

# GRASSROOTS

*The Official Newsletter of the Indiana Township Association*

FIRST QUARTER 2010

## *Lawmakers let bill die*

The 2010 Indiana General Assembly adjourned *sine die* on Saturday morning, March 13 without passing any reform measures for township government.

This session marked the seventh in a row that the Indiana Township Association has fought to maintain township government as we know it. The first battle came in 2004 when then Representative Kuzman introduced House Bill 1155 to eliminate township government.

Since that time, each session of the General Assembly has heard bills to either reform or eradicate township government.

The 2010 session included Senate Bill 240 - a measure that would have eliminated township boards and ended nepotism. This bill left the senate and never received a hearing in the house.

House Bill 1181 was written by Chairman Crawford to give citizens of Indiana a voice through the referendum process. A question would have been placed on the November 2010 ballot asking voters whether or not to retain township government in their specific government.

The Indiana Township Association took the position that we are against any attempt to dismantle townships; however, if the General Assembly were to look at eliminating townships altogether, the only appropriate way to do so is through a referendum. As Chairman Crawford said, "It is not right that 150 people" (referring to the General Assembly) "should dictate how the citizens of Indiana are governed".

Our argument against reform this year, which was embraced by our friends in the Legislature, was that the ITA had assembled a Task Force for Best Practices for the 21st Century. The assurance by your lobbying team that this Task Force is looking at meaningful reform was reason enough for some to take a "hands off" approach for this session.

### ***"Wins" for this session***

Not all was lost in the ITA's attempt for "good" legislation this session. Two positive changes were included in House Bill 1086 - the omnibus tax bill, authored by Representative Welch.

The Indiana Fire Chiefs' Association and the Indiana Township Association once again worked in tandem this session to both prevent harm and to promote positive changes to state law. The two associations promoted the change from one year to three years on the phase in time for a new tax rate in the formation of fire territories.

Previously, when the fire territory law was first written, we were given three years to incrementally raise the tax rates within the new territory. Two years ago, that law was changed giving only one year which many believed put a hardship on taxpayers and de-incentivised the formation of new territories. **con't. page 3**

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*“Wins for this session” continued from page 1*

The second mark in the “win column” is a provision also found in HB1086 which allows the Department of Local Government Finance to return max levies to their original level after a unit of government lowers the levy in order to give taxpayers a break while spending cash reserves.

Since 2006, units have been “penalized” for lowering their levies. This is a problem for our members who would like to spend down cash reserves.

Please note that this is a “may” provision for the DLGF - not a “shall”. Therefore, the ITA will be meeting with the DLGF during this interim in order to determine what the policy, if any, will be for the department. Once we have that determination, the ITA will inform its members.

## Coalitions make the Indiana Township Association Stronger

The Indiana Township Association lobbying team has worked to build coalitions with other groups at the statehouse and beyond in order to better serve the interests of township government.

The Indiana Fire Chiefs’ Association and the Indiana Volunteer Firefighters’ Association are two groups with which the ITA has worked closely throughout the year.

The ITA wants to thank the Boards of Directors from both groups along with Mark Sherer (lobbyist for the IFCA) and Larry Curl (lobbyist for the IVFA).

Both of these gentlemen worked closely each day during these past two years with the ITA at the statehouse and beyond.

During a recent IVFA Board of Director’s meeting, Debbie Driskell and John Spinks were asked to attend and speak to the importance of our coalition and the ITA Task Force. They were warmly embraced and the IVFA expressed their intentions of an all-out publicity campaign for the retention of township government.

The IFCA worked tirelessly this session to see that fire territories were once again given three years to adjust the fire tax levies.

Thanks, again, to these two groups!

### ***In Memorial...***

*Township government has lost Sgt. Jeff Shaw , township board member for Prairie Township, Kosciusko County. He began as a board member in 2007 and passed away November 12, 2009.*

*Our condolences to his family and colleagues.*

*The GRASSROOTS would like to pay tribute to township officials when they pass away.*

*Please notify the ITA as you see fit at ita@indianatownshipassoc.org or by calling the ITA office.*

### **GRASSROOTS**

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# THE OTHER SIDE OF ELIMINATING TOWNSHIP GOVERNMENT

Let me first say that I'm in my 16th year as chairman of the Centre Township Advisory Board in St. Joseph County. My views are based on my experience in this position. I can not speak for the other 1008 townships in the state or the other 12 townships in St. Joseph County.

Township government is probably the least well understood form of government in Indiana. Perhaps it would be a good idea for civics teachers to spend a class or two on the subject.

The responsibilities of township government, Trustee and three member board, have been reduced over the years. Township government has been responsible for road maintenance, education, personal and real estate property assessment, dog tax, cemeteries, fire protection, poor relief, property owner disputes, recreation, and noxious weed control. At one time, each township also had an elected Justice of the Peace who levied and collected traffic violation fines and performed marriages among other things. Of these responsibilities cemeteries, fire protection, poor relief, property owner disputes, recreation, and noxious weed control remain. The office of the Justice of the Peace was eliminated back in the late 60s. Clearly, township government has been significantly reformed since its inception in the early 1800s. That is not to say that additional reform is not necessary.

The recommendations of the Kernan/Sheppard study commissioned by Governor Daniels have triggered a local government reform tsunami. The elimination of township government is one of the recommendations that has gained much momentum. In addition to the governor, and Joe Kernan, the Indiana Chamber of Commerce is lobbying hard in support. Even though the numbers are large (1008 x 4= 4032) this group of essentially elected volunteers is no match for the media blitz funded by the deep pockets of proponents. In St. Joseph County there are only three Trustees and boards that make more than \$15,000 and \$1,000 each/ year respectively.

Why would you want to eliminate the last true bastion of citizen, representative government in the United States? They live and work at their real jobs everyday amongst the people that elected them to do the townships work knowing that they can easily be voted out of office if they're not doing the job.

The proponents argue that the township governments are hoarding money, fraught with nepotism, under qualified, and are inefficient at delivering services. They further argue that eliminating township government would save money for the taxpayers

## **Hoarding Money:**

Starting with the hoarding money argument, you first need to understand that the State Department of Local Government Finance (DLGF) is charged with the oversight of all things financial with regard to township government. They make the rules or enforce state statutes. Each year budgets increases are limited by the "Growth Factor" usually between three and five percent. Funds unspent at the end of the year are applied to the next year thereby reducing the amount of money to be raised primarily through property taxes. The one exception to this is the Capital Replacement Fund which is funded each year at the rate of \$.03/100 of assessed valuation and allowed to accumulate for indefinite number of years. This fund was created to allow townships with fire departments to "save up" for large capital purchases such as fire trucks and fire stations thereby eliminating the need to borrow money. This fund can not be used for firefighter compensation or other operating expenses.

When fire departments became responsible for "First Responder" medical calls, the demands on the township budgets grew exponentially. The number of responses required has essentially tripled ultimately making it next to impossible to staff a fire department with volunteers. Incidentally, there is no provision for fire departments to receive compensation for medical responses. With the growth factor in place, township trustees found themselves unable to increase their budgets enough to include the addition of paid firefighters as a supplement to the volunteers. This problem became so acute that the state of Indiana created a new government entity called a "Fire Territory". The creation of a Fire Territory allows two or more contiguous townships to join together forming a new taxing entity not subject to the growth factor cap. Initially the growth factor

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## 5 GRASSROOTS

waiver was for an unlimited number of years. Clay Fire Territory was one of the first to organize and has been grandfathered with regard to the growth cap. The waiver was later reduced to three years and is currently one year.

The DLGF essentially forced Centre Township into a fire territory under the cost savings guise. In reality, the opposite has happened with the addition of paid personnel and renovation of firehouses among other things. To be fair, it's a comparison of professional staffs versus volunteer staffs. Better service through reduced response times should result and equipment can be pooled. Never-the-less, better service costs more.

The Indiana Chamber contends that money is being hoarded in addition to the capital replacement fund. The basis for their conclusion is a snapshot of the township account balances on December 31st. just after townships received their six month property tax distributions. At this time the account balances are at their maximum containing the funds necessary to conduct the township business for the next six months. Normally, there are two payday's for townships, June 30th and December 31st corresponding to the normal property tax collections. The point of this is that the proponents are misleading the taxpayers on this hoarding issue. If there is impropriety outside of this explanation the DLGF is responsible for the oversight.

### **Nepotism:**

It's not uncommon for the Trustee to compensate their spouse for clerical work or contract with a family member to maintain township cemeteries. Also, there is nothing to prevent relatives from being elected to the same board or the Trustees position. The term of office is four years. A dissatisfied constituency can easily change the board at the ballot box. All compensation is a matter of public record and is subjected to DLGF oversight. While nepotism usually carries a negative connotation, not all nepotism is bad and in many instances is the most cost effective way to get things done.

Certainly nepotism is not limited to township government. With a little research examples can be identified at all levels of government. To suggest that township government in general is corrupted by rampant nepotism is a gross exaggeration. If the goal is to eradicate nepotism so be it, but to use that as a reason to eliminate township government is ridiculous in my opinion.

### **Qualifications of Township Officials:**

If political skill is a measure of qualification, then the people elected to township positions are probably not well qualified when compared to the officials elected to county state and federal offices. Decisions made at the township level probably reflect more common sense, and the best interests of the citizens than at any other level of government. I can honestly say that I haven't been contacted by one lobbyist in my sixteen year tenure.

### **Efficiency:**

The services delivered by township government are provided with far less overhead and bureaucracy than those delivered by higher levels of government. What could be more cost effective than a volunteer fire department? Before the demise of volunteerism, local fire departments were staffed with some of the most dedicated people I've ever known. When the township fire departments resources are linked together through mutual aid agreements services to those in need becomes very good.

With regard to poor relief, particularly in the smaller townships, the Trustee is in a much better position to fairly assess the need of those applying for relief while protecting the interests of the taxpayers. Consolidating this function at the county level would result in less applicant scrutiny and in turn higher cost to the taxpayers

### **Eliminating Township Government Will Save Money: Not**

They say the figures don't lie, but liars figure. In this case the figures don't lie, they mislead.

When questioned about how many people could be eliminated from the DLGF if all 1008 townships were eliminated, their representative responded "probably none".

As presently proposed the functions of township government will be absorbed by county government. Do you think county government does a good job of delivering services now? Do you think they are equipped to take on the additional responsibility of the township functions? When was the last time you saw government get bigger and cost less? Your answers to these questions should help you decide whether or not you favor eliminating township government.

***Thomas J. Lindenman***

Centre Township Board President, St. Joseph County

# The 2010 Convention and Legislative Conference

was held February 8-10 at the Indianapolis Hyatt, located across from the Statehouse. According to to evaluation forms received, the conference was a success! Another mark of success was that the ITA had sixty-seven legislators attend the reception on Tuesday evening! Here are some highlights courtesy of photographer John Spinks.



7 GRASSROOTS



*The Indiana Township Associations gives a big "Thank You" to the Coca-Cola Bottling Company for its support of the Convention!*

# *Managing Risk in Emergency Medical Services*

*by James C. Freeman, President  
Ambulance Billing Services, Inc.*

EMS operations are not without risk. This topic often prompts stories of ambulance crashes and communicable disease. There are other risks that can damage an EMS agency financially, sometimes beyond repair. Most critical are issues involving Medicare and Medicaid billing. Because federal and state funds are involved, compliance requirements are complex and penalties for non-compliance are severe. Simple errors can have serious consequences, as the Federal False Claims Act (31 U.S.C. 3729), does not require proof of specific intent to defraud. In an effort to combat fraud and abuse, Medicare has implemented the Recovery Audit Contractor (RAC) program. The RAC is a private contractor, charged with detecting and recovering overpayments. The RAC for Indiana is paid a 12.5% contingency fee on any recovery. If a RAC audit uncovers significant violations, although unintentional, there is a risk of referral for criminal investigation. Every ambulance provider should have a formal compliance program. Public officials contracting for ambulance services should require compliance safeguards. Annual compliance reviews by a qualified firm can reduce risks and often reveal undetected problems, before they become costly. Listed below are several of the most common billing and compliance issues. These examples are taken from actual cases, in which the ambulance provider was performing billing in-house, or using a billing service that did not detect and correct the problems:

Signature Requirements: Medicare has detailed patient signature requirements which must be followed, before a claim can be lawfully filed. Providers were not obtaining signatures or were not using the proper form.

Mileage Charges: Mileage must be reported accurately for billing purposes. The best method is recording of odometer readings. Providers were estimating mileage or billing mileage in excess of actual loaded miles.

Emergency Response: Medicare has specific requirements to qualify an ambulance response as an emergency. In the event of an audit, documentation must support the services billed. Providers were not properly documenting emergency responses.

Level of Care: In order to bill at the higher Advanced Life Support (Paramedic) level, certain compliance requirements must be followed. Providers were billing at the ALS level because a Paramedic was in the ambulance, even though the patient did not require an ALS level of care. The presence of a Paramedic is not the sole determining factor for billing purposes. Medical necessity and dispatch components must be included in the ALS/BLS decision.

Coding Errors: Whether accidental or intentional, incorrect coding and billing can result in fines, penalties and even loss of Medicare/Medicaid participation. Penalties alone can equal three times the amount of damages, as determined by Medicare and Medicaid.

Continuity: In most compliance issues, there is a lack of continuity between ambulance staff, management and the billing department. EMS staff must know how to write a quality patient care report. Billing staff must know how to interpret a patient care report, while having the ability to address compliance issues. Management should consider the benefits of qualified assistance in bringing these key elements together.

*Trustees: Please share this information with your EMS department!*

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“The Brookings Institution has been pursuing a multi-state strategy intended to force townships and towns into consolidation, regionalization or even to abolish them. I believe that this is indicative of the serious threat posed by the present public finance crisis to force false economies through such an approach that would severely limit local democracy and raise the cost of government.” - Wendell Cox - demographia.com

Published on *The New Republic* (<http://www.tnr.com>)

# Ex-Village People

*Jennifer Bradley - March 5, 2010 / 1:48 pm*

However Americans feel about the federal government, they are generally happy with their local governments. Last month, a CNN poll quantified this disparity: 26 percent of people trust the feds all or most of the time, about a third feel that way about their states, and 52 percent trust their localities.

But those warm feelings have a downside: throughout the Northeast and Midwest, there is a profusion of overlapping, duplicative, general and special purpose governments that impose a staggering array of costs. Ohio has 3,800 local government jurisdictions, including 250 cities, 695 villages, and 1,308 townships. New York has so many local governments it can't keep track of them all, but estimates that there are 10,521.

While the proliferation of local governments, and the fragmentation of the state into tiny “little box” jurisdictions may satisfy residents' desire for accessible, responsive, small governments, it also creates a staggering array of costs. The most obvious is that the many separate jurisdictions in a given region often duplicate infrastructure, staffing, and municipal services. Small municipalities miss out on quantity discounts from joint purchasing arrangements. These diseconomies are further sharpened by the fact that small jurisdictions tend to have correspondingly small tax bases to fund their variety of services.

As a percentage of per capita income, for example, Ohioans have the ninth highest local tax burden in the U.S., compared to the 34th highest for state taxes. New Yorkers, not surprisingly, have the highest local property tax pinch in the nation.

But there are other, subtler costs to the proliferation of little governments. They are often simply too fractured to develop a unified vision for economic development, and mobilize regional stakeholders to realize it. Such divisions will always complicate efforts to carry out cross boundary visioning, plan cooperatively or coordinate decision making across large areas. Research shows that metropolitan fragmentation exerts a negative impact on competitiveness and weakens long-term regional economic performance.

The upside of the impending local fiscal crisis is that it may encourage voters to take a second look at how much their beloved local governments are costing them. The effects of the recession on local budgets, as Mark Muro has pointed out, is going to be brutal. Note the use of the future tense – the crisis hasn't yet reached its nadir, which the National League of Cities predicts will be sometime in 2011. This means service cuts, furloughs, and layoffs are in the future for most municipalities if they continue on their present course.

One option is to share services to save money: Consolidating just one town and county police force in New York, for example, could save \$1.7 million a year – or a 20% reduction in costs for the town, without sacrificing services. The Westshore Regional Fire District in Cuyahoga County, Ohio, could save taxpayers \$1.3 million a year.

A bolder step is to dissolve some of the smallest municipalities altogether. A proposal to eliminate Indiana's 1008 townships altogether has struggled to gain traction in the state legislature and is dead for this year. But incremental changes are still possible elsewhere. A new law in New York allows voters to use a petition drive to start the process of consolidation or dissolution, bypassing local officials who aren't generally interested in seeing their municipality, and their jobs, disappear. And on March 16th, voters in three small communities in New York, the Village of Seneca Falls, Village of Port Henry, and the Village of Perrysburg (population 380), will vote on whether to merge with larger towns or counties.

At least once before, little Seneca Falls sparked a massive shift in American life. Maybe this consolidation vote could generate another one.

# SAVE THE DATE!

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*Workshops*  
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