



Lt. Governor Becky Skillman's Report on the State of Local Government

Including Recommendations

January 3, 2012

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Skillman Hoosier Crossroads Tour

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Members of the Indiana General Assembly
State Government Agency Directors
Local Elected Officials

Dear colleagues:

In July, I announced that I was embarking on a 92-county tour of Indiana that we called the Hoosier Crossroads Tour. As part of this tour, I decided to do something that – as best we could tell – had never been done by a state executive. I planned to sit down with local elected leaders in as many counties as possible for a frank discussion about the state of local government in Indiana.

During the late summer and fall of 2011, I held these meetings in 27 counties. In each county, I took the opportunity to meet with local elected officials in a roundtable brainstorming session to discuss running the business of the city, town, or county. The meetings have been open, honest, and a frank assessment of local governments' successes and challenges. The following pages contain the results of these discussions and my recommendations, but first a few things to note.

This report is not intended to replace any work done before, including the Kernan-Shepard Report. My work was different due to the face-to-face discussions with local officials. However, the Kernan-Shepard Report recommendations were discussed during the meetings. We also talked about other topics, such as ways state government can eliminate red tape and the locals' best practices that can be replicated throughout the state.

This document is not intended as an endorsement of everything mentioned by local officials. As a former county official, (decades ago) I agreed with some of the responses reported here and also disagreed with some, and some are not feasible. My recommendations appear on the next page.

Finally, I'd like to thank those who participated in the discussion. With rare exception, Hoosiers are electing thoughtful and caring men and women to local office.

I enjoyed facilitating a conversation about providing services to our mutual constituents. In 2012, I will visit the remaining 65 counties. I hope this type of communication between state and local government continues well into the future.

Sincerely,



Becky Skillman
Lt. Governor

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RECOMMENDATIONS

Proposed Legislative Changes

Allow a Referendum for Cities, Towns, and Counties – Give local units of government the same ability that schools have to seek a referendum for additional operating expenses.

Infrastructure Funding – Allow cities, towns, and counties the freedom to transfer reserves to funding for local roads and streets. This would allow local governments at the end of the Fiscal Year to move surplus money from the Rainy Day Fund, cumulative funds, or the General Fund to funding dedicated to roads and streets.

911 Funding – The General Assembly needs to find a revenue solution for the administration of 911 services. As land line telephones become less common, a new funding mechanism needs to be adopted.

Professionalism – General Assembly should adopt anti-nepotism and conflict of interest statutes for local elected officials.

Township Government – Allow two options to streamline township government

1. Eliminate Township Advisory Boards outright and move fiscal authority to the county, and/or
2. Align townships with the three existing county commissioner districts. Townships would elect one administration for all townships contained in the district.

Legal Advertising – Broaden the options for required legal advertising for local governments to include online and other outlets.

Proposed Administrative Changes for State and Local Government

Joint Purchasing

1. Encourage local governments to adopt centralized purchasing within their unit and explore joint purchasing with other units of local government.
2. Encourage state government to allow local units of government to joint purchase fuel, IT equipment, and other items with the State.

Pre-Approved Infrastructure Plans – State government should develop pre-approved model plans for local infrastructure projects such as streets, sidewalks, and water infrastructure. Shovel-ready design standards will save local units millions in consulting and planning fees that often make projects cost-prohibitive.

Professionalism – State government should develop a standard of excellence for city, town, and county officials who meet professional and fiscal model standards adopted by OMB, DLGF, and SBA. State government agencies should also utilize technology during training so local officials can learn remotely without the burden and cost of travel.

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EXECUTIVE SUMMARY

Methods

Lt. Governor Skillman traveled to meet with city, town, and county officials in roundtable discussions in 27 counties in the last six months of 2011. The following elected officials from each city, town, and county within the county were invited:

- County Board of Commissioners President
- County Council President
- County Auditor
- Mayor
- City Council President
- City Clerk-Treasurer
- Town Council President
- Town Clerk-Treasurer

In total, 195 local elected leaders participated in these discussions. In the two-hour meetings, a facilitator asked six questions and recorded all given responses. The participating local officials then voted on the most important of all the top responses.

In the following pages you will see the responses to all six questions. The percentages next to the response mark the percentage of counties that listed the item as a top issue. The appendix at the end of this report shows all of the responses.

Questions and Responses

1. In terms of running the business of the city, town, or county, what is working well for you?

- **Cooperation/communication between city and county – (21.1%)**
- **Comprehensive economic development approach – (12.8%)**
- **Collaboration among departments looking for resources – (9.2%)**

During tough economic times, communities must continue to be creative and innovative when looking for new ways to collaborate. Often times, city and town boundaries are treated as a state border. This practice is trending away as communities realize the necessity of working together. A combined economic development approach is just one strong example. Regional economic development is also showing strong traction throughout our state and continues to show strong potential.

2. What are the top challenges that you face in running the business of the city, town, or county?

- **Lack of money – (18.7%)**
- **Gas Tax – lack of funding – (13.8%)**
- **Unfunded mandates – (7.3%)**

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The biggest issue facing every unit was the same thing stated several different ways: money. Whether it's diminishing property tax revenue, a feeling of unfairness in the gas tax, a dwindling 911 fund due to Hoosiers moving away from landline telephones, or any number of other issues, local officials are worried about sagging revenues.

This is not a new problem nor is it one that's unique to local government. State government has dramatically cut spending as necessary to balance the books during the recession without tax increases. In trying economic times, families and churches, businesses and governments are forced to provide more with less. A majority of counties discussed the lack of revenue being generated at the local level. Diminishing revenues with little ability to generate dollars locally make it difficult to maintain services and infrastructure.

3. Where do you feel interfered with by the state?

- **Local governments being preempted by state legislature – (17.2%)**
- **State unfunded mandates – (12.1%)**
- **DLGF budget processes – (12.1%)**
- **IDEM (storm water approval) – (9.1%)**

Local units of government are continuing to express frustration over state interference in their operations. From funding to mandates, cities, towns, and counties are continuing to feel as if their ability to govern is being taken away. Micromanagement from the legislature is one phrase that is used often throughout the discussion. Local elected officials feel that the General Assembly and state and federal agencies often over-reach and cause unintended consequences. Unfunded mandates, both from the state and federal level, are also a major concern for local elected officials.

When local units of government attempt to plan and execute a budget, concerns often arise over the formula and timelines used by the Department of Local Government Finance. This can lead to a budget estimate that can prove to be inaccurate over time.

4. What actions can the state take to help local government improve?

- **Fiscal Home Rule – (18.3%)**
- **Educate policymakers on the state of local government – (15.4%)**
- **Listen to local officials and be sensitive to local challenges – (11.5%)**
- **Streamline DLGF (simplify paperwork, verify revenue figures, training) – (9.6%)**

With every problem and interference, there must be a tangible form of improvement or solution. This question was aimed to help us better understand and clarify ways the state can help remedy some of the problems faced by local units of government.

As discussed throughout, local governments are feeling the financial pinch of providing the same level of services. Offering fiscal flexibility would provide them with the tools to make the tough decisions. Lack of communication between local elected officials and state legislators was a common theme. In a familiar refrain, local elected officials stated "one size fits all" approaches from the state do not work, leading to an onslaught of problems at the local level. Additionally, local leaders feel that there is too much red tape coming from state and federal government. Although it is important to continue to

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update and improve systems within state government, those updates and adjustments need to be conveyed to the affected officials in the form of additional training and clarity.

5. Which local government reforms or consolidations that have been suggested in the last few years could work in your county under the right circumstances?

- **Consolidation of Township Trustees – (12.5%)**
- **Joint purchasing with the state on salt – (11.5%)**
- **Joint purchasing with the state on vehicles – (11.5%)**
- **More oversight and approval of townships budget (eliminate advisory boards) – (10.4%)**
- **Some county offices should be appointed rather than elected and have professional standards – (10.4%)**
- **Centralized Purchasing within local government – (10.4%)**
- **Joint purchasing with the state on fuel – (10.4%)**

When discussing local government consolidations and efficiencies, the Kernan-Shepard Report was usually seen as the starting place. Encouragingly, nearly every county endorsed at least some of the local government reform recommendations. However, some ideas were rejected outright and some additional reforms were mentioned.

Maintaining the theme that funding is very tight at the local level, local officials would like to continue to seek out new opportunities to partner with state government in joint purchasing. In the past, many counties have considered and/or implemented joint-purchasing programs with the state for salt, vehicles, insurance, etc. An expanded menu would continue to provide savings at the local level.

On township government, most officials are receptive to some structural reform. Some officials remain adamantly opposed. Consolidation of township trustees is a common suggestion as well as the elimination of township advisory boards.

6. What “best practices” do you have that could work in other cities, towns, or counties?

- **Trash gasification for electricity**
- **Fiscal summits**
- **Neighborhood leadership training**
- **Land use ordinances on wind farms**
- **Wellness programs for the county**

Finally, local officials were given the opportunity to share some of their good ideas that have improved services and saved money for the local government. The above items were among the most interesting, but many other practices could be replicated elsewhere. See the Appendix for all top responses given for this and other questions.

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APPENDIX

Top Responses

A. In terms of running the business of the city, town, or county, what is working well for you?

- Cooperation/communication between city and county
- Comprehensive economic development approach
- Collaboration among departments looking for resources
- Push for greater efficiencies and accountability with reduced budgets
- Dedicated staff
- No political agenda
- Good success with grant infrastructure
- Good transparency to the residents and taxpayers. No secrets
- Combined police & fire dispatch
- Casino money
- Three commissioners
- Personal accountability
- Cooperation with several state agencies
- Working to be more proactive
- Current structure of government on the county level
- Have a county resource manager/county administrator
- When state gives warnings such as decreased revenue, local government takes seriously
- Departments put out five year budget plan
- Airport authority
- Good highway planning
- Ability to use TIF money to drive investment
- Redevelopment Commission provides flexibility
- DLGF relationship
- Make prudent and strategic infrastructure improvements
- Co-op with the state and the county on salt, etc.
- Resistance to change is not there, the way we saw years ago
- Good volunteers within the community
- Good use of technology
- Use of Indiana Land Resource Council resources
- Annual leadership summit

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B. What are the top challenges that you face in running the business of the city, town, or county?

- Lack of money
- Gas Tax – lack of funding
- Unfunded mandates
- Consequences of property tax caps
- DLGF (pink forms, more training)
- Insurance benefits
- Loss of 911 Revenue (Landlines)
- CSO mandates, leverage opportunities
- Ability to attract jobs. Challenge for economic development and job retention
- Uncooperative INDOT
- Lack of fiscal flexibility
- Predicting needs without knowledge of budget
- Lack of public awareness/understanding
- Legislative micromanagement
- Trying to involve younger adults in the process
- Lack of taxable land within the county
- Personal agendas & lack of communication
- Towns challenged with meeting needs
- Medical expenses of inmates
- Need to place higher value on education; this is a community issue
- Downtown revitalizing needs
- Structure of county government
- Lack of competition. Competition with ourselves
- Perception of city against county
- Flood control district - funds within tax caps. Need to be considered a utility like storm water
- City and town forced to pay appraisers to review assessments because of reductions
- On county level, the court system is a burden on budget; probation officers making big money, state mandates them to be paid a certain salary
- Circuit breaker. Lost over one million dollars in county budget. 1/3 of budget
- County council must approve budgets they have no authority over
- Resistance to change
- Lack of higher ed opportunities locally (Ivy Tech)
- Behind on assessments and tax bills
- State park visitors drain resources
- Lack of rural broadband

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C. Where do you feel interfered with by the state?

- Legislature trying to run the cities and towns from the statehouse
- State unfunded mandates
- DLGF (estimate budgets, Gateway)
- IDEM (storm water approval)
- Lack of home rule
- INDOT (highway sweeping, slow response)
- DNR (historic preservation, timeliness)
- Lack of attention from state
- SBA (unrealistic time restraints, demands)
- Grant requires too much work (red tape)
- State Police
- Circuit breaker applied disproportionately and impacts the town more than the school that is responsible
- Don't get fair share of gas taxes
- Adopted the LOIT, but the economy has been hit and we don't know how the state will react
- Exempting trucks from funding formula hurts rural communities
- Paying the town marshal is an issue. Constituents would like to have a full-time marshal, but it would take a half of a property tax draw to pay a full-time marshal
- Better communication with agencies from other states
- Struggling to put EMS services in county, no access to township tax levy dollars
- Sentencing reform question
- States promotion of regional economic development causes problems
- New election laws. Unopposed candidates not all ballots
- Gaming commission
- Public Records Commission- now have to keep records ten years. Must be on microfilm
- Counties aren't allowed to collect LOIT directly

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D. What actions can the state take to help local government improve?

- Fiscal home rule
- Challenge legislators to really understand what is going on locally
- Listen to local officials and be sensitive to local challenges
- DLGF (simplify paperwork, verify revenue figures, training – maybe webinars)
- Raise gas tax (include pick-up trucks in formula)
- Budget issues (non-binding review; timely notice)
- IDEM
- Budget publishing in paper
- INDOT (speed)
- Stop unfunded mandates
- Stay away from trying to change local government
- Reduce regulations on grants
- Keep county elected positions local
- Access to state surplus
- Provide flexibility to local officials under a certain threshold for designing building local projects
- Allow ability to have one computer system for all police agencies including state police
- Fix the ballot issue
- More funding on cell phone lines for 911
- Use highway equipment to help county property
- Take the court system off our backs
- Improve communications channels from state to county
- Uniform design for each small town for infrastructure. Paying big money for engineers and designs
- MVH distribution where a portion goes to state police
- Need a “help desk” for PERF & TERF
- Study riverboat funding
- Reevaluate collection of COIT and EDIT dollars. Time lag impacts budgeting
- Costs associated with housing juveniles
- Align agencies’ regions throughout state
- Make model best practices available at state level
- Continue pushing efficiencies in agencies
- Adjust the school funding formula
- Combine townships
- Streamline reporting for disasters
- Simplify collection of taxes and fees

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E. Which local government reforms or consolidations that have been suggested in the last few years could work in your county under the right circumstances?

- Consolidation of township trustees
- Joint purchasing with the state on salt
- Joint purchasing with the state on vehicles
- More oversight and approval of townships budget (eliminate advisory boards)
- Some county offices should be appointed rather than elected and have professional standards
- Centralized purchasing within local government
- Joint purchasing with the state on fuel
- Emergency services should be consolidated
- Combine city and county services where appropriate (parks, planning)
- Consolidate administration of schools
- Single county executive
- Partner on health insurance purchasing
- Push trustees for uniformity of decisions on distribution of poor relief
- Public private partnerships for EMS services with hospital
- Consistency in what is required for fire service
- Township tax levy, broaden the base for what it can be used for
- Fire service needs to be guaranteed
- Cap property tax deductions
- Require budget review to have discussion with taxing units
- Align townships by school districts
- Allow flexibility for communities

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F. What “best practices” do you have that could work in other cities, towns, or counties?

- Centralized/Joint dispatch
- Open lines of communication/cooperation
- Joint planning/economic development department
- Joint purchasing (state, county, city, schools)
- Utilize local people for infrastructure, without going outside the county for help
- Identify and sell assets for economic development
- Innovation in processes and utilities. Trash gasification for electricity
- Willingness to change and not being stuck in a “Way we have always done it” mentality
- Exploring sharing IT services
- Be innovative with ways to increase revenue; ordinance violation bureau and fire territory are examples
- Share equipment
- Going formless, going electronic
- Hold annual meetings with taxing units
- Fiscal summit
- Start early on budget in May
- Drug task force
- Work together on road projects
- Vision team for community
- Five year budget plan
- Neighborhood leadership training
- City school partnerships
- Operated ambulance service – County owned
- County administrator
- Pursuing grants
- Trying to maximize use of all money in county
- Good cooperation between highway departments
- Encourage qualified people to remain in their positions
- Already working together
- Land use ordinances on wind farms
- Have comprehensive zoning ordinance for county
- Landfill energy
- Solid waste district - interlocal agreement between county and district
- County housing of state inmates
- County and city working on solid waste
- Wellness program - Perry County Wellness
- Taxing offices meet monthly
- Use of gateway system