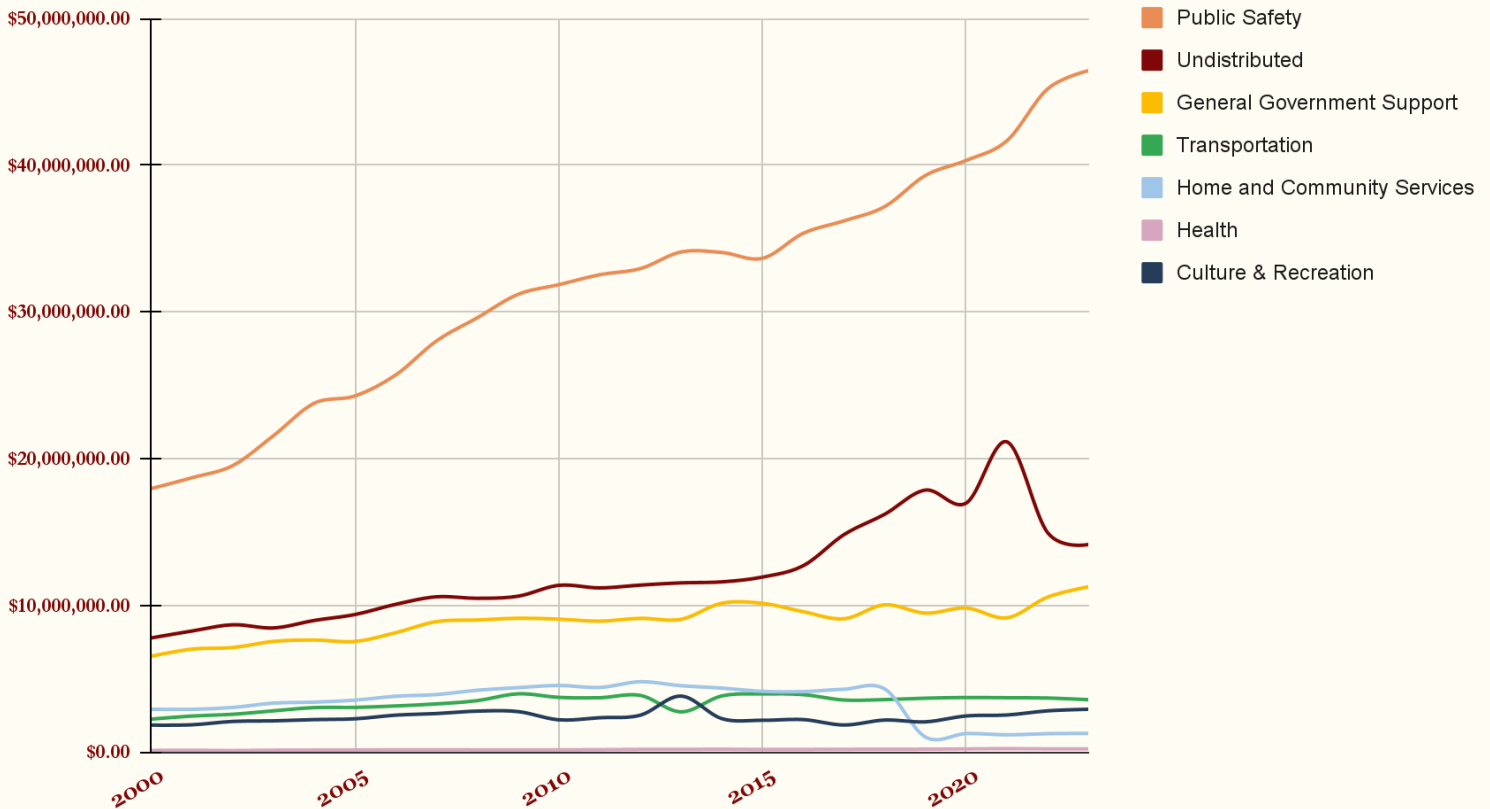


TIMBER | ISSUE BRIEF

Reversing Damaging Trends in Troy's General Fund (1/17/2023)

Having ballooned from \$18m in 2000 to \$46.4m now, Public Safety is the only category of expenditure to substantially outpace inflation. The budgets of Transportation, Home & Community Services, and Culture & Recreation have all been directly or indirectly slashed over that same period.

Troy's General Fund Budget Appropriations by Category (USD, 2000 - Present)



Even if we disregard Public Safety's outsized impact on large but generalized budget items, such as workers' compensation, retirement, and claims, Troy's 2021 spending ratio for Public Safety against other General Fund program categories is very nearly 1:1. The methodology for breaking down the numbers dramatically impacts how this compares to other similarly-sized cities to the north or west of New York City, but it is safe to say that this is a bit high. If we look at other cities like Rome, Ithaca, and Jamestown, that same ratio is 1:2 or lower. Auburn, Peekskill, and Binghamton all hover below the 3:4 mark. Troy spends more per capita on Public Safety personal services than all but 4 of the most comparable municipalities (Saratoga, Newburgh, Niagara Falls, and Poughkeepsie).

This is an issue, but the bigger problem is that Troy has not pursued additional revenue streams to keep pace with blue chip police and fire departments, so it relies upon debt and property taxes to stay afloat. Last year, some of the gap was bridged by quietly jacking up water fees and sales, which is regressive. The long-term sustainability of these budgetary habits are especially troubling when considering that:

- (1) The properties of many of the city's largest employers are tax-exempted; and
- (2) Troy's IDA is quite aggressive about establishing new major tax-exempted properties.

The Office of the State Comptroller expresses very similar concerns. In a November 2022 report, they say that the City should “identify additional financing sources and to include them in the budget instead of continuing to rely on the issuance of debt to finance equipment and vehicle purchases” and “be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless it properly overrides the tax levy limit.” Arguably, some variation of one or both of these recommendations has been repeated in every annual report going back to 2014.

As an easy starting place, we recommend that city officials correct these trends by focusing on filling vacant or recently-cut positions in general government support, transportation, home and community services, health, and culture & recreation. Some sensible and almost immediately implementable corrections to just appropriations in the General Fund include:

- (1) **Infrastructure.** 20 years ago, Troy had 4 Engineering Aides (3 Senior), a Civil Engineer, and what we would call a Traffic Engineer. The City of Troy now has essentially no Engineering department. Its growing dependency on contract services is not a cost-saving measure in the short term, and its damage to institutional retention is very bad in the long term. The City should gradually bring back these positions - and the resources they need to do their work in-house - at reasonable but competitive rates that can attract good talent and then *retain them*. The same basic phenomenon can be observed for other budget categories, and so our prescription is also the same.
- (2) **Legislative.** City Council salaries were set at \$15,000 in the 2001 annual budget. Adjusted for inflation, councilmembers would collect \$25,200 today. Troy also intermittently appropriates funds for a Legislative Assistant in various forms. \$10,000 was budgeted for the 2021 Legislative Assistant, for instance, while the 1991 Legislative Assistant was budgeted at \$40,885 (\$89,538.15 in 2022 dollars). The **most** democratic solution is to set reasonable but liveable salaries for councilmembers. Failing that, the City should at least hire a Legislative Director who receives compensation comparable to that of the average Legislative Director in the State Assembly or Senate.
- (3) **Executive.** A grantwriter only needs to win once to pay for themselves many times over, and a good grantwriter - particularly given the dramatic rise in block-type grants for which Troy is eligible - is going to win a lot more than once. The City could realistically poach fantastic grantwriters from nonprofits just by paying a living wage. Given the position's ROI and the importance of even marginal differences in grant applications, it makes no sense for Troy to try to save money by underpaying the grantwriter.

