NYSAC
NEW YORK STATE ASSOCIATION OF COUNTIES

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Meet the Mandates

Understanding and Communicating Unfunded Mandates

Join the conversation!
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What is a mandate?

- A mandate is born when the state or federal govt requires a county (or local government or school) to
  - Implement a program or deliver a service
  - Meet an environmental standard
  - Construct or upgrade a facility (courthouse or jail)
  - Provide a tax break or exemption (15 to 30% of property is exempt)
- Requires strict adherence to set of rules set by other levels.
- Counties have no control of costs.

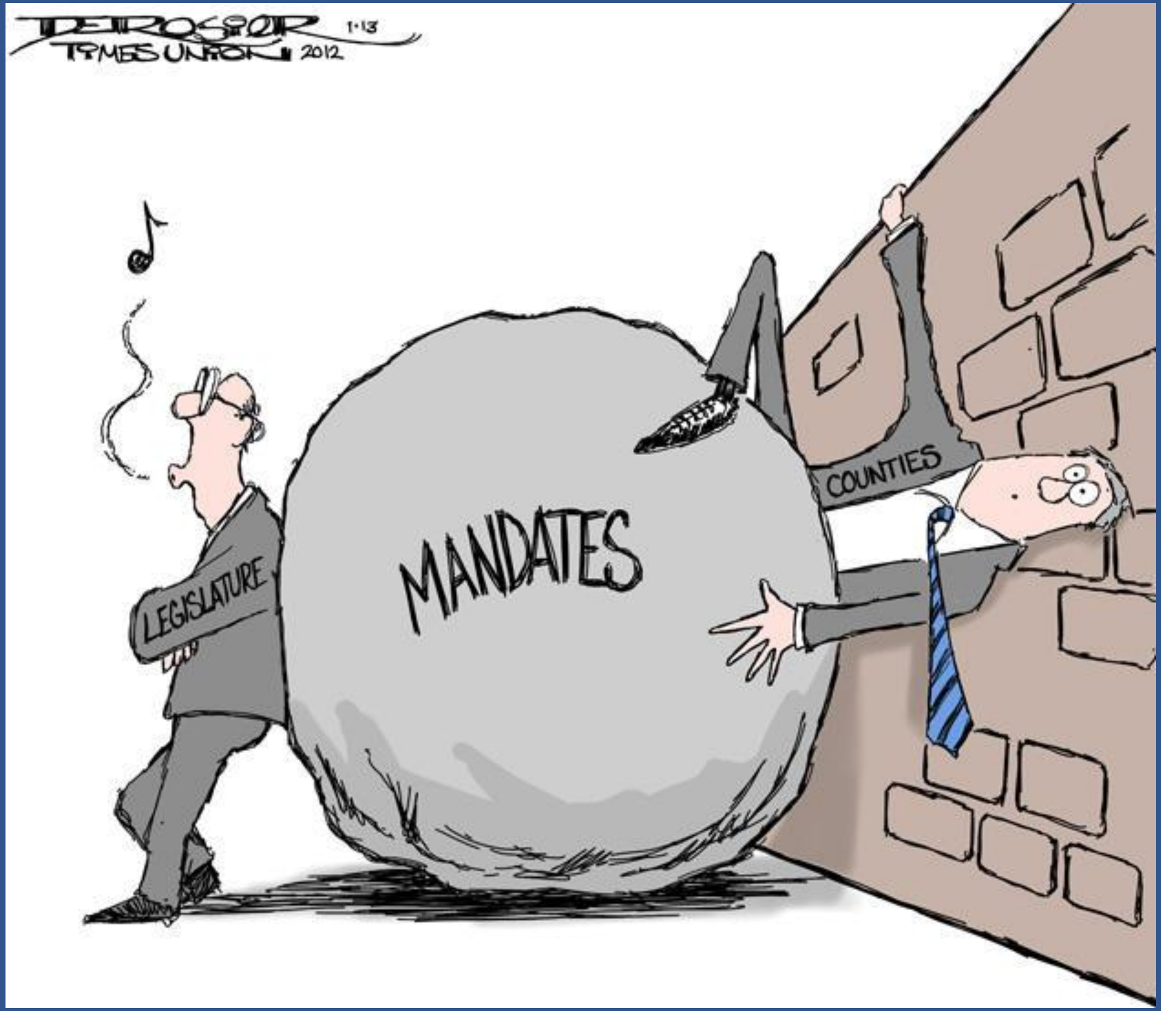
Paying for Mandates

- Mandates come in three forms
  - Funded – the level of government that makes the requirement, pays for it (SNAP benefits; HAVA in 2002; Cybersecurity election requirements).
  - Underfunded – a mandate often comes with partial reimbursement from the state (Early intervention; preschool special education).
  - Unfunded mandates – the mandate that comes with no funding support from the state or federal government, shifting the costs to local taxpayers.

Origins of Mandates

- County Consolidated Law (1892)
  - Treasurer (Chief Financial Officer)
  - Clerk (custodian of official records)
  - Sheriff (maintain law and order, jails)
  - District Attorney (prosecute crime on behalf of the people)
  - Judges
  - Coroners
  - Superintendents of the poor
  - Highway superintendents (maintain roads and bridges)

The Problem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The Problem

- Counties in New York differ from other local governments across the state and nation
- This is nothing new, but today, counties are required under New York State law to implement and finance 40 state-designed and controlled programs, including:
- Medicaid;
- Public assistance for adults and families;
- Indigent criminal defense legal services;
- Child welfare;
- Preschool special education; and
- Dozens more.

History

1911, regulating hours of work, workers compensation, etc.

1924, Wicks Law enacted

In 1929, the state adopted laws endorsing state government's responsibility for relief for "state poor" and the county welfare districts role (to supersede town and city) to administer income transfer payments (home relief)

The 1950's, community colleges, expanded in the 1970's, with state aid at 40 percent of operating costs, this was later modified to up to 40 percent. Today the state share is $460 million (23 percent)

More History

- The 1960's brought expansion of mandates on counties
  - Persons in Need of Supervision, 1962
  - Medicaid, 1966
  - Indigent Defense
  - Public Assistance programs were expanded greatly
- The 1970's
  - Taylor Law – followed by Triborough amendment that defines how local government must negotiate with their employees
  - Environmental control mandates

History of State Mandates

- 1980's
  - Early Intervention begins in the late 1980's
  - Medicaid is expanded. The State does take more fiscal responsibility for certain long term care expenses, but local costs continue to grow
  - Probation – while counties had this responsibility long before, the state share of program funding was 53.5 percent in 1989
    - Today, the state share is around 8 percent. Mandates within this program have expanded dramatically to the point where about half of a probation officer's time is spent meeting state mandated requirements

History of State Mandates

- 1990's
  - Preschool Special Education – State Law requires a 75 percent state share. This is never achieved.
    - Permanent law (even today) calls for a state share of 69.5 percent and each year the Legislature "notwithstands" this requirement and they only provide 59.5 percent state share
      - **In 2018, the notwithstanding clause cost counties and NYC $173 million**
      - **<u>Had the state abided by the original law of 75% state share, county and NYC costs would be $270 million per year lower today</u>**
  - $80 million in Revenue Sharing for counties ends
    - The loss of revenue sharing is part of a larger agreement that envisioned the state meeting, for the first time, its 75 percent preschool special education funding share

State Mandates & Cost Shifts

- 2000's
  - The state enacts substantial pension sweeteners for all ERS and PFRS employees
  - Poor retirement fund returns driven by 2 recessions, combined with the pension enhancements led to a nearly 1700 percent increase in county retirement costs by 2014, increasing from $69 million to $1.2 billion
    - By 2012, skyrocketing costs requires the state to repeal most of these pension enhancements for newly hired workers. However, today, about 90 percent of the state and local workforce is subject to the enhanced benefits enacted a decade earlier
    - County pensions costs equal 24 percent of the aggregate county property tax levy by 2014

State Mandates & Cost Shifts

- 2001 – the State enacts the largest Medicaid expansion in the history of the program, county costs explode
  - Many counties experienced double digit increases in property taxes to support rising Medicaid costs
  - In addition, more than 30 counties and NYC increase local sales taxes to keep their heads above water as the expansion rolls out
  - State implements Medicaid 3% growth cap in 2006

State Mandates & Cost Shifts

- 2008-2012 – the Great Recession decimates local revenues and the state budget
  - The state reduces reimbursements to counties by nearly $400 million annually, without reducing the costs of state mandates
  - Most of these cuts are still in place today – state share for local social services administration is eliminated and child welfare, early intervention, Safety Net, article 6 public health, community college FTE aid, along with across the board 2 percent cuts to a wide variety of reimbursable programs are enacted

State Mandates & Cost Shifts

- 2011 – the State enacts a local property tax cap of 2% or inflation whichever is lower in an effort to control local property tax growth
  - County Medicaid costs are capped at zero percent growth in 2015 to help counties meet the cap

Between 2001 and 2017 state reimbursement to counties dropped from 15.7% of county budgets to 10.2% of county budgets

Today's Cost of State Mandates

- Each year, county and NYC taxpayers send more than $12 billion to Albany to pay for 9 major state programs.
- That's $1 billion a month of local taxes that never get spent on local needs.
- And every year the state enacts new laws that make local property taxpayers pay more.
- Early voting will cost local taxpayers millions of dollars.

Meet the 9 for 90

The Impact of Major State Mandates on Counties

****** State Mandated Costs Continue to Grow ******	2011	2012	2013	2014	2015	2016	2017
Medicaid	$2,135,000,000	$2,203,014,912	$2,238,900,901	$2,255,650,783	$2,255,650,783	$2,255,650,783	$2,255,650,783
Safety Net/TANF[5]	$306,000,000	$317,000,000	$315,251,088	$332,195,371	$324,688,946	$300,379,924	$285,274,372
Child Welfare	$270,000,000	$275,000,000	$280,500,000	$286,110,000	$291,832,200	$297,668,844	$303,622,221
Special Education Pre-K[2]	$207,240,882	$223,155,000	$241,007,400	$245,827,548	$246,573,529	$258,646,500	$258,646,500
Early Intervention[1]	$64,600,000	$69,600,000	$74,959,200	$75,708,792	$75,708,792	$76,465,880	$77,230,539
Indigent Defense[3]	$140,054,572	$141,857,339	$150,812,631	$156,524,780	$163,711,970	$165,594,544	$170,893,569
Probation	$123,200,000	$130,800,000	$138,909,600	$147,521,995	$156,668,359	$166,381,797	$173,369,833
Youth Detention	$31,000,000	$33,100,000	$35,383,900	$37,825,389	$38,581,897	$39,353,535	$40,140,606
Pensions	$687,481,228	$942,382,326	$1,056,401,297	$1,186,635,833	$1,162,903,116	$915,764,986	$924,712,406
Cost of 9 State Mandates	**$3,964,576,682**	**$4,335,909,577**	**$4,532,126,017**	**$4,724,000,491**	**$4,716,319,592**	**$4,475,906,793**	**$4,489,540,828**
Property Tax Levy (w/o NYC)[4]	***$4,528,799,053***	***$4,637,807,445***	***$4,702,246,905***	***$4,742,856,905***	***$4,832,672,795***	***$4,876,589,165***	***$4,970,368,437***
Cost of These Mandates in Comparison to County Tax Levy	**88%**	**93%**	**96%**	**100%**	**98%**	**92%**	**90%**

Medicaid

- New York State's Medicaid program, which began in 1966 with a first year county cost of about $120 million.
- Today, the county cost is $7.5 billion.
- New York counties pay more than all other counties nationwide combined pay for core Medicaid program costs (this does not include county contributions to support public nursing homes and hospitals)

Growth of Medicaid

- Medicaid was the **first** and **remains the biggest** state imposed property tax
  - In 1966, the property tax share was $115 million
  - In 1980, the property tax share was $1.2 billion
  - In 1990, the property tax share was $2.4 billion
  - In 2000, the property tax share was $5 billion
  - In 2010, the property tax share is $7 billion
  - In 2019, the property tax share is $7.5 billion

Medicaid Mandate Relief

- In 2005, the state placed a growth cap on county costs for Medicaid at 3 percent
- In 2015, a second cap was enacted that froze county costs for Medicaid at zero percent
- The takeover of local Medicaid costs by the State will save counties & NYC nearly $3.7 billion in FY 2020 including nearly $2.0 billion from counties outside of New York City.
- Over the life of the Financial Plan (FY 2019 through FY 2023) the State will assume more than $20 billion in what would have been local Medicaid costs absent the caps
- These are expenditures that would have otherwise been borne by counties

Public Assistance

Temporary Assistance to Needy Families (TANF)

- Provides time-limited cash assistance and support services to low income families to help them achieve self-sufficiency.

Safety Net

- Provides childless adult couples, single adults, people that have exceeded their five year TANF limit.

Indigent Legal Defense Services

Under federal law, states are required to provide legal defense in criminal cases for those that cannot afford a lawyer. In New York a large share of this costs was transferred from the state to counties. Prior to the Hurrell-Herring Settlement counties in New York paid about 80 percent of the cost of these services.

Most states fully fund these costs.

Child Welfare

- Activities include services, interventions and investigations to prevent child abuse and protect children's welfare.
- State funds 62%; counties and NYC 38%.
- Emergency Assistance for Families
- Social services provide aid, care and services to meet the emergency needs of a child.
- Foster care
- Adoption Services

EI and Preschool Special Education

Pre-School Special Education

- Chapter 23 of the Laws of 1989. Law includes provision to reduce the county fiscal liability to 25% by 1993-94. Instead, counties now pay 40.5 percent.

Early Intervention (EI)

- Created by Congress in 1986 under the Individuals with Disabilities Education Act (IDEA).
- Administered by the NYS Department of Health
- Children must be under 3 and have a confirmed disability or established developmental delay
- Counties are responsible to pay 100 percent of the cost of EI first instance, with the State reimbursing 49% 12-18 months later.

Probation

- The ultimate goal of probation supervision is to promote public safety and reduce recidivism through rehabilitation and reintegration of the offender into society.
- Each county in New York State supports a probation department as a state mandated service by New York State Law that provides for the establishment of County Probation Departments. Though probation departments often provide a wide array of supervision programs, the primary functions are as follows.
  - Investigations
  - Supervision
  - Family Court Services

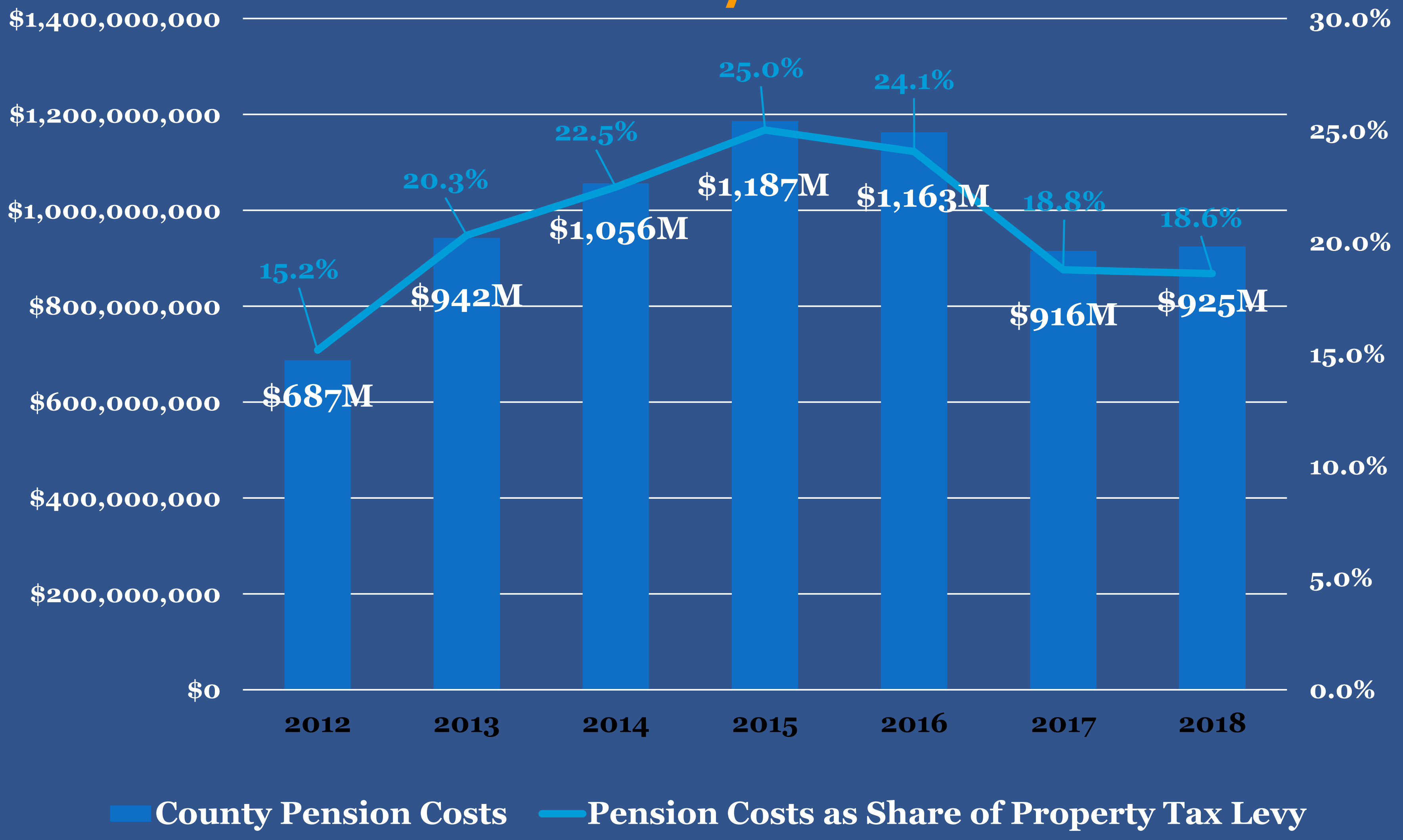
Youth Detention

- In some circumstances, youth that commit certain violent crimes are sentenced by a court to detention. Under NYS law, these youth are generally placed in special state operated facilities (NYC houses their own youthful offenders). Counties are required to pay for up to 50% of these detention costs, with a statewide cap of $55 million. These costs can exceed $1,000 per day.

Pension System Costs

- All local governments in New York State are required to participate in the NYS Local Retirement System administered by the state of New York. The State Comptroller runs and invests all payments into the system on behalf of the state and all local governments. Depending on investment returns and state law benefit design counties pay a percentage of their total local payroll to support the system. A typical county today pays about 15% of payroll costs for retirement needs.

County Pension Costs as Share of Property Tax Levy



Additional Mandates

- Jail Construction and Staffing
- SUNY Fashion Institute of Technology
- DA Salary Increases

New Mandates

- Raise the Age (funded now)
- Public Defense Reforms (funded now)
- Early Voting (just signed into law)
- Bail Reform (Budget proposal)

Meet the Mandate Monitor

Designed to track the impact that state mandates have on county taxpayers

To demonstrate that the local taxes are driven State decisions

To give you the data to share with state representatives, media, constituents, other county leaders.

The Impact of Mandates on _______ County

State Mandate	2017	2018
Medicaid		
TANF – Family Assistance		
Safety Net/TANF		
Child Welfare		
Special Education Pre-K		
Early Intervention		
Indigent Defense		
Probation		
Youth Detention		
Pensions		
Public Health		
Community College Funding		
Fashion Institute of Technology		
County Jail (Construction, Expansion)		
County Jail (Housing Parole Violators)		
County Courthouse Construction		
Foster Care		
District Attorney Salary Increases		
Consumer Protection		
Other Mandate A		
Other Mandate B		
Other Mandate C		
Cost of these State Mandates		
_________ *County Property Tax Levy*		
Cost of these Mandates in Comparison to ________ County Tax Levy		

Tools for Communicating the Mandate Madness

- Meetings with Your State Representatives – help them to understand how mandates impact your community and your taxpayers. Propose solutions.

- Social Media

- Reach out to the media – highlight the local impact of state decisions, pitch them the story you want told, with the data to back it up.

- Work with other local officials to talk about the impact of mandates on the community, the region, the ability to serve residents.