

NYSAC Board of Directors – September 13, 2023

# NYSAC Update

*Meet the Mandates: How counties contribute local funds for state programs*

---



**NYSAC**  
— NEW YORK STATE —  
ASSOCIATION OF COUNTIES

515 Broadway Albany, 12207

[www.nysac.org](http://www.nysac.org)

518-465-1473

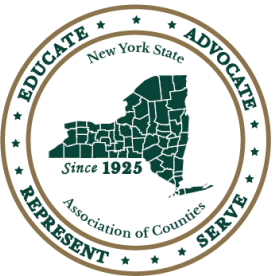
# Advocating for Counties

## State Mandates Impact County Budgets and Operations

- **Listening to our members,**
- **Tracking the Executive and Legislature,**
- **Identifying opportunities and threats**
- **Updating our messaging**

### Goals:

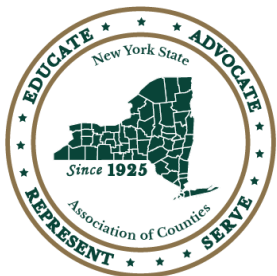
- 1) **Raise awareness of the burden of unfunded mandates among our members and state lawmakers.**
- 2) **Build support among state legislators for limiting new mandates and reducing existing mandates.**
- 3) **Arm our members with knowledge and language to effectively advocate on this.**
- 4) **Hold the State accountable for its role in the affordability crisis.**



# Advocating for Counties

## Educating Members and Lawmakers

- **Explaining the cost of unfunded mandates on local taxpayers and services they receive in their communities is an evolving message**
- **The message needs to be updated, repeated, and tailored for local impact & delivered to decision makers at the state and local level**
  - In the last 5 years nearly half of the members of the State Senate and Assembly are new to the job.
  - In the last 6 years, 648 new county officials were elected to office.
  - When the Property Tax Cap was enacted in 2011
    - 24 of the 150 members of the Assembly present during the 2011 session still serve today **(16%)**
    - 14 of 63 Senators present during the 2011 session still serve today **(22%)**



# Advocating for Counties

## A History of Advocating for Top County Priorities

- **Cap Medicaid Now (2005)** – Led to the first Medicaid Growth Cap and State Takeover of Family Health Plus
- **9 for 90 Mandate Relief (2010)** – Led to the zero percent growth cap
- **Keep the Cap (2020)** – Prevented a huge Medicaid cost shift proposed by Cuomo
- **Cost-Shift Countdown (2023)** – The Medicaid cost shift will happen on a phased basis over 3 years. It provides an opportunity to continue the fight.



# Advocating for Counties

## A History of Advocating for Top County Priorities

The Governor's opening argument on intercepting the Affordable Care Act eFMAP included:

- The Counties have saved \$38 billion since 2005 from state caps on county Medicaid costs.
- Learning from Governor Cuomo's failed attempt to capture these county funds, Governor Hochul's intercept will occur through an *administrative* action – immediately sidelining the Legislature
- Most public facing documents did not reference the intercept saying:
  - **“Utilize Available Federal Funding”** – followed by Governor Hochul's statement
  - **“Counties can afford this.”** – never mentioning the record surpluses and fund balances held by the state. Senate Majority Leader Stewart-Cousins used the same language upon adoption of the budget when referencing the 3-year phase out.



# Advocating for Counties

## Using Local Taxpayers as a State Piggy Bank

Since 2005, the first Medicaid Cap, counties have sent \$132 billion to Albany to pay for Medicaid.

Counties have also paid (at least):

- \$21.6 billion in Safety Net
- \$11.8 billion in Pre-School Special Education
- \$6.9 billion in Indigent Defense

More than \$172 billion in local tax dollars went to Albany for four programs.

None of these funds are accounted for in the State's Financial Plan.



# Advocating for Counties

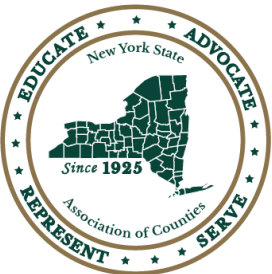
**FACT:** State mandates cost local taxpayers a lot.

**FACT:** We can quantify that NYS uses at least \$12 billion in local funds each year to support a share of the state budget.

**In SFY 2023, the county contribution to pay for state programs equaled 12% of the entire state general fund.**

## “So What?”

**The state’s practice of burdening local governments with unfunded mandates matters—it makes our communities less affordable and reduces our ability to keep local dollars for local needs, deliver services, hire employees, grow our economy and offer a reason for people to stay in New York.**



# Advocating for Counties

## Education Aimed At Reversing Trend

- **A Reliance on Regressive Taxes Hits Many Harder**
  - High local and state costs are at the core of New York's affordability crisis.
  - Shifting from state income and business taxes to county property and sales taxes changes the nature of taxation and impacts residents in different ways.
  - The regressive nature of sales and property taxes places the burden of unfunded state mandates on seniors, working class, small businesses and poor New Yorkers.
  - High unfunded state costs get built into everything in our economy – not just unaffordable housing.
  - Utilities, construction, labor, healthcare, insurance, transportation, direct services – high costs and complex regulations increase costs across the board.






# Advocating for Counties

## Advocating Top County Priorities

### NYS Housing Affordability Index - Is it Home Cost or Tax Cost?

Mortgage Rate 	6.7%		4.5%		3.5%	
<b>Monthly Mortgage Costs<sup>1</sup></b>						
<b>Year 1 Costs (monthly average)</b>	\$ 2,092	% of Total	\$ 1,804	% of Total	\$ 1,684	% of Total
<i>Interest</i>	\$ 1,156	55%	\$ 775	43%	\$ 602	36%
<i>Principal</i>	\$ 186	9%	\$ 279	15%	\$ 332	20%
<b>Property Tax*</b>	\$ 600	<b>29%</b>	\$ 600	<b>33%</b>	\$ 600	<b>36%</b>
<i>Insurance*</i>	\$ 150	7%	\$ 150	8%	\$ 150	9%
<b>Year 5 Costs</b>	\$ 2,153		\$ 1,859		\$ 1,745	
<i>Interest</i>	\$ 1,103	51%	\$ 724	39%	\$ 555	32%
<i>Principal</i>	\$ 239	11%	\$ 324	17%	\$ 379	22%
<b>Property Tax*</b>	\$ 649	<b>30%</b>	\$ 649	<b>35%</b>	\$ 649	<b>37%</b>
<i>Insurance*</i>	\$ 162	8%	\$ 162	9%	\$ 162	9%
<b>Year 15 Costs</b>	\$ 2,332		\$ 2,034		\$ 1,924	
<i>Interest</i>	\$ 876	38%	\$ 536	26%	\$ 397	21%
<i>Principal</i>	\$ 466	20%	\$ 508	25%	\$ 537	28%
<b>Property Tax*</b>	\$ 792	<b>34%</b>	\$ 792	<b>39%</b>	\$ 792	<b>41%</b>
<i>Insurance*</i>	\$ 198	8%	\$ 198	10%	\$ 198	10%

Nationwide, over 60 percent of all mortgages today have an interest rate below 4 percent – this amplifies the property tax burden in a typical mortgage payment for New Yorkers.

<sup>1</sup> Home Price of \$260k, with 20% down payment, average full value property tax rate of \$27.70 per NYS T&F 2021. Assumes 2% annual growth



# Advocating for Counties

## Education Aimed At Reversing Trend

- **Harms service delivery and unmet needs in our community**
  - When we reduce services to fund state cost shifts and mandates, we must emphasize that impact to core interest groups in the state legislature.
  - By localizing the impact, counties can highlight how the state's lack of support impacts needed services for the most vulnerable in our community.
  - There are unmet needs that are made worse by a lack of direct state support or the depletion of county resources to fund state mandates imposed on the county.
    - Meals on Wheels and other Aging Services, Veterans' services, infrastructure investments, community colleges, public health, mental health, homelessness, child welfare, youth services, etc.



# Advocating for Counties

## Education Aimed At Reversing Trend

- **NYSAC will highlight the county fiscal contribution to support the state budget (\$12 billion+ annually for just a handful of programs), examples include:**



- **Medicaid (~~\$7.0 billion~~ \$7.6 billion)** – New York counties and NYC spend more than all other counties in the nation combined on general Medicaid program costs. The adopted budget will add \$625 million in new Medicaid costs to counties & NYC by the end of 2025.



- **Safety Net (\$1.5B)** – New York state is one of only a few that makes counties pay most of the costs for this program (71 percent). More than half the states have no similar program at all.



- **Preschool Special Education (\$745 million)** – The federal government has always defined these services as education programs. Nationwide most counties do not pay this expense.



- **Indigent Defense (~~\$485 million~~, \$585 million)** – Only 20 states require their counties to pay a share of these costs (35 states pay nearly 100%). NY counties have paid 80%, on average, of these costs since 2007. More than doubling the 18-b hourly rate added \$100 million (at least) in new costs for counties this year.



# Advocating for Counties

## Education Aimed At Reversing Trend

The fiscal impact of State actions over the last two years **equal 11 percent** of the 2023 county property tax levy for the counties outside of NYC. For the most part these will be recurring costs.

<b>SFY 2023 and 2024 Impacts - State Cost Shifts</b>			
(\$ in millions)			
	57 counties	NYC	All Counties
Medicaid eFMAP SFY 2024 ( <i>Administrative</i> )	\$280	\$345	\$625
18-b rate increase	\$55	\$35	\$90
Safety Net cost shift 2023	\$23	\$22	\$45
Pre-k rate increase (11%) 2023 ( <i>Administrative</i> )	\$20	\$22	\$42
Foster Care Rate increase 2023	\$90	\$110	\$200
Sales tax diversion cash		\$150	\$150
Sales tax diversion for directed NYC Spending		\$350	\$350
<b>Total Costs Shifts and New Spending Requirements</b>	<b>\$468</b>	<b>\$1,034</b>	<b>\$1,502</b>
<b>Pension contribution increase 2024 (est.)</b>	<b>\$120</b>	<b>\$1,000</b>	<b>\$1,120</b>
<b>GRAND TOTAL</b>	<b>\$588</b>	<b>\$2,034</b>	<b>\$2,622</b>



# Advocating for Counties

## Education Aimed At Reversing Trend

- The state justified the ACA eFMAP intercept because counties had sufficient reserves and the Medicaid caps saved counties \$37 billion since 2005.
- Repeating the message. County costs to pay for just a few state programs during that period.

County/NYC Local Taxes for State Programs	
State Program	Since First Medicaid Cap
Medicaid	\$131,719,738,755
Safety Net	\$21,633,319,000
Preschool Special Education	\$11,808,112,000
Indigent Defense	\$6,881,781,303
<b>TOTAL</b>	<b>\$172,042,951,058</b>

Medicaid costs are net of ACA eFMAP savings.

