The County Perspective

2016-17 Executive State Budget and Other Items of Concern for Counties

Testimony
submitted by
the

New York State Association of Counties

To the

Senate Local Government Committee

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Testimony presented by
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Stephen J. Acquario, Executive Director

Thank you Chairwoman Marchione, Ranking Member Panepinto and all members of the Senate Local Government Committee. I am Stephen Acquario, Executive Director of the New York State Association of Counties and I appreciate the opportunity to testify today.

First let me say how much we appreciate that you have provided this opportunity to talk with your committee.

In recognition of time constraints I will summarize my remarks to leave time for any questions the Committees may have. I have submitted written testimony and an analysis of the state budget, highlighting areas of interest to county government.

Unfunded Mandates
On your agenda today is a bill sponsored by Senator Griffo, S.2295 that will ban any and all new unfunded mandates.

This committee and the entire senate passed this measure last year, and our entire membership appreciates the support you have shown to your partners in county government.

We ask you today to vote this bill out of your committee and ask you to encourage your leadership to bring not only bring it to the floor for a vote, but insist that this legislation be included as part of the SFY 2016-17 Budget.

The reasons for this legislation cannot be understated. While the current Legislature may be careful not to impose new costs on local governments, we cannot count on things that may happen in the future. If history is to be our guide we must enact no new unfunded mandates legislation as soon as possible. This legislation will be essential to the long term solvency of local governments and will be the key to ensuring most local governments stay within the property tax cap in the future.

We recently developed a history of state mandates on counties, and we include a power point for your review in the packets we provide you today. The history of state imposed mandates is expansive and over the last century hardly a decade has passed without a major new cost being imposed on county government and local taxpayers.

<u>1890s</u>

The Consolidated County Law of 1892 codified numerous county functions and mandated services:

- Treasurer (chief fiscal officer)
- Clerk (Custodian of official record)
- Sheriff (maintain law and order)
- District Attorney (prosecute crime)
- Judges
- Coroners
- Superintendents of the poor
- Highway superintendents (maintain roads and bridges)

Beyond these functions, the State of New York began to mandate county government operations in a number of ways. Among the mandates that have had the largest impact on our operations include the following, categorized by decade.

<u>1910s</u>

In 1911 the state began regulating work hours and workers compensation

1920s

1924 Wicks Law enacted

In 1929, the state made counties responsible for the state's poor and the county welfare districts began administering income transfer payments (home relief), among other social insurance programs (later enshrined in Article 17 of the State Constitution in 1938 to provide care, aid and support for the needy)

1930s

In the 1930's and beyond, the state started providing more direction to local government on which services to provide and how. A primary goal was to move the many general purpose local governments to more specialized local governments. Much of this was in response to FDR's now famous quote as highlighted by the current Governor:

> "The public is at last coming to realize that the increase in real estate taxes is due wholly to the increase in the cost of local and not state government. These taxes on real estate are too high…Local government has in most communities been guilty of great waste and duplication."

In the late 1920's when FDR was Governor this was likely true. The state provided few direct services and provided less guidance to local governments on what they should provide. New York State was growing and as demand for services grew so did local property taxes because that was the only significant revenue source local governments had at the time.

Counties were now <u>required</u> to administer and partially fund welfare, social services, and health programs.

The state precluded towns, villages and cities from providing the same services.

Counties, towns, villages and cities were all allowed to provide certain services under state law including public safety, waste disposal, parks and transportation.

State authority was granted to create special-purpose local districts designed to perform a single function (schools districts, water, sewer, fire protection, lighting, etc.)

This begins the process that has resulted in 10,500 taxing jurisdictions the Governor often highlights.

The 1950's

The first community colleges started.

- By the 1970's the state encouraged counties to expand the number of community colleges and set the state share at 40 percent of operating costs, this was later modified to up to 40 percent.

- Today the net operating costs of the community college system is $2 billion annually, with a state share of about $460 million (23 percent).

The 1960's

The expansion of mandates on counties went unabated
- PINS established in 1962
- Medicaid – with a first year county cost of about $20 million in 1966 rising to today's $7.5 billion county cost

- Indigent Defense was made a primary responsibility of counties – by 2013 the county costs were $360 million (81%), state costs were $59 million (19%)
- Public Assistance programs were expanded greatly with 50/50 state/county cost sharing of the nonfederal share established
    - Westchester County – 1960 home relief costs $13M, they grew 800 percent by 1971, rising to $102M
    - (Safety Net/Home Relief) has gone from a 50/50 state/local share to a 29/71 state/local share

The 1970's

The Taylor Law, followed by Triborough amendment that defines how local government must negotiate with their employees.

- In 2012 the Governor's Mandate Relief Council refused to recognize these labor requirements as a mandate on local governments

Revenue Sharing was enacted in the late 1970s, and 21% of the State PIT was set aside for local governments.

1980's

The Early Intervention program begins.

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 10 percent.

Mandates within this program have expanded dramatically to the point where about half of a probation officer’s time is used to meet state mandated requirements

<u>1990’s</u>

The state enacted Preschool Special Education, requiring 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 State Budget “notwithstands” this requirement, providing only a 59.5 percent state share.

In 2015, the notwithstanding clause cost counties $171 million. **<u>Had the state abided by the original law of 75% state share, county costs would be $265 million per year lower today.</u>**

In the 1990s, the state eliminated $80 million in Revenue Sharing for counties. The loss of revenue sharing was linked to a proposal that would fully fund the 75 percent state share of preschool special education costs.

<u>The 2000’s</u>

This decade brought about a significant expansion of existing mandates as well as significant cost shifts.

In 2001, retirement system benefit enhancements are enacted beginning a decade long increase of local pension contributions that led to a nearly 1700 percent increase in county retirement costs by 2014, increasing from $69 million to $1.2 billion.

In 2001, the State also enacted the largest Medicaid expansion in the history of the program, causing county costs to explode.

Counties experienced double digit increases in property taxes to support rising Medicaid costs.

This is also when more than 30 counties and NYC had to increase local sales taxes to keep their heads above water as the costs related to the expansion become an entrenched part of the local tax base.

<u>In 2006, the State implemented a 3% growth cap on county Medicaid costs.</u>

Then we were hit with the Great recession in 2008. It decimated local revenues.

To close its own budget gaps, the state reduced its reimbursements to counties by nearly $400 million annually, without reducing the costs of the related mandates.

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

In 2011, the State enacted a local property tax cap of 2% or inflation, whichever is lower, in an effort to control local property tax growth.

In 2012, County Medicaid costs were capped at zero percent growth in 2015 and beyond to help counties meet the state imposed property tax cap.

Between 2001 and 2014 state reimbursement to counties dropped from 15.7% of county budgets to 10.3% of county budgets.

Meanwhile, by 2014, the cost of 9 major state mandates equals 99 percent of all county property taxes levied statewide.

Our goal today is not to complain.

It is to tell the mandate story from a perspective you may not have heard before.

We need to outlaw mandates. And the bill before you today does just that. We appreciate your continued support.

In addition to no now mandates. We need to end the practice of small cuts that really start to add up over time. The Governor's budget proposes many small cuts or revenues losses – none of which counties support.

A bigger problem is the Governor's proposal to reverse existing mandate relief to New York City – namely ending the Medicaid hard cap – counties do not support this change.

Counties also do not support the significant shifting of new higher education costs onto New York City as well.

Indigent Defense

Indigent Defense is a state program that counties are required to provide.

Let’s build on the State’s settlement of the Hurrell-Harring litigation to consolidate the services and funding for indigent defense services across the state.

Counties believe that ensuring a uniform system requires the state to restore its constitutional obligation to provide these services rather than passing this responsibility on to counties and local taxpayers.

We ask you today to support Senator DeFrancisco’s bill S.6341 / A.6202-B (Fahy) that would create a uniform indigent defense system by expanding and improving these services in all counties and for the state to gradually take over all of the costs of indigent criminal defense services as envisioned under federal law and as implemented in most other states.

Public Safety

911 Operations

Counties operate and maintain 911 functions.

Several counties have consolidated these functions with other municipalities for the past two decades.

The funding mechanism used today to help operate, maintain and upgrade these 911 systems is sufficient.

We believe the state should allow counties to impose a $1.20 a local public safety surcharge equal to the state’s on ALL wireless devices that are capable of accessing 911 services. This would allow for the counties to upgrade, operate and maintain their 911 centers.

E-Waste Recycling

Counties would like to see $6 million of the bank settlement funds allocated to the Environmental Protection Fund be dedicated specifically to counties for electronic waste disposal.

Best Buy is now charging your constituents $25 to recycle their old TVs. This is against the intent of the legislation and we are working with the DEC to promulgate more stringent regulations that will bring a stop to this process.

I will turn things over to our County Clerks in a moment but want to highlight one issue they are involved in first.

Organ Donation

Thank you for passing and enacting last year S.5101-A (Hannon) / A.7431-A (Ortiz) which makes people further consider to becoming donors when filling out DMV papers.

But our work is not done on this issue. The need for organ donors has never been greater. In the United States, more than 117,000 people are currently in need of organ transplants.

Only 20% of New Yorkers age 18 and over have enrolled in the NYS Donate Life Registry as organ tissue and eye donors but Nationwide, the average is 45%.

Each year, thousands of people die while waiting for a transplant.

Our counties enroll organ donors through our DMV, Board of Elections, and Social Services offices.

We appreciate your support and we are looking for ways to help increase enrolment.

Increase County Share of Motor Vehicle Fee Revenue

Across New York State fifty-two (52) counties operate motor vehicle offices, and share those proceeds with the state.

Only 12.7% of that revenue is kept locally to help offset county property taxes and run these DMVs. This was negotiated over 15 years ago.

NYSAC strongly supports S.4964-A (Richie)/A.8201(Brindisi) which provides a more equitable and substantial increase in the county share of Department of Motor Vehicle revenue. Last year Counties applauded the NYS Senate for passing this priority bill.

There are very few opportunities for counties to increase revenue. Increasing the county share of local DMV fees, a service that county clerks provide, just makes sense – and it doesn't cost our taxpayers a penny. NYSAC supports placing this legislation into the current budget.

REAL ID

The Federal REAL ID Act was enacted in 2005 on the 9/11 Commission's recommendation that the Federal Government "set standards for the issuance of sources of identification";

The Act is intended to increase public safety within the United States and improve travel security.

Starting January 22, 2018, passengers will need a compliant REAL ID or an alternative form of acceptable identification for domestic air travel.

We need the state to develop a plan and set aside resources to implement necessary changes to comply with REAL ID.

Raising the Registration Weight of ATV/UTV's

- S.5821 (Ritchie) A8399 (Brindisi)

Currently, New York State only permits the registration of All-Terrain Vehicles (ATVs) and Utility-Terrain Vehicles (UTVs) weighing up to 1,000 pounds. This legislation would increase the registration weight limit on ATVs and UTVs to 1,500 pounds.

Additionally, this legislation would create a state subsidized ATV trail fund that would open and maintain new trails that are environmentally friendly.

Raising the current regulation weight will improve safety for ATV and UTV riders throughout the state. Today, the more popular and modern ATV and UTV models are typically over 1,000 pounds in weight. These newer models weigh more due to improved safety features for drivers.

Additionally, increasing the registration weight will increase both local business revenue as well as local government revenue. By increasing the regulation weight the newer and most popular models that are sold throughout the country and in our border states would now be able to be sold and registered here.

The NYSAC strongly supports this legislation as it will increase the safety and enjoyment of ATV and UTV owners, increase local tourism, increase local business and sales tax, and provide funding to ensure eco-friendly and safe trails.