



Fostering Efficient, Effective Local Government



Local Government Policy Agenda

The Taxpayers Association of Central Iowa exists to foster efficient and effective local government in central Iowa, which in turn contributes to a high quality of life at an affordable cost.

We recognize that local officials share these goals and believe it is in the best interests of the communities that we work together to pursue our goals. What follows are the principles and practices that we believe citizens should expect from their local government.

Explicit Consideration of Taxpayer Interests



When it comes to public dollars, there are plenty of stakeholders: employees, patrons, vendors, department directors and special interest groups. **Taxpayers—the individuals and businesses who pay the bills—are often invisible.** We maintain that their interests should be granted explicit interest at the outset of the budget process.

- ▶ TACI recommends that local governments consider budget goals in terms of actual taxes to be paid rather than keeping a constant property tax rate. Because assessed values change from year to year, a constant rate can generate large increases for property taxpayers and a potential windfall in revenue for local government. The revenue may end up being spent simply because it's there and taxpayers pay more without understanding why.
- ▶ TACI recommends local governments develop a reasonable reserve policy and hold to it. While credit rating agencies like large balances because they provide a safety margin, taxpayers prefer to keep their money until or unless it is needed. We believe it is possible to achieve a good credit rating without being in the top range of indicators.

Regular Evaluations of Faster/Better/Cheaper Approaches to Doing Business

Being aggressive about improving service and efficiency is a hallmark of good government. There are many ways to operationalize this expectation though collaboration and shared services are two best practices frequently used to great effect.

- ▶ TACI recommends that collaborative opportunities with other governments and private sector partners be explored and acted upon each year. Examples might include:

joint service delivery, outsourcing a service with a private provider, strengthening, expanding or changing a current contract, or taking advantage of outside assistance with process improvements.

- ▶ TACI recommends that local elected officials understand what the new collective bargaining law means to them and take advantage of the flexibility it offers to contain health care and other personnel-related costs.
- ▶ TACI recommends that service goals and performance measures be used in the budget development process. Such a process helps answer the questions, “Are we doing the right things in the right way?” How do we know?” Measures should focus on outcomes (e.g. crime rates) rather than activity (e.g. number of police officers).

Adherence to Mission

- ▶ TACI recommends local governments stay true to their mission and avoid mission creep. While state law strictly limits the functions that schools can perform, cities are permitted to do anything that will “protect and preserve the rights, privileges, and property of the city or of its residents, and to preserve and improve the peace, safety, health, welfare, comfort, and convenience of its residents.” (*Code of Iowa, Chapter 384*)



With such a broad mission, cities can easily expand beyond traditional municipal functions. That’s the time to ask whether the activity in question is a primary mission for another unit of government or the private sector. If so, it may be a “want” versus a “need.” A better approach would be to find a way to support the governmental or private sector entity with primary responsibility for the activity or function.

Understanding Future Tax Implications

- ▶ TACI recommends that three- to five-year operating budget projections be developed with all key assumptions identified. Knowing such a process is in place gives taxpayers more assurance of a stable tax environment, which in turn creates a good climate for economic growth.

► TACI recommends a three- to five-year capital improvement plan be used to guide capital investment decisions. Without a plan, projects can materialize just because funds are available or a new opportunity becomes apparent. A plan assures all opportunities are evaluated in the context of existing plans with a full understanding of any tradeoffs involved.

► TACI recommends full transparency about Tax Increment Financing (TIF) projects not only at their inception, but each year as part of the annual budget process. TIF revenue and use of TIF funds by district should be reviewed annually and compared with the original plan. Moreover, opportunities for general property tax reductions may occur when a TIF district sunsets and its evaluation is added back to the general tax rolls. Without regular monitoring, such opportunities may be missed.



Local Government Accountability Checklist

Explicit consideration of taxpayer interests:

- ✓ Goals are set in terms of actual taxes paid rather than the property tax rate
- ✓ Regular comparison of historical growth in property tax collections with inflation and population
- ✓ A reasonable reserve policy is observed

Regular evaluation of better/faster/cheaper approaches :

- ✓ Actively explore and adopt opportunities for collaboration
- ✓ Management evaluates and is held accountable for appropriate pay and benefit structure
- ✓ Service goals and performance measures are used in the budget development process

Avoids Mission Creep

- ✓ Is there evidence of mission creep

Long-term Sustainability

- ✓ Is there a 3- to 5-year budget projection with key assumptions identified?
- ✓ Is there a 3- to 5-year capital improvement plan used to guide capital investment decisions?
- ✓ Does the council review TIF district revenues and expenditures annually and compare to the original plan?