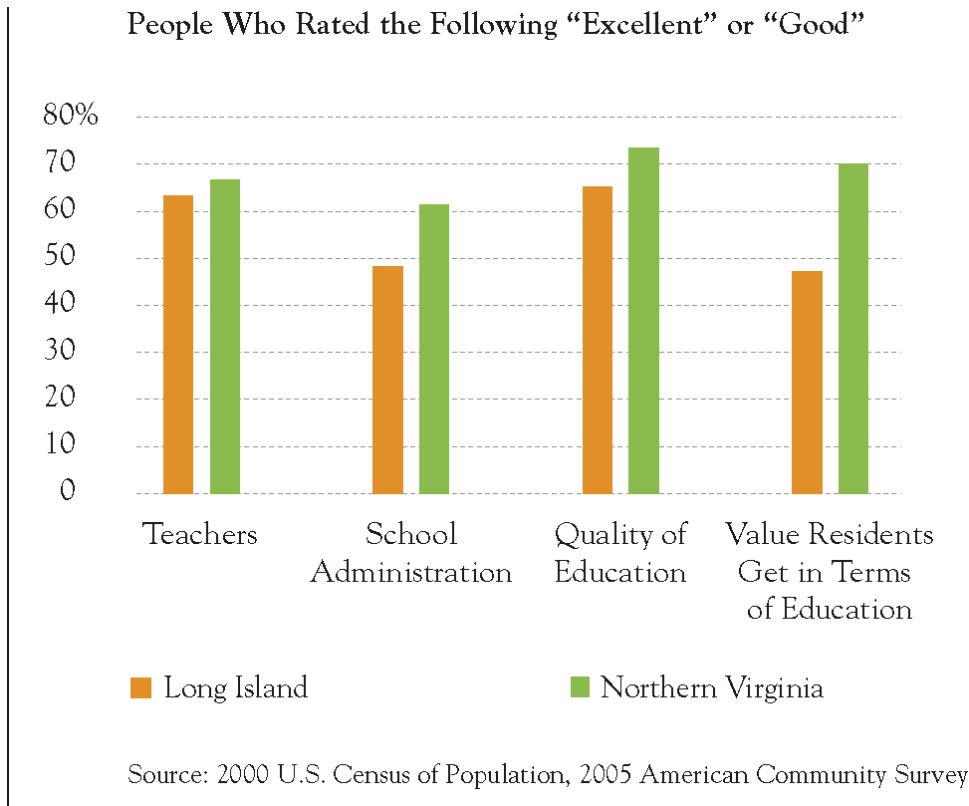
- **Question for further research:** What are the potential savings if expenditures for operations and maintenance were pooled over multiple school districts?

Student Transportation: Long Islanders spend \$366 more per student than NVA

Each school district in Northern Virginia owns and maintains their own bus fleet and hires the drivers. On Long Island, most districts have outsourced these services. Typically one would anticipate that the expense for outsourced services would be lower but we don't find that in this case. We think the explanation may lie in the fact that multiple separate agreements with bus companies may be less efficient than running or contracting for bus services on a county-wide basis.

- **Question for further research:** What are the potential savings if school transportation costs were pooled over multiple school districts?

Satisfaction Levels: Again Northern Virginians Are More Satisfied



Previous *Long Island Index* surveys told us that Long Islanders feel very satisfied with the overall quality of education in their districts as well as with their teachers and administrators. It was interesting to note that residents of Northern Virginia feel more satisfied with their schools than Long Islanders. When we analyzed the data by race and again by socio-economic status we found that African-Americans are more dissatisfied on Long Island than NVA – although this may be due to greater overall affluence in Northern Virginia. Residents of lower income districts/schools are less satisfied with schools in both regions. In both regions residents felt it was easy to access school officials.

Fire Services

Long Island has dramatically more equipment than Northern Virginia

As we learned from the *Newsday* series on Long Island fire districts, we have far more fire equipment than other regions including densely populated cities like New York. We find similar statistics in the comparison of Long Island to NVA. Long Island serves a region that is 1.3 times larger in square miles and 2.2 times the population of Northern Virginia. Yet, we have a total of 1,148 Fire/EMS vehicles compared to their 201 – 5.7 times more vehicles on Long Island.

	Square Miles	Population	Number of Fire Stations	Number of Fire Engines	Number of Ladder Trucks	Number of Ambulances
Long Island	1,199	2,754,718	381	693	189	266
Northern VA	924	1,286,046	58	90	23	88
Ratio of Long Island to Northern VA	1.3:1.0	2.2:1.0	6.6:1.0	7.7:1.0	8.2:1.0	3.0:1.0

Volunteer fire staff saves Long Island significant dollars but Long Island's equipment and operating costs are dramatically higher

With the data collected for this study, we are able to evaluate the cost implications of these purchases. Northern Virginia operates with essentially four fire departments and over half of the firefighters are paid employees. Long Island, on the other hand, is able to operate with largely volunteer labor. Men and women, donating their time and skills and willing to put their lives on the line for their neighbors, make tremendous sacrifices to help their community. There is no question that their services are highly valued by their neighbors and the camaraderie and community spirit they generate helps to create the strong sense of identity and bonds that all Long Islanders prize about living here.

NVA has been unable to meet their growing region's needs with an all volunteer force and as a consequence has had to hire more and more paid employees. Their personnel costs, on a per capita basis, are 6 times Long Island's. But, if you take personnel costs out of the equation and focus on only equipment/capital costs and operating costs, Long Island's expenses are dramatically higher than NVA. Whether you evaluate the costs on a per capita basis or per housing unit, Long Island spends more than twice the amount of money on non-personnel costs than NVA.

					Excluding Personnel	
Per Capita	Personnel Costs	Equipment / Capital Costs	Operating Costs	Total Costs	Total Costs	Difference
Long Island	\$ 22.90	\$ 30.76	\$ 51.73	\$ 105.39	\$ 82.50	LI = 2.07 x more than NVA
Northern Virginia	\$ 125.18	\$ 18.85	\$ 20.92	\$ 164.94	\$ 39.77	
Per Housing Unit	Personnel Costs	Equipment / Capital Costs	Operating Costs	Total Costs	Total Costs	Difference
Long Island	\$ 64.50	\$ 86.66	\$ 145.73	\$ 296.89	\$ 232.39	LI = 2.23 x more than NVA
Northern Virginia	\$ 328.43	\$ 49.45	\$ 54.89	\$ 432.76	\$ 104.33	
Per Square Mile	Personnel Costs	Equipment / Capital Costs	Operating Costs	Total Costs	Total Costs	Difference
Long Island	\$ 53,626	\$ 72,046	\$ 121,161	\$ 246,833	\$ 193,207	LI = 3.47 x more than NVA
Northern Virginia	\$ 175,411	\$ 26,410	\$ 29,314	\$ 231,134	\$ 55,724	

Roughly comparable response times, number of calls and ISO ratings found in both regions

We evaluated the insurance industry's ISO ratings for the two regions, fire response times, number of fire calls, number of EMS calls. While we could not make a definitive comparison because of differences in how each region records and tracks each item, we did come to the overall conclusion that there was a rough comparability between the two regions. Certainly there was nothing so dramatically different between the two regions that would explain the vast difference in capital and operating costs.

In comparing fire costs, greater cost efficiencies are present with the Northern Virginia model

Viewing the cost variances between the two regions, it seems to demonstrate that a single county, centralized model for managing fire service is more cost efficient in terms of equipment, capital and operating costs. If the time comes when Long Island is not able to maintain a volunteer force and needs to attract and pay a large proportion of career firefighters, we could face a double blow: paying significantly more in capital and operating costs, plus having to pay more for personnel costs.

Currently, Loudoun County is consolidating their fire districts into a county-wide management model. More details surrounding their reasons for this decision and the process of creating the consolidated model is available in CGR's full report. While Long Islanders may or may not choose to pursue a similar approach, there are a number of options that have been discussed and researched in Loudoun that provide useful comparisons for Long Islanders.

CONCLUSION

How to Use This Study

Long Islanders overwhelmingly are asking for options that would reduce their tax burden. This case study was undertaken to learn more about how costs are allocated in two different governance models and to ascertain how residents felt about these services. This information is best used as a stepping stone to further research and more fact-based discussions about how Long Island can address our issues.

Northern Virginia was selected as the subject of our case study because its highly centralized form of local government offered the best model to contrast with ours. Each of the expense items discussed throughout this report requires more analysis and deeper investigation to clarify the relevant details found on Long Island. This study was able to analyze expense categories by averaging together all the school, fire and other districts and looking for key differences with the Northern Virginia region. Vast differences and exceptions among and between districts are masked by doing the analysis in this way. Policy decisions cannot be made based on this data alone. But Long Islanders can use this case study as a point of departure for further discussions and analysis to help define potential avenues of fruitful investigation.

The Bottom Line: Potential savings might be in the range of \$1,500 for a Long Island family of four or \$1.024 billion for the two counties

PER CAPITA DIFFERENCE NOT BASED ON STATE REQUIREMENTS OR SALARY	Per Capita Difference	Salary/Benefits Portion	Balance
Per Capita Difference			\$1,722
Costs Due to Different State Requirements	\$477		\$1,245
All Other Functions *	\$1,245	-\$873	\$372
% Difference Not Based on State Requirements or Salary			22%

** For the purpose of this exercise, we used the salary/benefits differential found in Education for "All Other Functions."*

Based on this analysis, the per capita spending difference between the two regions is \$1,722. Of this total, \$372 is not dependent on specific state requirements or salary differences. What explains the difference? It is not quality of service because we found comparability in the overall quality of the services delivered and that NVA residents are more satisfied than Long Islanders with the return on their taxes.

Part of the difference may be explained by variations in the cost of living. We checked several sources for a reliable cost of living index to compare Long Island and NVA but found contradictory data – some showing NVA as more expensive, others showing Long Island. We opted not to adjust for cost of living but recognize that this might be one component of the difference.

The most likely explanation is that the majority of the \$372 per capita is based on fundamental structural differences associated with the governmental models in the two regions. Northern Virginia makes budgeting and expense decisions on a county-wide basis. Certainly the complex form of governance that has evolved on Long Island as well as other older regions makes it difficult to achieve economies of scale or other efficiencies.

With so many governmental units responsible for budgeting decisions of the same services, discussions of efficiencies or change are, at best, made more complicated and at worse, stymied. The comparisons with Virginia show that a county-wide service doesn't have to mean a loss of local control, poor quality service or less ability to resolve problems or contact administrators. As Long Islanders discuss options to address high taxes, these comparisons demonstrate that operating

local services at a larger unit of government can mean better service not worse, lower cost not higher, more access to service providers not less. In the best case scenario, if all \$372 per capita savings could be driven from local property taxes, a family of four could see their total tax burden decrease by almost \$1,500 a year. At the regional level, Long Island governmental spending could decrease by \$1.024 billion.

Addressing the Needs of All

Both regions are known for their excellent school systems. Both have high graduation rates (in 2004, Long Island's was 89.7%, NVA was 90.7) and high overall student achievement. But Long Island also has dramatic differences between high-need and low-need school districts. While strides have been made in improving some indicators such as performance test results in the lower grades, Long Island still has a long way to go in bridging the gap between rich and poor⁸.

NVA has similar poverty levels to Long Island's (as measured by the percent of students receiving free lunch, as of 2005, 12% in NVA, 13% on Long Island). The most dramatic difference in the student bodies is the percent of students with limited English proficiency. Over the last five years, NVA has risen steadily from 7.2% in 2001 to 11.6% in 2005 (by contrast, Long Island's was 5.6% in 2005).

In NVA, where school decisions are made at the county level, many options are available to address disparities. In one interview a town mayor said, "You have a whole system reacting to a problem." Loudoun County, for example, will move resources to meet local needs. The eastern portion of the county has a higher population of students needing English as a Second Language (ESL) resources. Therefore the district provides smaller class sizes and more resources to address it. In order to achieve the necessary flexibility, teachers can be moved where they are needed most. In order to maintain consistent school sizes and balance, students can be moved within a school cluster (a cluster is one high school plus the feeder elementary and middle schools). Curriculum is uniform across the district which helps to ensure that students are not penalized if they are moved between schools. Similar policies exist in Fairfax County where the Superintendent Jack Dale wrote in *The Washington Post*,

Over the past several years, we have been changing our staffing formulas to provide the necessary teachers for students in schools where there are higher levels of poverty and higher levels of students who don't speak English as a native language. I believe we must support these students to ensure they graduate with the same skills as their peers.⁹

There is no question that Long Island superintendents have the same educational goals for their students. But it is also true that they do not command the same level of resources, flexibility or total funding to address problems.

Considering Options

How did Long Island, and all of New York State, get so complex? Quoting from a recent New York State Comptrollers report,

New York's forms of general purpose government – counties, cities, towns and villages – were devised in the eighteenth century and developed in the nineteenth. But they have not been modified in the twentieth century, despite enormous changes in population size and diversity, economic activity, transportation systems, settlement patterns and communications technology. Instead, the state has added frequently but streamlined rarely. Localities kept their forms, but their functions converged. Where necessary, single-function, special districts and authorities were created to augment existing entities, increasing layering and complexity. The result is not a system, but a maze of overlapping and often competing jurisdictions.¹⁰

Robert Wood described the New York – New Jersey – Connecticut metropolitan area's system of governance as "one of the great unnatural wonders of the world...more complicated than any other that mankind has yet contrived or allowed to happen."¹¹ In explaining this phenomena, Gerald Benjamin and Richard Nathan noted, "Because localism has significant political value, changes typically are made by adding on, not replacing, existing local governments...attempts to eliminate local units are just too costly politically. Adding on is easier and politically safer."¹²

If Long Islanders are going to address the issue of high taxes, we need creative solutions that look at the full range of possibilities. Other regions have been grappling with these issues for years.

To cope with this challenge of complexity and address the challenges of fragmentation, regions are experimenting with a range of collaborative governance approaches. Different approaches may be appropriate for specific regions based on a diagnosis of their situation.

This continuum ranges from:

- ☐ Relationships based on collaboration among local governments
- ☐ Formal Partnerships among local governments
- ☐ Structural Change by local governments

...Each of the approaches may be appropriate depending on the circumstance.¹³

A recent study documented options that have been implemented by other local governments to address fragmentation and inefficient use of resources.¹⁴

Long Islanders have two choices – maintain the status quo or begin to discuss the options available to us to change how we govern and tax ourselves. In the *Long Island Index* surveys, Long Islanders have expressed openness to new ideas. Now is the time to consider what the right set of options would be for us in order to promote a region where high quality, affordable public services help grow high wage industries by attracting and retaining talent to the region.

ENDNOTES

- ¹ The data source for this information is Economy.com; data was analyzed by Hofstra University. This salary information refers to jobs in the region and not employment that residents may commute to outside of the region. While employee salary data looks only at those individuals who work in the region, comparing median household income looks at all residents within the region. According to 2004 census data, the median household income in Long Island was \$75,177 while Fairfax's was \$88,133.
- ² "All Other" refers to such functions as Solid Waste Management, Parks & Recreation, Higher Education, Water Supply, Libraries, Sewerage, Judicial/Legal.
- ³ The difference between revenue and expense is \$35 on a per capita basis. Expenses slightly exceed revenue due to accounting for debt and receipt of revenue across fiscal years.
- ⁴ Fairfax City students attend Fairfax County schools.
- ⁵ In part we know that the smaller districts on Long Island are often located in high-income areas or locales with high numbers of vacation homes and low number of year-round residents. In these instances, there is a large financial base that enables the expenses to remain high.
- ⁶ The National Center for Education Statistics (NCES) last reported this data in May 2002 for the school year 2000 – 2001. The ratios include all public schools (elementary, middle school, high school, and other programs including Special Education).
- ⁷ Data on statewide salary comparisons are available from the American Federation of Teachers, www.aft.org. They conducted a survey in 2003 – 2004 comparing teacher salary trends across the county. They found that New York State teachers received the 3rd highest pay in the country; Virginia teachers rank 20th. New York State teacher's average pay was \$55,181; beginning pay was \$36,400. Virginia teacher's average pay was \$43,936; beginning pay was \$32,437. By comparison, the US average pay was \$46,597; beginning pay was \$31,704.
- ⁸ For more on the issue of educational disparity on Long Island, see the Long Island Index 2007 report available online, <http://www.longislandindex.org/index.php?id=38>.
- ⁹ "Fairfax County Public Schools; Ask the Superintendent," *Washingtonpost.com*, January 26, 2006.
- ¹⁰ "A Research Series from the Office of the New York State Comptroller: Local Government Issues in Focus," *Outdated Municipal Structures: Cities, Towns and Villages – 18th Century Designations for 21st Century Communities. An Examination of how traditional classifications no longer fit many of today's local governments, and a discussion of policy implication*; October 2006, Vol.2, No. 3; Page 20.
- ¹¹ Robert C. Wood, *1400 Governments*, Harvard University Press, Cambridge, 1961.
- ¹² Benjamin, Gerald and Richard P. Nathan, *Regionalism and Realism: A Study of Governments in the New York Metropolitan Area*, Brookings Institute Press: Washington D.C., 2001.
- ¹³ From an article by Doug Henton, John Parr, John Melville "Governing Complexity: The Emergence of Regional Compacts," published in *Urban Sprawl: A Comprehensive Reference Guide*, David Soule, Editor. Greenwood Press, Westport, Conn., 2006.
- ¹⁴ Guide to Successful Local Government Collaboration in America's Regions; published by National League of Cities and the Alliance for Regional Stewardship; October 2006. Available from www.ars.org or www.nlc.org.