



Indiana Commission on Local Government Reform

Streamlining Local Government

We've got to stop governing like this



CENTER FOR URBAN POLICY
AND THE ENVIRONMENT



INDIANA UNIVERSITY

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Indiana Commission on Local Government Reform

Fellow Citizens:

At a moment when public anxiety about the cost and competence of government is extraordinarily high, the Governor of our state has asked us to examine the structure of local government in Indiana.

We now have spent the last six months asking whether Indiana's patchwork of local government delivers the most effective service at the lowest possible expense. The answer is no.

Contrary to the image most people hold of our state, Indiana is a place where the taxpayers support lots and lots of governments. We maintain literally thousands of local governments, and we pay for more than 10,000 officeholders.

All of this is more expensive than it needs to be. Moreover, it is all so complicated that voters and taxpayers have an extremely difficult time maneuvering their way through the maze and making their will felt. Indeed, even the many dedicated men and women who serve in this system of overlapping layers find it difficult to perform their duties effectively.

Our commission's proposals encompass just a few basic ideas. County governments should be led by a single county executive and a stronger county council, to whom professionally qualified administrators should report and be accountable. The services presently performed by township personnel should be transferred to the county governments. Only elected officials should have the power to levy taxes. All spending, including school spending, should be subject to more rigorous examination by elected officials. And Indiana's school districts should be large enough to gather sufficient resources to educate our children for twenty-first century life.

The transformation we propose will be disruptive, even painful, in the short run. Many who have vested interests in the status quo will resist these changes with great vigor.

We say that the status quo in local government is simply not good enough. Indiana can either embolden itself, designing new arrangements for its future prosperity, or continue to trudge along under a system of government erected 150 years ago.

The time for a leaner, more effective government is at hand. It will only come to pass if the people of Indiana insist on it.

Sincerely,

Joseph E. Kernan
Former Governor of the State of Indiana

Randall T. Shepard
Chief Justice, Indiana Supreme Court

Introduction

President Harry Truman kept a sign on his desk. It said, “The buck stops here.”

When it comes to local government in Indiana, few of us know where the buck stops. Our many complex layers of government are often difficult to understand, monitor and hold accountable.

For most of a century, studies and proposals have suggested how we might streamline local government. Some piecemeal measures have been implemented. But most have not. So despite lots of hard work and good thinking, the complexity of local government has actually grown, compounding over time.

Local Governments in Indiana	
Type	Number
Counties	92
Townships	1,008
Cities	117
Towns	451
Schools	293
Libraries	239
Special Districts	886
Total	3,086

Sometimes, such complexity breeds higher local government cost. In recent years, some Indiana citizens have felt the sting of cost increases more than ever, thanks to a jump in property taxes in many communities. Rising costs alone might justify local government reform. But it’s not the only reason.

More than ever before, Indiana, her citizens and her governments face significant challenges: an increasingly uncertain global economy; slow-growing family and personal incomes; rising costs of health care, gasoline and other goods and

services; aging infrastructure; the retirement of the Baby Boomers; and deferred pension costs, to name a few.

However, our greatest challenge may well be a growing cynicism among Hoosiers, typified by declining voter participation.

In the face of these challenges, local government must play a vital role if our communities and our state are to prosper. Yet we find local government mired in an 1850s reality that’s cumbersome, redundant and complex. Many local governments across Indiana are having their own financial difficulties, causing layoffs and cuts in service. The structure itself hinders our ability to provide equitable, efficient and effective services, and to respond quickly to a rapidly changing economy and world.

With more than 3,200 independent local governments,¹ our complex system of boundaries, officeholders and taxing authorities makes it increasingly difficult for citizens to affect local government services or the taxes that pay for them.

Recognizing this, Governor Mitch Daniels asked a small group of volunteers to help. He asked us to:

*Develop recommendations to reform and restructure local government in Indiana in order to increase the efficiency and effectiveness of its operations and reduce its costs to Hoosier taxpayers.**

This is the report of the Indiana Commission on Local Government Reform. It explains:

- Who did the work
- How we listened
- What we learned
- The principles that guided us
- What we're recommending and why
- Benefits to our fellow citizens

To be sure, these recommendations propose dramatic change for Indiana and for its local governments. And make no mistake: They will require a lot of commitment and hard work for many years to come. But we make these recommendations knowing that there has never been greater need, more public support or more political will for local government reform in Indiana. Indeed, the deafening volume of the current property tax crisis provides a unique and critical opportunity to finally address these longstanding structural complexities and inadequacies—the quiet crisis.

We therefore urge our fellow citizens to support enactment of these reforms with all due haste. The key is to act, not sit, on these long-overdue measures that will make local government in Indiana more understandable, efficient, effective and accountable.

We believe that by making local government easier to understand with straighter lines of responsibility and accountability, the public faith so vital to self-government will be greatly strengthened.

**The full text of the charge from Gov. Daniels can be read in the appendix to this report.*

The Commission and its principal staff

Governor Mitch Daniels asked seven volunteer citizen leaders to serve on the blue ribbon Indiana Commission for Local Government Reform.

The Commission co-chairs are:

- Joseph E. Kernan, former Indiana Governor and Mayor of South Bend
- Chief Justice Randall T. Shepard of the Indiana Supreme Court, former assistant to the mayor of Evansville

Other members of the Commission are:

- Sue Anne Gilroy, former Secretary of State
- Adam Herbert, former Indiana University President
- Louis Mahern, former Indiana State Senator and current Marion County Library Board Chairman
- Ian Rolland, retired Lincoln National Corporation Chairman and CEO
- John Stafford, former Allen County and Fort Wayne government official and current Indiana Purdue Fort Wayne staff member

You will find the Commission members' biographies in the appendix to this report.

Collectively, these seven Hoosiers included:

- Republicans and Democrats
- People who've won political office and people who've lost (and people who have done both)
- People who've served in the public and private sectors
- People who've lived in different kinds of communities in different parts of the state
- People who've worked in city, county and state government
- People who've served in the legislative, executive and judicial branches
- Academics who have analyzed local government performance

In short, they are people who know Indiana government—and its impact—very well.

The Commission was staffed by Indiana University's Center for Urban Policy and the Environment, a research organization that's part of the IU School of Public and Environmental Affairs. Commission costs were underwritten by Indiana University.

The Commission staff includes:

- John L. Krauss, Director
- Greg Lindsey, Ph.D., Associate Dean, IUPUI
- Jamie Palmer, Project Manager, Senior Policy Analyst
- Drew Klacik, Senior Policy Analyst
- Seth Payton, Senior Policy Analyst
- Debbie Wyeth, Data Specialist
- Lydia Johns, Graduate Research Assistant

- Megan LaMade, Graduate Research Assistant
- Nichole Kloehn, Graduate Research Assistant
- Elizabeth Watkins, Graduate Research Assistant
- Mark Hervey, Law Research Assistant

The Commission and Center for Urban Policy and the Environment relied on the regular counsel of a number of public policy and government experts and advisers. These included:

- Lawrence DeBoer, Ph.D., Department of Agricultural Economics, Purdue University
- William Blomquist, Ph.D., Department of Political Science, IUPUI
- Marilyn Hirth, Ed.D., Department of Educational Studies, Purdue University
- John Grew, Office of State Relations, Indiana University
- Erik Scull, University Information Technology Services, Indiana University

How we listened

In an effort to make sure we offered a practical and effective set of recommendations, the Commission gathered information and input from many sources. We reviewed previous proposals from both government and non-government sources. We relied on existing research, of which there is plenty. We also were blessed with extensive citizen input. Finally, we learned from people on the front lines of local government, and experts who study local government.

You will find in the appendix to this report an overview of the extensive research and analysis considered by the Commission—including an overview of public input received. In a nutshell, this included:

- A wide variety of local government data from Indiana and around the nation, cross-referenced in many ways
- An extensive range of studies, plans and proposals regarding local government reform in Indiana dating back nearly 75 years
- Best-practice reports and analyses from other states
- Interviews with representatives of public, private and nonprofit organizations with an interest in various aspects of Indiana local government
- Presentations by experts on various aspects of local government
- More than 700 citizens contributed suggestions in forums held in Evansville, Gary, Ft. Wayne, New Albany, South Bend and Franklin.
- Interviews, Web site submissions, e-mail and voicemail. Through its Web site alone, the Commission received more than 12,000 visits. Altogether, the Commission received some 1,500 comments, suggestions and submissions.

From this extensive information and input, Commission members discussed and debated, culled and refined, whittling all the possible reforms into 27 common-sense recommendations backed unanimously by its members.

Reforms that would matter

Commission members learned many things about local government in Indiana—strengths on which to build, opportunities on which to act, problems that could be addressed. Here are some of the key lessons and viewpoints that guided our deliberations.

With local government reform, we could help thousands of hard-working, well-meaning public servants provide the highest quality of service to their constituents.

Indiana is blessed with a wealth of dedicated elected officials and government employees. But because many of them work in a local government model that dates back to the mid-1800s, they're often hindered in their desire to better serve their communities.

With local government reform, we could streamline the layers of local government and direct dollars to better services instead of excess administration.

Indiana has too many local governments. As Governor Daniels pointed out in his charge to the Commission, "Indiana has some 2,700 local units of government authorized to levy property taxes. Governing these units are more than 10,700 elected officials, 1,100 of whom assess property. Few other states have as much local government." Because local government dollars are diluted and dispersed into so many layers controlled by so many players, they are not always spent efficiently.

With local government reform, we could hold local government more accountable on decisions and spending that are currently fragmented and delegated.

Too many decisions about spending are delegated to appointed boards and commissions that are not easily monitored by citizens. In addition, because many officials within local governments' executive branches (e.g. clerks, auditors, treasurers, sheriffs, coroners, etc.) are directly elected into their roles, it is often difficult for them to work as a team to coordinate policy and spending. Finally, in Indiana county government, the executive branch is most often led by a committee (commissioners), which slows decision-making and makes it difficult to hold any one person accountable.

With local government reform, we could better address modern needs instead of being bound by outdated realities.

We should no longer try to deliver government services under boundaries set according to travel by horseback. That's no longer efficient in this age of the Internet, interaction and interstates.

With local government reform, we could ensure that all Hoosiers have access to essential services.

For example, nearly 400,000 Hoosiers live in areas not covered by library services.² In a knowledge-based economy and society, that's unacceptable.

With local government reform, we could realize more cost-efficiency.

Many of our current jurisdictions are simply too small to provide the critical mass necessary to support the level and extent of services demanded today—or to realize any economies of scale. There is too much duplication and not enough cooperation among local units of government.

The guiding principles of reform

The core principles at the heart of our recommendations are:

Local government should be simpler, more understandable and more responsive.

The many layers of local government make it difficult for the average citizen to understand how to address specific needs, concerns or issues. A simpler system of local government will give citizens a better sense of where to turn for government services, and increase the speed with which their local governments can respond to a need.

Local government should be more transparent, allowing citizens to better understand whom to hold accountable—whom to thank or blame—for decisions, actions and spending.

Indiana's current system makes accountability difficult. For example, with multiple taxing authorities, Hoosiers have a hard time understanding whom to hold responsible for a specific tax increase or revenue shortfall. By reducing the number of officeholders, and making the lines of responsibility clear, Hoosiers can have a clearer sense of who is responsible for the actions of their governments.

Local government reform should drive real cost savings for Indiana citizens through the reduction of local government layers and the adoption of other cost-saving measures.

Reduced government and greater accountability can lead to better services and reduced cost. Improved operations and streamlined administrative functions result in more efficient use of funds. And the result of all of that is a more efficient, higher-functioning system of local government.

The structure of local government should be flexible enough to accommodate different kinds and sizes of communities and an evolving definition of community.

No one-size-fits-all solution can apply easily to our diverse state. We don't live in a world of city and county any more. Instead, we live in worlds defined as urban, suburban, exurban, rural, and so forth. We cannot expect the solutions that work for Marion County to necessarily apply to Orange County, or vice versa.

Reform should focus on long-term solutions that not only consider immediate needs, but also position Indiana for future efficiency and growth.

It would be easy to devise quick-fix solutions that deliver immediate impact but have little lasting effect, or that address immediate concerns but leave Indiana's future at risk.

Only bold, meaningful action will equip Indiana with a system of local government that will contribute to its success and growth well into the future.

Reform should provide practical, concrete, common-sense solutions, rather than grand schemes that would be difficult to implement.

Too many reform efforts fail because too little thought is given to practicality or implementation.

Local government reform should create a more equitable distribution of services and responsibility for funding them.

Under our current system, many citizens do not enjoy the level of services they deserve. Some pay for services they don't receive; others receive services for which they do not pay. Indiana can do better at matching services received and dollars paid.

The rearrangement of county and township functions must take care to respect the service being given by many local public servants. Employment and benefit opportunities must be a part of this plan.

The foregoing principles have driven a number of recurring themes in our proposals:

Reduce the number of local officials and local units of government.

Nearly 11,000 elected officials³ and 2,700 local units of government authorized to levy property taxes⁴ are simply more than Indiana needs. Fewer officials and governments will reduce bureaucracy, redundancy and overhead.

Allow only elected officials to approve taxes and debt.

A citizen's vote is his or her strongest tool for holding officials accountable for their decisions. Too many appointed boards and individuals hold fiscal power, thus removing them from the direct control of voters. By restricting such powers to elected officials, Indiana can give citizens a more direct line of authority over their officials. Appointed officials and boards will continue to provide appropriate services and support elected officials, but they will not directly levy taxes or take on debt. Voters can then hold elected officials accountable for the actions of the administrators they appoint.

Limit appointed officials to administrative responsibilities, and ensure professional qualifications and performance standards where appropriate.

Too many roles that should require professional qualifications and standards—such as assessor, sheriff and coroner—are in fact elected positions, with few if any requirements

for technical or professional expertise. We recommend removing these positions from the ballot and making elected officials responsible for appointing professionals to these roles.

Match the administration of state services with state funding whenever possible.

Shared state and local responsibilities for services and funding create conflicts between governments and generate citizen confusion about who is responsible for specific actions. State services should be supported by state funding whenever possible.

Support and encourage local governments in their reform and efficiency efforts.

Our proposals will not be enacted easily. Local governments will need assistance as they implement these efforts, and they'll need support and incentives if they are to drive their own streamlining and reform initiatives. It is imperative that the state develop a system of technical assistance and monitoring to ensure sustained implementation of local government reform, and that the state provide incentives and rewards for local governments that continually collaborate, innovate and improve efficiency and effectiveness.

Recommendations, stated briefly

Commission members agreed unanimously on 27 specific recommendations, believing strongly in each one. In concert and quickly implemented, they will achieve their intended aim. Taken piecemeal or prolonged, we'll be doing this again many years—and many dollars—from now.

Counties: Create a clearer, more accountable structure with fewer elected officials. Better coordinate public safety services.

1. Establish a single-person elected county chief executive.
2. Establish a single, unified legislative body for county government. Expand legislative membership to ensure sufficient representation for included rural, suburban and urban populations.
3. Transfer the responsibility for administering the duties of the county auditor, treasurer, recorder, assessor, surveyor, sheriff and coroner to the county executive. Transfer the varied duties of the clerk to the courts, to the county election board and to the county executive. Establish objective minimum professional qualifications and standards for certain county administrative functions.
4. Retain a local government role for property tax assessment under a county assessor who is required to meet professional qualifications and appointed by the county executive.
5. Create a countywide body to oversee the provision of all public safety services.
6. Consolidate emergency public safety dispatch by county or multi-county region. Require that new, local emergency communications systems be compatible with the Project Hoosier SAFE-T statewide 800 MHz communications system.
7. Transfer the responsibility for all funding of the state's trial court system to the state, including public defenders and probation.
8. Move the funding of child welfare from counties to the state.

Townships: Transfer all present responsibilities to the county executive.

9. Transfer the responsibility for administering the duties of township government for assessment, poor relief, fire protection, emergency medical services (EMS), cemeteries and any other remaining responsibilities to the county executive. Establish a countywide poor relief levy.
10. Transfer the responsibilities of the township small claims courts in Marion County to superior courts.

Schools: Establish districts that are large enough to provide high-caliber education at a lower cost and enhance fiscal accountability.

11. Reorganize school districts to achieve a minimum student population of 2,000. Establish state standards and a county-based planning process similar to that established in 1959 legislation.
12. Require that school corporation bonds be approved by the fiscal body of the municipal or county government containing the greatest proportion of assessed value in the school district.
13. Prompt joint purchasing by schools.
14. Conduct all non-partisan school elections during November in even years.

Cities and Towns: Strengthen accountability of elected officials, and eliminate the costs of separate elections.

15. Allow the city council to appoint the city clerk in second-class cities.
16. Move all municipal elections to an even-year cycle.
17. Transfer the responsibilities of municipal health departments to the county health department.

Libraries and Special Districts: Establish library districts that are large enough to provide high-caliber services to every Hoosier at a lower cost, and improve fiscal accountability.

18. Reorganize library systems by county and provide permanent library service for all citizens.
19. Require that the budgets and bonds of library and all other special districts be approved by the fiscal body of the municipal or county government containing the greatest proportion of assessed value in the unit seeking approval.
20. Strengthen the current joint purchasing infrastructure for libraries.

All Local Governments: Encourage additional voluntary action to increase efficiency and effectiveness.

21. Expand voluntary coordination and consolidation of units and services. Strengthen the power of voters to compel consolidation.
22. Allow local governments to establish service districts with differentiated levels of service and corresponding tax rates.

23. Facilitate local improvement efforts using best management and business practices. Strengthen state mechanisms that support these activities, particularly for collective purchasing.
24. Prohibit employees of a local government unit from serving as elected officials within the same local government unit.

Support and Monitoring: Facilitate the implementation of these recommendations.

25. Assign the Indiana Advisory Commission on Intergovernmental Relations to monitor progress toward these recommendations and conduct additional research as needed. Produce an annual report on progress through 2011.
26. Establish a statewide benchmarking system to provide the public and policy-makers with current information about local government productivity and progress.
27. Designate a state office to provide technical assistance to local government.

Recommendations and rationale, in full

Counties: Create a clearer, more accountable structure with fewer elected officials. Better coordinate public safety services.

Recommendation #1: Establish a single-person elected county chief executive.

Current structure of county government is antiquated, having been designed for the realities of the state more than a century and a half ago. Today's challenges warrant a clear, modern and streamlined executive, legislative and administrative structure. No business would hire three executives to direct its activities and finances. Similarly, a county led by a three-member board is hampered in being responsive to its citizens and taking the definitive actions necessary to address the complex nature of today's economy and public services.

We recommend the establishment of a single elected county executive to provide a single point of leadership, contact and accountability. This recommendation can be accomplished through statutory change alone. In 91 counties, this change requires transferring the executive responsibilities of the board of commissioners to a single elected official and expanding the legislative responsibilities of the county council. In Marion County, the board of commissioners currently is an ex-officio duty assigned to other elected officeholders. We recommend, in this case, that these responsibilities be transferred to the mayor.

This change is critical to the success of many of our subsequent recommendations. In light of that, we recommend that the transition to the new executive and legislative structure take effect no later than the elections of 2010, with the newly elected executives and legislative bodies taking office in January 2011.

Indiana should "investigate a move to an 'executive' form of organization rather than the 'horizontal-no-one-in-charge' organization we have now."

*-Councilman Jerry Hawkins
Clinton, Indiana*

"County government is organized in a horizontal line, not the traditional pyramid. There is no ultimate authority in county government, which creates a lot of 'cross blaming' with no real solutions. The 'buck' never really stops in county government."

-Indiana Association of County Commissioners

Recommendation #2: Establish a single, unified legislative body for county government. Expand legislative membership to ensure sufficient representation for included rural, suburban and urban populations.

Currently, Indiana is the only state that divides fiscal and other legislative policymaking between separate elected bodies. In a recent presentation, Ed Ferguson of the National Association of Counties confirmed that the current bifurcated structure adds another layer of confusion to Indiana government relative to other county government structures across the country.⁵

We recommend the establishment of a single legislative body that will be better understood by citizens and businesses that interact with county government, as well as more nimble in responding to today's policy challenges. The mix of rural, suburban and urban populations and communities in each county is unique. Varied circumstances and needs exist across the state. To ensure the representation of these varied interests, we urge an expanded membership for the county legislative body. We recommend that counties be given the option to establish a 7-, 9- or 11-member council with three at-large seats and the remaining members selected by district. No change in membership is recommended for the city-county council that serves Marion County.

This recommendation also can be accomplished through statutory change alone. In 89 counties, this change involves expanding the current legislative responsibilities of the county council. As with the county executive, the transition to the new legislative structure should take effect no later than the elections of 2010, with the newly elected executives and legislative bodies taking office in January 2011. Lake and St. Joseph counties already have adopted this change.

Recommendation #3: Transfer the responsibility for administering the duties of the county auditor, treasurer, recorder, assessor, surveyor, sheriff and coroner to the county executive. Transfer the varied duties of the clerk to the courts, the county election board and the county executive. Establish objective minimum professional qualifications and standards for certain county administrative functions.

Indiana counties elect a significant number of autonomous or independent county officers: auditor, treasurer, recorder, assessor, surveyor, sheriff, coroner and clerk. Just as common sense would keep one from hiring three separate executives to run a business, it also recommends against hiring 11 or more.

The county offices described above carry out what we describe as administrative functions. Purely administrative positions should be appointed. We recommend that, except for the clerk's duties, all these responsibilities be assigned to administrative offices under the county executive. The clerk's court duties should be transferred to the courts; the licensing and similar duties should be transferred to the county executive; and the election duties should be assigned to the election board of which the county executive

would be a member. The prosecuting attorney, as a state officer, should remain an elected position.

More specifically, we recommend that the responsibilities of the auditor, as a fiscal agent of the state of Indiana, be assigned to a new county fiscal officer who reports to the county executive. The responsibilities of the coroner should be assigned to a professional medical examiner and provided through multi-county arrangements when possible.

Unless otherwise indicated, we recommend that the county executive be given significant flexibility to structure the administrative departments of county government in a way that best suits local needs. Correspondingly, we recommend removing any strict statutory residency requirements for administrative positions, while allowing counties the option to establish them. Further, because the successful execution of some of these administrative responsibilities often involves complex technical skills, we recommend the establishment of minimum objective professional qualifications and performance standards for these positions.

Reassigning these functions to the executive officer will create clearer lines of accountability for local citizens and unified policy-setting regarding general operation, staffing, purchasing and other internal management issues. While including the sheriff may be the least anticipated element of our recommendation, we note that no other law enforcement leader is elected within any local, state or federal governments. We do not elect the chief of police or the director of the Federal Bureau of Investigation (FBI). It is important that county law enforcement be led by and accountable to the county executive for the same reasons that the remaining administrative county offices should be: It ensures that local government leadership and responsibility are clear, and gives citizens direct access to that leadership.

While we do not see the need for a constitutional convention to reform local governments, implementing this change for all offices except the assessor will require a constitutional amendment. We recommend that the responsibilities of the county assessor be transferred to the present county executive immediately and that, as with the preceding recommendations, the complete transition to the new administrative structure take effect no later than January 2011.

Accordingly, we recommend that the necessary process to amend the constitution begin immediately with the 2008 session of the General Assembly. This will allow the required adoption by two consecutively elected General Assemblies and the state referendum prior to the proposed transition. We recognize that, while the elimination of these elected offices requires an amendment to the state constitution, many of the duties now assigned to these offices can be reassigned to the county executive by legislative action.

“Eliminat[e] a number of elected positions that oversee administrative, non-policy-making offices that demand certain skills, not political savvy. These would include the county auditor, treasurer, surveyor, recorder and assessor (and might also include the sheriff). These would be hired and supervised by the county executive.”

*-Mark Miller
in Bluffton News-Banner Wells County*

“Technical positions that require specialized knowledge, surveyor, auditor, etc., should be appointed positions rather than elected.”

*-S. David Long
Crawfordsville, Indiana*

“The Governor, county commissioners and mayors should appoint all the present elective offices at the state, county and city levels. This would give Indiana a more efficient and streamlined government and would save money. These offices are really performing departmental functions.”

*-Robert L. Rock
Former Lieutenant Governor, State of Indiana
Anderson, Indiana*

“The county should have only one ‘professionally trained’ assessor.”

*-James Church
Indianapolis, Indiana*

“The assessing job should be in the county office. I feel we should retain all capable elected assessors as an appointed position but not elected.”

*-Mark Hickam
Guildford Township Trustee; Plainfield, Indiana*

Recommendation #4: Retain a local government role for property tax assessment under a county assessor required to meet professional qualifications and appointed by the county executive.

Media coverage of recent events has illuminated the growing crisis of confidence in the property tax assessment system. Currently, 1,100 local elected officials are responsible for property tax assessment.⁶ We received many comments from citizens and organizations about the need to reduce the number of officials responsible for assessment

while maintaining a local role. A credible property tax system is essential to restoring and maintaining confidence in local government. While improving the quality and uniformity of assessments will require a number of state and local government changes, we recommend the unification of local responsibility for assessment at the county level, managed by technically qualified personnel under the leadership of the county executive. A role for county government in property tax assessment is consistent with practices around the country; in most states, assessment is a county responsibility. A role for county government provides a valuable balance between accountability and accessibility to local taxpayers, the value of local market expertise, and the desire for fewer administrators.

We propose establishing minimum professional standards for county assessors and assessment staff and the transfer of current township responsibilities for assessment to the county level. We advise placing responsibility for the assessment of residential and small commercial properties with counties, and for large industrial, commercial and other specialized properties with the state. We recommend further that state government develop additional capacity to assist counties in completing local assessments.

We believe that economies of scale and expertise as well as improved accountability and citizen confidence can be gained by making these changes.

Our proposal can be accomplished solely by amending current statutes. We recommend that it be implemented immediately.

Recommendation #5: Create a countywide body to oversee the provision of all public safety services.

Law enforcement, fire protection, emergency medical services and 911 dispatch are critical public services and account for a significant proportion of local government spending. Costs are increasing as citizens demand higher levels of services at the same time that those services have become increasingly more sophisticated, requiring specialized training and equipment.

There are more than 1,150 local government police and fire departments that provide public safety services across the state.^{7, 8} This complex and overlapping web of local government units and service arrangements increases the overall cost of these services and has the potential to affect citizen access to critical services when minutes matter. This duplication of services is expensive.

Moreover, inequities exist within this complex system. A number of local governments are too small or dispersed to provide an acceptable minimum level of police and fire protection services in isolation. Currently, municipal residents pay for both county and municipal law enforcement. The success of this complex system often depends on the provision of specialized services by larger municipal governments without the ability to recover their full cost.

Better coordination of public safety services across local governments has enormous potential to provide improved service, equity of service and responsibility for costs, and cost savings as the result of economies of scale relative to administration, staffing, training and equipment.

We recommend that a new countywide body oversee the provision of public safety among service providers for the following functions:

- Police patrol and crime response
- Fire suppression
- Emergency medical services
- Homicide and other major crimes investigation
- Hazardous materials response
- Forensics
- Fire prevention and related inspection services
- Anti-terrorism preparedness and response (including, for example, SWAT, bomb squad and hazardous materials response)
- 911 dispatch
- Sirens and other public warning systems (e.g., reverse 911)
- Jail facility maintenance, operation, and asset management

We recommend that this new body be charged to establish local standards of service, to facilitate collaborative service arrangements and to adjust service and revenue areas of current providers as needed to achieve greater efficiencies as well as a more fair distribution of both services and tax burden. Service standards should be established based on objective information including state and national standards for response, types of properties, population density, etc.

We recommend that this new entity be chaired and administered by the county executive and that the membership include the county executive, the mayors of any city within the county and a representative of each additional unit providing any of the included public safety services. We propose that the county executive and the mayors be given voting authority. In the event that there is no included city, the town with the largest population should have voting authority.

We recommend that each oversight body be required, with input from citizens, to produce local service standards and a plan for public safety services within 18 months. We also strongly recommend the exploration of collaboration or consolidation with adjacent counties.

Failure to adopt the plan should preclude any increase in public safety levies for the included units, and that the State Police and Department of Homeland Security prepare the plan for any county that has not adopted a plan after three years. We recommend that this proposal be implemented immediately.

“I feel the use of law enforcement could be better utilized under one umbrella.”

-Jerry A. Lamb

Jennings County Council; North Vernon, Indiana

“When one looks at the number of police departments and sheriff’s departments in a given area, there could be a lot of operational savings...”

-James Seaver

South Bend, Indiana

Recommendation #6: Consolidate emergency public safety dispatch by county or multi-county region. Require that new, local emergency communications systems be compatible with the Project Hoosier SAFE-T statewide 800 MHz communications system.

Public safety dispatch is a critical component of effective public safety services. Local emergency public dispatch services are fragmented among municipal and county departments. Not surprisingly, citizens and policymakers often mention that such services are ripe for consolidation and the accompanying enhanced service, economies of scale and cost savings. Significant benefits can be gained by consolidating this critical service. Dispatch technologies that utilize geographic information systems should resolve many of the limitations that previously may have warranted separate systems.

Historically, public safety agencies have been unable to communicate with each other during significant events such as tornadoes. Over the last several years, state government has implemented Project Hoosier SAFE-T to establish an 800 MHz communications system to correct this significant public safety liability. The Integrated Public Safety Commission reports that the system’s state infrastructure is 95 percent complete.⁹

More than 800 local public safety agencies use the SAFE-T system, including 64 sheriff’s departments, 290 municipal police departments, 52 local emergency management providers and 399 fire departments. The remaining local units remain on legacy VHF and UHF systems either by choice or economic necessity. In some of these cases, units have radios programmed to use SAFE-T’s mutual aid channel to provide communications during critical incidents. The system has 35,000 registered radios. An additional 20,000 radios are needed to provide statewide service.

Effective state and local communications systems are critical to enhancing homeland security and all other public safety functions. We recommend consolidating public safety dispatch into a countywide system, encouraging consolidation into multi-county units when prudent and requiring the use of an 800 MHz system. The responsibility for consolidation should be assigned to the county oversight body for inclusion in the public safety planning recommended above.

We further recommend the establishment of grant funding to offset the significant technology costs that may accrue in converting and merging current systems. We recommend that units be allowed to repair existing systems, but be prohibited from purchasing new communications systems that are not compatible with these objectives. We encourage local units to access all resources available to participate fully in Project Hoosier SAFE-T. We propose that this recommendation be implemented immediately.

“The citizen calling 911 does not care where the 911 call center is but does care in the response from ‘local’ safety police/fire. So, consolidation of communication centers within a county makes sense to me and I’m sure there is a financial benefit and improved training possible.”

*-Andy and Karen Carter
South Bend, Indiana*

Recommendation #7: Transfer the responsibility for all funding of the state’s trial court system to the state, including public defenders and probation.

By state law, Indiana trial courts have responsibility for criminal, civil and juvenile cases and for providing probation officers and public defenders. But most funding for these courts and court personnel is provided by county [property] taxes. This system of county funding for personnel and programs, required by state law, has created inherent tensions between county governments and the judiciary. In addition, inequities exist among counties’ caseloads, personnel and probation and public defender programs. This means that some Hoosiers are denied prompt access to courts and court services simply because they live in a county unable to support its local courts at the same level as others.

While trial court judges would continue to be responsible for local court personnel and administration, state funding would improve the judiciary’s ability to allocate resources where they are needed most. This would help assure equal access to courts, probation, services and public defenders. In addition, state funding would reduce costs by allowing purchasing to be done on a larger scale.

We recommend that the state assume funding for the state’s trial court system, including probation officers and public defenders, so that the Indiana courts can meet the needs of the people they serve; conflicts with county government be eliminated; equal access can be assured; and economies of scale can be achieved.

Because state money, court costs and user fees already finance so much of court expenses, and because implementation should be a multi-year project, the fiscal impact should be manageable.

“The Indiana Judges Association has long supported, and continues to support, transferring the financing of Indiana trial courts to state government.”

*-Judge Thomas J. Felts, President
Indiana Judges Association
Allen Circuit Court
Ft. Wayne, Indiana*

“There is a crying need to reduce the tensions that often arise between Indiana trial courts and county government over the funding courts and courts services.”

*-Judge Peggy Quint Lohorn
Montgomery Superior Court
Crawfordsville, Indiana*

Recommendation #8: Move the funding of child welfare from counties to the state.

Indiana’s current system places the responsibility for the child welfare fund on county government. However, county governments cannot affect the activities or cost of the program, and the unpredictable nature of expenditures makes it difficult for counties to predict and budget resource needs for other important public services. Funding for the care of the state’s children is more appropriately a statewide responsibility (rather than one based on the residence of children). For these reasons, we recommend that the management and funding of child welfare be the sole responsibility of state government. Unified responsibility and funding will help to create clarity, predictability and equity for county government and Indiana citizens.

“County child welfare costs—this is a state responsibility.”

*-Mark A. Burkhardt
Muncie, Indiana*

Townships: Transfer all present responsibilities to the county executive.

Recommendation #9: Transfer the responsibility for administering the duties of township government for assessment, poor relief, fire protection, emergency management services (EMS), cemeteries and any other remaining responsibilities to the county executive. Establish a countywide poor relief levy.

The number of local governments in Indiana combines with overlap among units to result in a structure that is simply too complex. Contributing to this complexity are the state’s

1,008 township governments, far more units than in any other type of local government. The cumulative effect is that Indiana has three complete levels of general-purpose government (counties, townships and municipalities), one more layer than in most of the rest of the country. No other state has a universal layer of township government.

As commissions before us have suggested, townships often are too small, in terms of land area and population, to provide cost-effective public services. This problem only becomes more pronounced with increasing administrative, staffing, training and equipment requirements, particularly for fire protection. Broad variations in resources among so many local governments create inequities in basic services and taxes, such as fire protection, emergency medical services and poor relief.

As we urged for property tax assessment, we recommend transfer of all remaining township responsibilities for poor relief, fire protection, emergency medical services and other services (parks, community centers, maintenance of abandoned cemeteries, indigent burial, weed control and fence disputes) to the county executive. We believe that Indiana counties are large enough to allow economies of scale in services, but not so large that they preclude sufficient access and responsiveness for citizens.

The county executive should be given significant flexibility in establishing service districts within the county for fire protection and emergency medical services. For poor relief services, it is important to maintain the personalized service, use of various forms of relief, and offices appropriately disbursed. We recommend the creation of a countywide levy. County government should operate under the current service requirements, including the flexibility to structure the program to meet local needs. This recommendation should be applied to all townships, including those in Marion County.

“I am in favor of a redistricting that deletes the township level of government. The whole tax situation is getting out of control.”

*-Margaret Applegate
Camby, Indiana*

“I would first eliminate the many layers of government. The time of township government has passed and we should go to county government only. It is time to move beyond partisan fighting and look toward smaller government.”

*-Shelley Chamberlain
Indianapolis, Indiana*

“The township governance was established long before we had computers, and it was a time when Hoosiers traveled by horse rather than autos.”

*-Robert L. Koch II
Evansville, Indiana*

“I have been serving on the Knight Township Board for over 12 years; I’m in my fourth term. I cannot fathom an excuse for continuing this antiquated layer of government... Coordinate poor relief via county government with several one-room offices around the county.”

*-Suzanne A. Nicholson
Knight Township Board; Evansville, Indiana*

“I do believe that Township Government can be abolished and the duties transferred to County Government. This is coming from someone who has served as a Township Board member from 2005 to present.”

*-Steve Ostermeier
Former County Commissioner; Brownsburg, Indiana*

“The rural township/trustee system is a relic of the past and needs to be done away with.”

*-Eberhard and Ruth Reichmann
Nashville, Indiana*

Recommendation #10: Transfer the responsibilities of the township small claims courts in Marion County to superior courts.

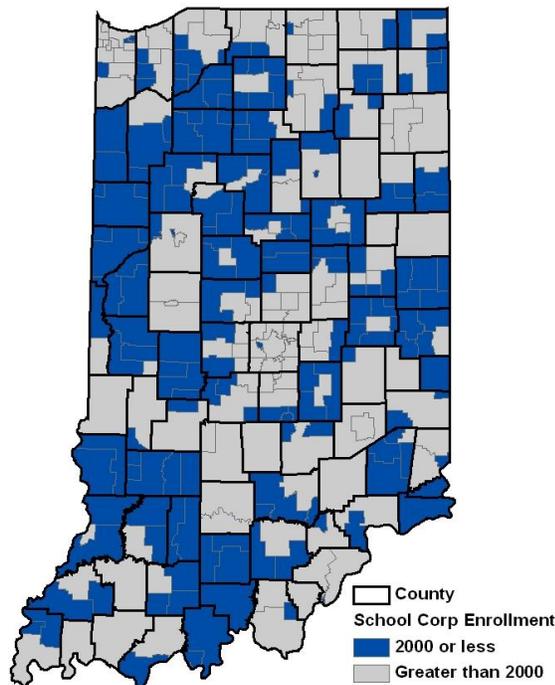
The only remaining township small claims courts are located in Marion County.¹⁰ We recommend that these courts, both judges and constables, be integrated into the Marion Superior Court, with provision for court locations dispersed through the county.

Schools: Establish districts that are large enough to provide high-caliber education at a lower cost and enhance fiscal accountability.

Recommendation #11: Reorganize school districts to achieve a minimum student population of 2,000. Establish state standards and a county-based planning process similar to that established in 1959 legislation.

In 2006, schools accounted for 54 percent of all property taxes collected.¹¹ Indiana has 293 school districts, ranging in size from more than 37,000 students in the Indianapolis Public Schools to 156 in the Dewey Township Schools in LaPorte County.¹²

The overarching goal of school corporations should be to maximize student achievement at the lowest possible cost. Indiana currently employs fewer instructional personnel, including teachers and instructional aides, as a proportion of employment, while employing more cafeteria workers, bus drivers and “other” personnel than the national average for states.¹³



Many Indiana school districts are not large enough to maximize student achievement or cost efficiencies. The Indiana General Assembly recently passed legislation requiring that all students admitted to state four-year universities in 2011 must have completed Core 40 requirements. The requirements for completion of Core 40 and Core 40 Honors diplomas have increased.¹⁴ The residential campuses of Indiana and Purdue

Universities will require Core 40 Honors for admission beginning in 2011. In 2006, three quarters of graduates in 77 Indiana school corporations would not be eligible for admission to campuses in Bloomington or West Lafayette.¹⁵ Similarly, small districts are less likely to have critical mass to provide effective vocational training, special education and other specialized services in the absence of specialized cooperatives.

Preliminary research on Indiana suggests that an optimal balance of cost efficiencies and student achievement is realized in school corporations with enrollment between 2,000 and 4,000 students.¹⁶ Similarly, a compilation of national research suggests that this balance typically is achieved at district enrollments of between 2,000 and 6,000.¹⁷ More than half of all school districts in Indiana have fewer than 2,000 students; 46 districts have fewer than 1,000.¹⁸

We applaud the school districts in Randolph, White and Delaware counties that applied for the grant funds available to support voluntary consolidation.¹⁹ Significant educational and savings benefits can be gained by further reducing the number of school districts in the state.

We recommend the reorganization of school districts to create school districts that have enrollments of 2,000 students or greater. We recommend the establishment of a reorganization process similar to that required in 1959 legislation (IC 20-23-4), which included setting straightforward state achievement standards, creating local plans and gaining approval by the State Board of Education. We recommend requiring reorganization in counties with multiple school districts, and encourage reorganization across multiple counties when prudent.

We further recommend that the State Board of Education establish a method for re-setting state and federal standards in the event that combined districts will create sanctions that would not have affected one or more of the participating districts.

Indiana has too many school districts and administrators, but Indiana does not have too many schools. We recommend retaining geographically dispersed schools to allow districts to maintain optimal class sizes and serve local populations and needs.

We recommend that this process be set in motion immediately. As a practical matter, the Department of Education should be given six months to establish the necessary standards. County committees should be given 18 months to complete the plan. If they should fail to complete the plan within three years, the Indiana Department of Education should prepare the plan.

“One major suggestion I have is to consolidate school systems in counties so that any one school system has between 500 and 1,000 graduates per year. [The schools in my county] are very good schools, but they could benefit from consolidation.”

-John Wilson

Denver, Indiana; Miami County

“There are a number of counties in Indiana that operate, in my opinion, with more school corporations than are necessary. There would be a significant savings utilizing less superintendents, less administrators and less transportation departments.”

-Pamela Earls Steenberger

Danville, Indiana

“We have THREE school corporations in our county. Please mandate consolidation to one corporation.”

*-Carol Cook
Crawfordsville, Indiana*

“Consolidate smaller school districts.”

*-Anita Knowles
Johnson County Council*

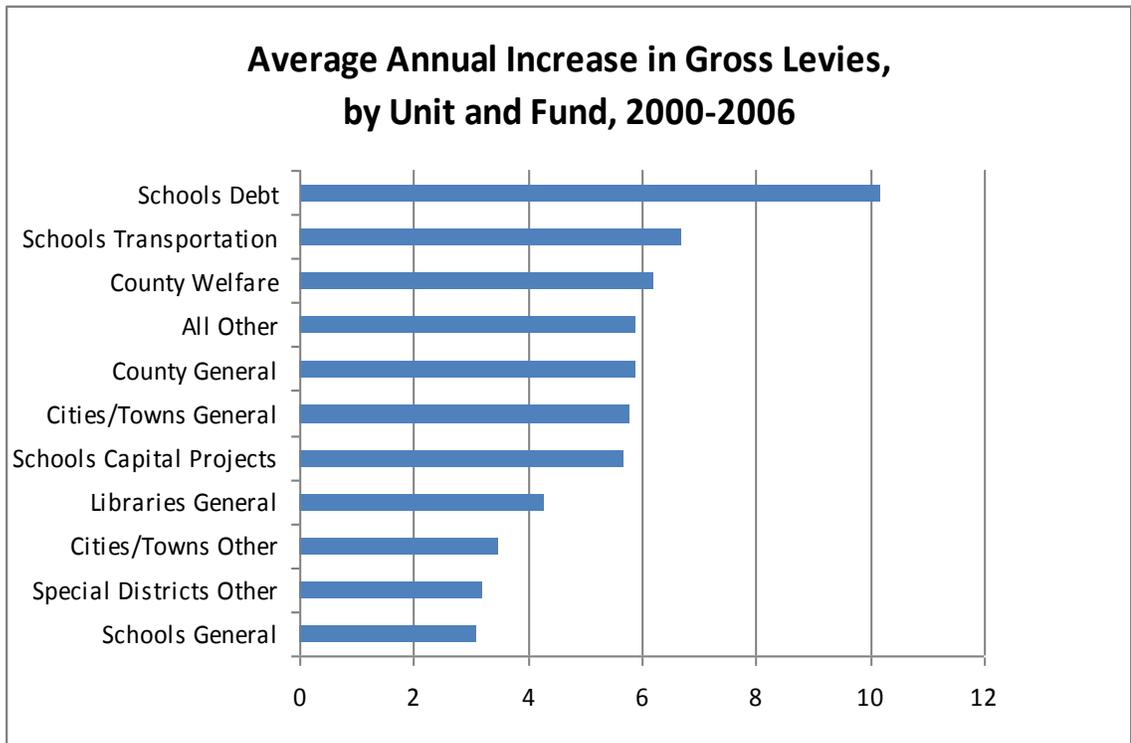
“Indiana has many small- to medium-sized school corporations that would be more efficient and could provide more educational opportunity through consolidation. Schools, like corporations, can be too large and lose their efficiency as well as their personal [concern] for the student and the taxpayer. But Indiana is far from facing that crisis... We need to discuss consolidation, while considering the student and the taxpayer.”

*-R. Stephen Gookins
Delaware Community School Corporation Superintendent,
retired 2007*

Recommendation #12: Require that school corporation bonds be approved by the fiscal body of the municipal or county government containing the greatest proportion of assessed value in the school district.

Taxpayers in parts of the state are frustrated with the cost of school construction, particularly for non-educational facilities. School debt service is the fastest-growing part of the property tax levy.²⁰ Indiana needs a stronger approval process for school debt. We recommend that the fiscal body of the county (for unincorporated areas) or municipality containing the most assessed value within the school district approve the issuance of all school bonds with input from the affected citizens and taxpayers.

Our proposed solution is different in approach but not in principle from the legislation creating the county board of tax and capital projects review and other proposals presently on the table. We believe that, by using an existing fiscal body, the same purpose will be served, the process will be less complicated and citizens will be better equipped to understand and participate. Citizens should retain the current ability to remonstrate directly.



“I am especially alarmed at the ease with which schools can decide that they want to spend millions... Please, change the present system for the better, which should include controlling this run-away spending.”

-Janet Lindsten

“One of the major problems with our present local government taxing system is the fact that too many units of government have taxing authority. There is no way of prioritizing local spending. Each unit with taxing authority—and there may be five or six in any given area—rightly thinks they are performing an essential and/or worthy service, thus levy taxes accordingly.”

-Morris H. Mills

Former State Senator; Ladoga, Indiana

Recommendation #13: Prompt joint purchasing by schools.

Rising property taxes also have focused increased attention on school purchasing.

Currently, Indiana schools undertake shared purchasing and services arrangements both independently and through nine regional education service centers that were created to

facilitate joint education planning activities among districts and to capitalize on economies of scale.

In 2006, the General Assembly tasked the Indiana Board of Education to report annually on the participation by schools in shared purchasing and service arrangements. The survey conducted in mid-2007 documents only minimal savings over the previous 12 months, including \$4.2 million and \$29.2 million savings reported from the collaborative efforts of individual districts and the nine education service centers.²¹ While there appear to be some significant issues regarding the quality and uniformity of data collected that may result in some under- or over-estimation of savings, it is clear that enormous additional savings opportunities exist. For example, of the 293 districts, three reported joint purchase of buses; 16 reported joint purchase of office supplies. Only one education service district reported a joint purchasing arrangement for petroleum.

We recommend that school districts be required to purchase certain goods via joint arrangements unless additional savings through independent purchasing can be documented. We strongly encourage additional use of cooperative service arrangements. We encourage the state of Indiana to establish additional statewide educational purchasing opportunities through the quantity purchasing agreement (QPA) system.

“One idea I have had is creating a central payroll system [for schools]... This system would help reduce the need of having thousands of different payroll systems around the state and might even help with sharing employees across organizations, since it would be just a matter of splitting the bill across accounts.”

*-Brian Ellison
Bloomington, Indiana*

Recommendation #14: Conduct all non-partisan school elections during November in even years.

School districts currently have the option to hold their non-partisan elections either during the primary or general elections, in May or November, respectively. Primary election turnouts are so low that the public cannot have sufficient confidence that the officials elected are representative of the electorate. We recommend that all school elections be held in November to ensure that those officials are more representative of the citizens they serve.

Cities and Towns: Strengthen accountability of elected officials, and eliminate the cost of separate elections.

The present structure of cities and towns is relatively straightforward and easier for citizens to understand and influence. We make just three minor recommendations for change.

Recommendation #15: Allow the city council to appoint the city clerk in second-class cities.

City clerks in second-class cities are elected. Because we believe that positions that are purely administrative should be appointed positions, we recommend that the clerk, as secretary to the city council, become an appointed position under the management of the city council.

Recommendation #16: Move all municipal elections to an even-year election cycle.

Municipal elections are held in odd years. All other Indiana elections are held in even years. Because of this system, municipalities must cover the cost of odd-year elections. For example, based on costs in the previous election, municipalities in St. Joseph County estimate that they will spend \$220,000 on the 2007 election, including \$142,000 in South Bend, \$72,000 in Mishawaka, and \$6,200 for the remaining units.²² We recommend moving municipal elections to even years to save costs and increase the probability of greater participation.

“Reduce the number of local elections and require that they be held on the same date as Governor, Senator, Congressman, President, etc.

-Dales Sedler

Franklin, Indiana

Recommendation #17: Transfer the responsibilities of municipal health departments to the county health department.

The services provided by municipal health departments are duplicative and should be consolidated into the appropriate county health departments. Consolidation will provide economies of scale, particularly with respect to administration, and additional quality and consistency of services across communities within the affected counties.

Libraries and Special Districts: Establish library districts that are large enough to provide high-caliber services to all Hoosiers at a lower cost, and improve fiscal accountability.

Recommendation #18: Reorganize library systems by county and provide permanent library service for all citizens.

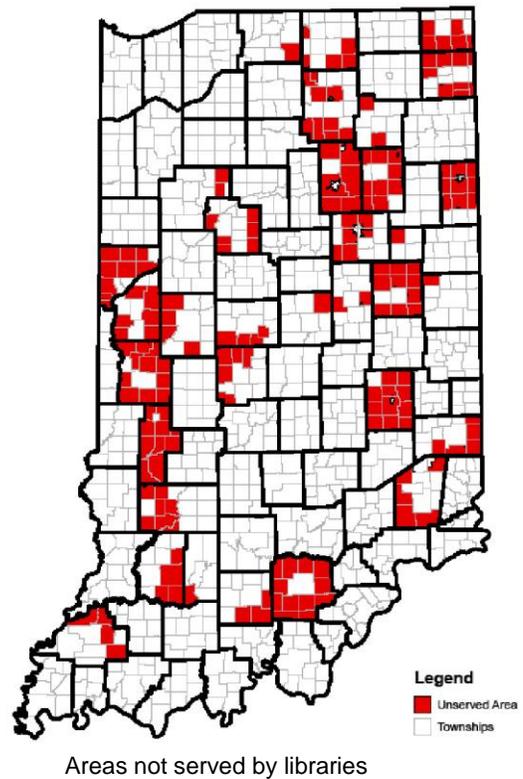
Indiana has 239 library districts serving communities ranging from approximately 250 to 833,000 in population.²³ Many library districts, large and small, provide excellent library service. In fact, in 2004, Indiana libraries ranked second overall, and at or near the top 20 in 22 national benchmarks on services, collection, revenue and expenditures published by the National Center for Education Statistics. Libraries are important community assets that provide a variety of specific services based on local needs.

The overarching goal of libraries should be to maximize access to services, materials and other information resources at the lowest possible cost. The use of aggregated statistics alone masks a number of access, performance and cost-inefficiency issues. Currently, an estimated 395,000 citizens in 38 counties do not have access to library services in the communities in which they live; 29 counties contain territory that is “underserved” by contractual library service.²⁴ Indiana libraries employ almost twice as many staff (full-time equivalents) per 10,000 population than the national average.²⁵

In recent years, the General Assembly prohibited the creation of new library districts serving less than 10,000 people. Almost three-fifths (136) of all districts serve populations of less than 10,000.²⁶ These small districts serve less than 9 percent of the population and account for only 8 percent of total statewide circulation. Small districts make up large proportions of those exceeding the state average for operating expenditures and staffing per 1,000 population and for cost per circulation. In 2006, 15 library districts serving populations of 5,050 or less were cited for failing to meet minimal state standards.

A better balance between cost and service can be achieved. We recommend the mandated reorganization of library districts across the state into 92 countywide systems, with the option to reorganize into multi-county districts when prudent.²⁷ By reducing the number of districts, we can address current unserved and underserved areas and achieve additional economies of scale within administrative and purchasing expenditures.

This responsibility should be assigned to the county executive. In Marion County, this responsibility should be assigned to the mayor. We further recommend the establishment



of grant funding to offset the significant technology costs that may accrue in converting and merging current systems.

Indiana has too many library districts and administrators, but Indiana does not have too many libraries. We recommend maintaining the current mix of geographically dispersed facilities to allow districts to serve local populations and needs. We recommend that the process begin immediately.

Recommendation #19: Require that the budgets and bonds of library and all other special districts be approved by the fiscal body of the municipal or county government containing the greatest proportion of assessed value in the unit seeking approval.

Libraries and other special districts are independent local governments governed by ex-officio and appointed members, rather than by officials elected directly by the voters. Many, although not all, have the power to levy property taxes and issue debt. Taxpayers have indicated frustration with the gap in accountability created by such enormous fiscal powers in the hands of non-elected officials.

We believe that the most direct way to address taxpayer frustration is to create an external local approval process for the budgets and debt for these local governments. We recommend that the fiscal body of the county (in the case of unincorporated areas) or municipality containing the most assessed value within the unit boundaries approve all budgets and the issuance of all bonds with input from citizens and taxpayers. We note that our proposed solution is different in kind but not in principle from the powers designed for the county board of tax and capital projects review. We conclude that fiscal restraint may work best in the hands of existing city and county councils that already are known to the public.

“Remove the [taxing] authority of any office or entity who historically has little or no oversight or transparency. Townships, libraries, airports, etc. spend an awful lot of money that is approved with little or no oversight or even public notice.”

*-Melyssa Donaghy
Indianapolis, Indiana*

“I would like to state that we have boards that have taxing authority that are not elected by the people. They are appointed and just do not have the insight into how many different items our tax dollars support. They have tunnel vision on their projects.”

*-Al Hornaday
Brown Township Trustee, Morgan County*

Recommendation #20: Strengthen the current joint purchasing infrastructure for libraries.

Indiana libraries have a number of longstanding statewide, regional and local arrangements for the provision of joint training, purchasing and services. While much attention has been focused on the Indiana Cooperative Library Services Authority as the result of the PROBE study conducted by Indiana Office of Management and Budget,²⁸ there are additional joint resources and service arrangements that deserve review regarding effectiveness and cost.

We recommend that the Indiana State Library continue its work to review, update and expand statewide purchasing and service arrangements to improve the effectiveness and efficiency of library services across the state.

“My hope is that you can please bring Indiana into the 20th century (at least) by making sure all residents have free access to public libraries. Now in my county, most areas are underserved.”

*-Cynthia Wilson
Auburn, Indiana*

“I am in favor of consolidating all the libraries in my county of Lake. The main reason that I feel this way is that because as it stands now, the services provided by the libraries I frequent are not uniform, nor equitable.”

*-Maria Cortes
Hammond, Indiana*

All Local Governments: Encourage additional voluntary action to increase efficiency and effectiveness.

Recommendation #21: Expand voluntary coordination and consolidation of units and services. Strengthen the power of voters to compel consolidation.

Many specific opportunities exist, in addition to those already accomplished locally and those proposed here, to streamline local government units and services to achieve cost efficiencies as well as improve public services. Local units must take a fresh look at opportunities for collaboration, cooperation and consolidation without the bias of previous prejudice.

Both the interlocal cooperation (IC 36-1-7) and the government reorganization (IC 36-1.5) statutes are good mechanisms by which local governments can act on their own initiative. We recommend the exploration of incentives that can be provided by the state

to encourage efforts to cooperate and consolidate, such as additional property tax credits, access to additional local revenue tools, etc.

In 2006, the Indiana Advisory Commission on Intergovernmental Relations made recommendations about how to increase the use of the interlocal agreement statute.²⁹ We support those recommendations.

The government reorganization statute is relatively new. We recommend providing technical assistance to encourage communities to undertake reforms using this tool, monitoring their efforts, and making legislative adjustments based on those experiences. We also recommend adding a mechanism to allow the public to compel consolidation, rather than just to compel consideration by officeholders.

Recommendation #22: Allow local governments to establish service districts with differentiated levels of service and corresponding tax rates.

Service districts have been used successfully in a number of consolidation efforts around the country to address the concerns of non-municipal residents about paying for levels of service that are unavailable or inappropriate. These mechanisms allow the creation of standards for the extension and provision of services and concurrent fees or taxes. For instance, a consolidated unit may establish a service district for sewer services smaller than the boundaries of the entire unit. The unit may establish a policy that the district will apply to new development as it occurs and incorporate into existing development of a certain population or unit density as it becomes contiguous. Residents and business within the service district pay sewer fees and those outside it do not.

Indiana law contains a few specific authorizations for using this tool. We recommend that the General Assembly create enabling legislation to allow the creation of service districts in efforts to combine services and consolidate local governments.

Recommendation #23: Facilitate local improvement efforts using best public management and business practices. Strengthen state mechanisms that support these activities, particularly for collective purchasing.

The importance of the ongoing efforts of local governments, both individually and collectively, to improve the effectiveness and efficiency of public services cannot be underestimated. While many of the structural changes may take several years to implement, the adoption of better management and business practices has the potential to yield immediate and significant cost savings. The recently achieved improvements in service to citizens in Fort Wayne are worth emulating.

The opportunities are wide-ranging, including:

- Enhanced joint competitive purchasing
- Long-term financial and capital planning

- Consolidating back office functions, such as mail, document management, accounts payable, billing and collections, information technology support and human resources management
- Revisiting regulatory and administrative requirements
- Systems management
- E-government and other technology solutions
- Local improvement programs with benchmarking
- Utilizing professional public managers

Many local governments lack the knowledge and capacity to undertake all of these efforts. We cannot recommend strongly enough the need to undertake and support these critical improvement efforts through technical assistance and enhanced state management infrastructure, such as the quantity purchasing agreements (QPA) system to support cost savings at the local level.

“We should apply the principles of Lean Six Sigma, and robust Process Management using valid customer requirements, precise process metrics and change facilitation and leadership training for governmental managers and bureaucrats. Contrary to what many people believe, we don’t need ... a huge Six-Sigma ‘Department’ to run the effort.”

*-Matthew B. Rowe
Indianapolis, Indiana*

“Where governments are not practically seeking help from local businesses, it is my hope that Six Sigma professionals will take the lead. If they offer their proven record to show municipalities how to operate with maximum efficiency, customer service and cost effectiveness, everybody wins.”

*-Mayor Graham A. Richard
Fort Wayne, Indiana*

Recommendation #24: Prohibit employees of a local government unit from serving as elected officials within the same local government unit.

Allowing the employees of a unit of local government to serve as elected policymakers for that unit is an unacceptable practice for a number of reasons. First, it is a clear conflict of interest for public employees to benefit from their actions as elected officials. Second, it undermines the chain of command and procedures for discipline that are critical to effective public services, particularly public safety. And perhaps most important, it diminishes the faith that citizens must have that local governments act in the public interest.

Support and Monitoring: Facilitate the implementation of these recommendations.

Recommendation #25: Assign the Indiana Advisory Commission on Intergovernmental Relations to monitor progress toward these recommendations and conduct additional research as needed. Produce an annual report on progress through 2011.

The nature of reforms such as these is that they take years and sometimes decades to effect. Efforts to improve local government operations will require continued implementation. We must ensure that these recommendations do not languish from inattention as have so many previous recommendations.

While the reforms proposed here are broad and bold, we recognize that we have only scratched the surface. Some of our recommendations may require more specific work on the issues of implementation. Other significant issues may need additional research. For example, time did not allow the full exploration of all the cost and equity issues associated with growth.

We recommend that the Indiana Advisory Commission on Intergovernmental Relations (as established by IC 4-23-24.2) be assigned to monitor progress toward these goals and produce additional research as needed.

Recommendation #26: Establish a statewide benchmarking system to provide the public and policymakers with current information about local government productivity and progress.

As noted in a 2004 publication of the Center for Urban Policy and the Environment, successful reform efforts around the country “often use specific benchmarking and outcome measures to influence government structure and activities, and they track progress towards goals and objectives over time.”³⁰ The reforms recommended here will require ongoing effort over many years. State and local policymakers and citizens will need easy access to good, regular, consistent data about our local governments to track success and adjust strategies over time. That is something that we do not have now.

We recommend the creation of a statewide database to track performance and progress of local and state reform efforts. We recommend that the database be updated frequently and be available publicly on the state’s Web portal to create healthy competition among local governments and further impetus for change.

Recommendation #27: Designate a state office to provide technical assistance to local government.

Implementation is critical to both successful structural reforms and the ongoing improvement efforts we have recommended here. So much so that we believe that our last recommendation is potentially our most important.

The previous recommendations will require a great deal of hard work to effect. They represent significant changes, and they will create significant challenges that must be managed to avoid potential pitfalls and prevent disruption in the provision of important public services. Many local governments currently do not have the capacity for implementation. They will need ongoing assistance to be successful.

Effective implementation is dependent on a strong partnership between state and local government. We recommend the creation of a dedicated office of local government assistance within the Indiana Office of Management and Budget. This new office must have the singular focus to direct the provision of training and technical assistance for local governments. It should also serve an ombudsman function between the technical assistance needs of local governments and the vast technical resources available through the state's universities and trade associations. The office must be responsive, and as the link in the ongoing state and local partnership, its mission must be separate from any regulatory responsibilities.

Benefits to our fellow citizens

If these recommendations are enacted, you should expect the following:

- When you walk into the voting booth, you will choose fewer officials for key, understandable, visible roles in all three branches of government—executive, legislative and judicial.
- It will be easier to watch government and government officials at work.
- You will clearly know whom to thank or whom to blame for government performance and spending.
- There will be fewer local governments.
- Local government will be more understandable, more efficient, more effective and more accountable.
- Local government dollars will be more effectively allocated and any increases better controlled.
- The provision of local services will be more professional and less political.
- Local government services will be more uniformly available to all citizens.
- And it is our hope that there will be renewed faith in Indiana's local governments and in the dedicated men and women who provide the critical public services that will continue to be their responsibility—and all of ours.

Appendices

Appendix A:

Blue-Ribbon Commission on Local Government Reform

Governor's Charge to the Commission

The purpose of the Blue-Ribbon Commission on Local Government Reform (hereafter The Commission) is to develop recommendations to reform and restructure local government in Indiana in order to increase the efficiency and effectiveness of its operations and reduce its costs to Hoosier taxpayers.

Background

Indiana currently has about 2,730 local units of government with the authority to levy property taxes. This includes 92 counties, 1,008 townships, 117 cities, 450 towns, and 293 school corporations. Only 9 states in the country have more. To govern all of these units, Indiana elects an estimated 10,746 officials – including 1,100 with responsibility for property tax assessment.

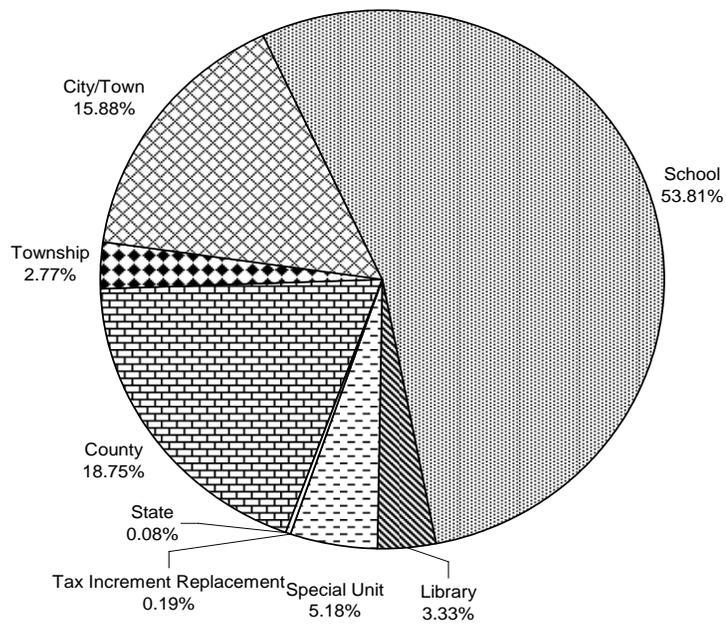
Only 11 states have more than Indiana's 92 counties. Many states that are much bigger geographically and demographically (including California, Florida, Pennsylvania, and New York) have substantially fewer counties and thus county governments. Only 18 states have more school districts. Indiana school districts range in size from more than 30,000 to fewer than 200 students, with 52 districts having fewer than 1,000 pupils. Only 13 states have more library districts. 31 states have no township government, and of the 19 states that do, only 8 have more than Indiana's 1,008 townships.

For its size and population, Indiana has far too much local government. The structure and organization of local government in the Hoosier state has remained fundamentally unchanged since the mid-19th century, the time of the adoption of the state's second constitution. Despite the enormous economic, social, and technological changes that have occurred since that time, Indiana's system of local government would still be very recognizable to Hoosiers from the Civil War era of our history.

As a result of this "layering" of local government, a typical Hoosier pays property taxes to at least five different taxing units, and often many more. Some of these "levies" (the technical term for the share of local government spending paid by property taxes) are capped by state law and can only grow at a fixed rate per year. But other levies are not capped, and these have grown and will continue to grow in an unregulated and rapid manner. The overall result is that, during the past 20 years, property taxes have increased at more than twice the rate of inflation and tax base growth. Since levies have grown faster than the tax base, the result is increased property tax rates and a growing property tax burden for Hoosier citizens.

The chart below shows how property tax levies are divided by unit of local government in Indiana:

**2006 Certified Levy broken down by Unit Type
(\$ 7,821,118,313)**



The table below shows how spending has increased over time for each unit of local government:

Type of Unit	1984 Levy	2005 Levy	CAGR 1984 - 2005
Library	58,566,630	245,949,235	7.07%
School	1,081,791,834	3,998,716,665	6.42%
County	388,992,566	1,347,372,151	6.09%
Township	63,804,403	219,777,503	6.07%
City/Town	360,436,278	1,177,982,764	5.80%
Special Unit	175,494,236	397,763,237	3.97%
TOTAL	2,129,085,947	7,389,367,362	6.10%

Total levy growth during this period has grown at twice the rate of inflation (3%) and tax base growth (2.9%).

Meanwhile, state subsidies for local government spending, in the form of property tax relief credits (PTRC) have skyrocketed, more than doubling since 2002. In the first year of this biennial budget, the state will provide a record level of \$2.3 billion in property tax relief (including both PTRC and fees from the sale of gaming licenses at Indiana's two horse tracks). Without such payments, property tax bills would be even higher.

The unneeded overhead of this antique system drains dollars from our school classrooms, from our public safety first responders, and from the pockets of property taxpayers. Indiana will never be able to provide excellent local services at reasonable tax levels until true reform occurs.

Work of the Commission

The Commission is charged with reviewing previous studies and analyses of local government reform and restructuring in Indiana, as well as gathering any and all additional information it deems necessary, in order to bring to the people of Indiana, by the end of 2007, a set of proposals for changing the structure, organization and the absolute number of units of local government (and local officials) in order to achieve efficiencies and reduce the financial burden of local government on the taxpayers of Indiana. The Commission should not limit itself to what appears to be politically expedient or achievable, but rather should develop recommendations that, if adopted, would make a real difference in the operation and cost of local government.

In conducting its work, the Commission should seek to answer the following simple but critical questions about the future of local government in the Hoosier state:

1. What local government offices might be eliminated to achieve efficiencies and cost savings for Hoosier taxpayers? In specific, should township/county property tax assessors be abolished in favor of a uniform process managed by the state?
2. What local units of government (including schools and libraries) might be successfully consolidated to reduce overhead and administrative expenses?
3. What services or functions of local government might be reduced, eliminated, or provided in new ways to achieve savings for Hoosier taxpayers?
4. What constitutional, statutory, administrative, or other changes are necessary to achieve significant reforms in the structure and organization of Indiana state government?

Appendix B:

Members of the Governor's Commission on Local Government Reform

Chairs:

- Chief Justice Randall T. Shepard, Indianapolis, Indiana Supreme Court. He was appointed to the state's highest court in 1985 following service as a judge of the Vanderburgh Superior Court.
- Governor Joseph Kernan (2003-2005), South Bend. He served previously as lieutenant governor and as mayor of the city of South Bend.

Members:

- Sue Anne Gilroy, Indianapolis, currently vice president of development of St. Vincent Hospital and executive director of the St. Vincent Foundation. She served as Indiana Secretary of State from 1994 to 2002.
- Dr. Adam Herbert, Bloomington, former president of Indiana University. He holds a doctorate in urban affairs and public administration.
- Louis Mahern, Indianapolis, self-employed. He served in the Indiana Senate from 1976 to 1992 and is currently Marion County Library Board Chairman.
- Ian M. Rolland, Fort Wayne, retired chair and chief executive officer of Lincoln Financial Group. He serves also as the board chairman of NiSource.
- John Stafford, Fort Wayne, director of the Community Research Institute at Indiana University-Purdue University Fort Wayne. He served, for more than 20 years, in a variety of capacities in Fort Wayne and Allen County government.

Staff:

- John L. Krauss, director of the Indiana University Center for Urban Policy and the Environment. He holds faculty appointments in both the IU School of Public and Environmental Affairs and the IU School of Law and is the director of the Indiana Advisory Commission on Intergovernmental Relations. Krauss also served previously as Deputy Mayor of Indianapolis from 1982 to 1991.
- Jamie L. Palmer, senior policy analyst for the Indiana University Center for Urban Policy and the Environment. She is the associate director of the Indiana Advisory Commission on Intergovernmental Relations.

Notes

- ¹ U.S. Census Bureau. *2002 Census of Governments, Government Organization*. U.S. Government Printing Office: Washington, DC. *Note: Indiana has 3,200 local governments, including approximately 2,700 with taxing authority. The remaining units do not have taxing authority and typically fund activities through fees and charges.*
- ² Indiana State Library. 2006 Annual Report Data. Indianapolis, IN.
- ³ U.S. Census Bureau. *2002 Census of Governments, Government Organization*. U.S. Government Printing Office: Washington, D.C.
- ⁴ Indiana Department of Local Government Finance. Local Government Database. 2006. *Note: Indiana has 3,200 local governments, including approximately 2,700 with taxing authority. The remaining units do not have taxing authority and typically fund activities through fees and charges.*
- ⁵ Edward Ferguson. Presentation at Association of Indiana Counties Conference. Indianapolis, IN. October 1, 2007.
- ⁶ U.S. Census Bureau. *2002 Census of Governments, Government Organization*. U.S. Government Printing Office: Washington, D.C.
- ⁷ Indiana State Police. Indiana Vehicle Crash System. Indianapolis, IN. Downloaded December 2, 2007.
- ⁸ FireDepartments.net. Indiana Fire Departments. Downloaded December 2, 2007.
- ⁹ Indiana Integrated Public Safety Commission. *SAFE-T Program, SAFE-T Successes, and SAFE-T by the Numbers* (fact sheets). 2007.
- ¹⁰ Indiana Supreme Court. *Know Your Indiana Courts* (www.in.gov/judiciary/about/).
- ¹¹ Indiana Department of Local Government Finance. Local Government Database. 2006.
- ¹² Indiana Department of Education. School Data (www.doe.state.in.us/asap/data.html). 2006.
- ¹³ National Center for Educational Statistics. "Personnel Employed in Public Districts, 2003-04 (Preliminary Data)". 2005.
- ¹⁴ Indiana Dept of Education. School Data (www.doe.state.in.us/asap/data.html). 2006.
- ¹⁵ Indiana Dept of Education. School Data (www.doe.state.in.us/asap/data.html). 2006.
- ¹⁶ Tim Zimmer. Doctoral Dissertation. Purdue University: West Lafayette, IN. Upcoming
- ¹⁷ Center for Evaluation and Education Policy. *Education Policy Brief: Assessing the Policy Environment for School Corporation Collaboration, Cooperation, and Consolidation in Indiana*. Indiana University: Bloomington, IN. 2007.
- ¹⁸ Indiana Dept of Education. School Data (www.doe.state.in.us/asap/data.html).
- ¹⁹ Indiana Department of Education. 2007.
- ²⁰ Indiana Department of Local Government Finance. Local Government Database. 2006.
- ²¹ Indiana Department of Education. Report to the General Assembly. Indianapolis, IN. October 7, 2007.
- ²² St. Joseph County Auditor. Estimates of Municipal Expenditures for Elections. South Bend, IN. 2007.
- ²³ Indiana State Library. 2006 Annual Report Data. Indianapolis, IN.
- ²⁴ Indiana State Library. 2006 Annual Report Data. Indianapolis, IN.
- ²⁵ U.S. Census Bureau. 2002 Census of Governments, Special District Governments Database. U.S. Government Printing Office: Washington, D.C.
- ²⁶ Indiana State Library. 2006 Annual Report Data. Indianapolis, IN.
- ²⁷ We recommend excluding Class 2 libraries from these reorganization requirements when they may jeopardize existing endowment funds.
- ²⁸ Indiana Office of Management and Budget. *Budgetary and Functional Review of Executive Branch and Instrumentalities*. Indianapolis, IN. 2006.
- ²⁹ Indiana Advisory Commission on Intergovernmental Relations. *Interlocal Agreements in Indiana*. Indianapolis, IN. Upcoming.
- ³⁰ John Kirlin, et al. *Effective Government Reform Can Be Achieved in Indiana*. Center for Urban Policy and the Environment: Indianapolis, IN. 2004.