NYS County Expenditures

Aggregate Trends

Data and research compiled by
the New York State Association of Counties

January 5, 2017
County Government Expenditures

Counties provide hundreds of services to the public, including many that are directed by the state or federal government in addition to those demanded locally by taxpayers. The vast majority of county spending is for State and federal programs, and these are generally targeted toward ensuring there is a social safety net for those most in need and promoting the public health. Other “quality of life” initiatives that ensure local roads and communities are safe and secure, promote accessible culture and recreation, enhance public safety, and promote local economic development are provided at the discretion of counties within available resources.

The following information provides a summary of major county expenditures, and is abridged from the NYSAC report called NYS County Revenues and Expenditures Aggregate Trends. The full report provides a summary of where counties get their revenue, what they spend their resources on, and their use of debt from 2000 and 2015.

In New York, county expenditures are heavily driven by state law under which county governments are required to administer and fund an array of state and federal programs. The major cost categories for counties include social services, general government projects, employee salaries and benefits, and public safety, which account for nearly 65 percent of county expenses. County spending is highly correlated to increases in state-imposed mandates and also economic conditions that both increase demands for social services and curtailed revenue.

...the costs of just 9 state mandates add up to the entire primary revenue source available to most counties—the property tax...

This report also includes a brief discussion on aggregate county per capita expenditures and how they have changed over time. The data indicates that pre-Great Recession, spending (and revenues) per capita grew at a consistent rate, often to meet state and federal mandate requirements. However, since the first year of the recession, per capita spending has remained relatively flat with more than 40 percent of counties spending less per capita in 2015 than they did in 2008.

State Mandated Spending

Counties are required under state law to administer and fund a large array of state and federal programs. For most of these programs counties are required to follow strict state rules about what services must be provided, including the amount and duration of benefits. It is also important to note that counties in most other states do not have to administer such a large number of state programs using locally raised tax revenues.
Counties have highlighted how the costs of just 9 state mandates (of more than 40 NYSAC has identified) add up to the entire primary revenue source available to most counties—the property tax. The chart below provides NYSAC’s estimate of the impact state mandates can have on counties.

<table>
<thead>
<tr>
<th>The Impact of Major State Mandates on Counties</th>
<th>2010</th>
<th>Mandate Base Year 2011</th>
<th>9 for 99 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid**</td>
<td>$ 2,081,000,000</td>
<td>$ 2,135,000,000</td>
<td>$2,255,650,783</td>
</tr>
<tr>
<td>TANF - Family Assistance</td>
<td>$ 92,000,000</td>
<td>$ 91,000,000</td>
<td>$0</td>
</tr>
<tr>
<td>Safety Net/TANF</td>
<td>$ 204,000,000</td>
<td>$ 215,000,000</td>
<td>$373,294,006</td>
</tr>
<tr>
<td>Child Welfare</td>
<td>$ 270,000,000</td>
<td>$ 270,000,000</td>
<td>$291,832,200</td>
</tr>
<tr>
<td>Special Education Pre-K¹</td>
<td>$ 193,900,000</td>
<td>$ 207,240,882</td>
<td>$250,744,099</td>
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<tr>
<td>Early Intervention¹</td>
<td>$ 60,000,000</td>
<td>$ 64,600,000</td>
<td>$75,708,792</td>
</tr>
<tr>
<td>Indigent Defense²</td>
<td>$ 133,812,147</td>
<td>$ 140,054,574</td>
<td>$164,391,331</td>
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<tr>
<td>Probation</td>
<td>$ 116,000,000</td>
<td>$ 123,200,000</td>
<td>$156,668,359</td>
</tr>
<tr>
<td>Youth Detention</td>
<td>$ 29,000,000</td>
<td>$ 31,000,000</td>
<td>$38,581,897</td>
</tr>
<tr>
<td>Pensions*</td>
<td>$ 461,978,835</td>
<td>$ 687,481,228</td>
<td>$1,162,903,116</td>
</tr>
<tr>
<td>Cost of 9 State Mandates</td>
<td>$ 3,641,690,982</td>
<td>$ 3,964,576,684</td>
<td>$4,769,774,583</td>
</tr>
<tr>
<td>Statewide Property Tax Levy (w/o NYC)⁴</td>
<td>$ 4,516,741,102</td>
<td>$ 4,528,799,053</td>
<td>$4,832,672,795</td>
</tr>
<tr>
<td>Cost of These Mandates in Comparison to County Tax Levy</td>
<td>81%</td>
<td>88%</td>
<td>99%</td>
</tr>
</tbody>
</table>

* 5 year change - 2009-2013 - pension amounts paid by counties taken from Annual OSC CAFRs
** 2% year over year growth as enacted in 2012-13 budget, 2013-14 growth equals 1%, 2014-15 and thereafter 0% growth under state growth cap
¹ The Early Intervention program switched to a prefunded statewide fiscal agent model in late 2013 which lowered the growth rate to about 1%.
² Preschool Special Education growth rates slowed dramatically in 2014-2015 and are expected to plateau in future years due to reforms.
³ Per NYS Comptroller and OILS

**Major Expenditures for County Government**

In New York, county expenditures are heavily driven by state laws that require counties to administer and fund an array of state and federal programs. For most state mandated programs, counties only receive partial reimbursements to cover the costs of these state and federal programs. While there are many individual expenditures made by counties they are generally consolidated under the following categories for reporting purposes:

- General Government
- Education
- Public Safety
- Health
- Transportation
- Social Services
- Economic Development
- Culture, Recreation & Community Services
- Sanitation and Public Utilities
- Employee Benefits
- Debt Service
As with revenues, it is often difficult to make precise comparisons across counties as not all counties report their expenditures the same way, and some must address unique economic and demographic circumstances. However, the summaries in the following pages can be a useful starting point to identify trends and shed light on how a typical county spends their revenues in support of state mandated and local quality of life programs.

County spending is highly correlated to increases in state imposed mandates. Expansions in two mandated programs, social services and employee benefits, consume over 41 percent of total spending for a typical county.

As indicated, county spending is highly correlated to increases in state imposed mandates. Expansions of these mandated programs, especially social services and employee benefits, when combined, consume over 41 percent of total spending for a typical county. Conversely, when the cost of mandates decline due to reforms, total expenditures can decline or be flat. Spending will also rise or fall with economic conditions.

During a recession, costs for counties can rise due to an increased demand for social services. During severe or prolonged economic downturns, even with these increased expenditures, county spending can be curtailed because there is insufficient revenue to support all spending needs. County costs could also rise in periods of strong economic growth as investment may be necessary to support population growth and necessary infrastructure needs.

The chart below provides a look at total county expenditures from 1996 through 2015. Recessions are marked by shaded areas. A state mandated expansion of Medicaid eligibility occurred in the early 2000’s along with an enhancement in pension benefits followed by the bursting of the dot.com stock market bubble – these factors likely influenced the increase in spending. The negative revenue impacts after the dot.com bubble burst flattened spending in 2002. In the aftermath of the Great Recession there were actual declines in spending followed by a prolonged period of flat spending.
Per Capita Expenditures (pre-recession)

Average per capita county expenditures changed dramatically in the aftermath of the Great Recession. Online State Comptroller data is available back to 1996 and in the 12 years prior to the Great Recession, average county per capita expenditures rose from $1,502 in 1996 to $2,190 in 2007, a 46 percent increase. During this 12-year period, average per capita expenditures fell in only one year (1997). The chart below shows the change in county per capita spending since 1996, with the Great Recession highlighted by the shaded area.

*Shaded area represents Great Recession, which lasted from December 2007 through June 2009.
As the chart illustrates, the Great Recession dramatically changed the trajectory of county per capita spending. It should be noted that, on average, counties spent the same per capita in 2007 as they did in 2015.

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**On average, counties spent the same per capita in 2007 that they did in 2015.**

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**Per Capita Expenditures (post-recession)**

Average county per capita expenditures rose from $2,149 in 2008 to $2,190 in 2015, a 1.9 percent increase (while inflation increased by 15.4 percent over that time period). During the 2008 through 2015 period, average county per capita spending actually fell from the prior year in five of eight years. More than half of all counties kept their per capita growth below 5 percent from 2008 through 2015. In total, 24 counties (42 percent) spent less per capita in 2015 than they did in 2008. For all counties during this period per capita spending covered a wide range from -34.8 percent to +58.2 percent.

The chart below provides a high level summary of county expenditures in 2014. It depicts the percentage share of spending by major funding category for all counties combined. The percentage shares for any one county will vary, as larger counties and those with unique needs can skew the overall averages.
General Government (10.7 percent of the average county’s expenditures)

This category recognizes expenditures for the “nuts and bolts” of countywide governing such as administration (executive, legislative, judicial branches); physical operations (buildings, maintenance, improvements, etc.), financial operations, etc.

It should be noted that local sales tax sharing is included within this expenditure category. About 10 years ago the State Comptroller required counties to report this “pass-through” funding as a revenue and expense, prior to this time it was not reported as either since it was not revenue retained by the county for budgeting purposes. To allow for comparisons across time the expenditure categories described below are presented net of any sales tax sharing.
However, sales tax sharing is a significant expenditure. In 2015, counties shared about $1.7 billion in sales tax revenue, representing about 6.5 percent of total county expenditures. However, 12 counties do not share sales tax, so the percentage of total expenditures dedicated to sales tax sharing varies considerably, ranging from 0 percent to 18 percent.

Net of sales tax sharing, counties spent about $2.6 billion in 2014 under the general government category, with 85 percent of that going toward administration and operations. This equaled about 10.4 percent of total county expenditures, ranging from 3.5 percent to 17.6 percent. The aggregate percentage has been relatively consistent rising from 9.6 percent in 2000 to 10.4 percent in 2014. In 2014, for the average county, general government expenditures were about 10.7 percent of total expenditures.
Education (4.1 percent of the average county’s expenditures)
Expenditures in this category primarily cover community college sponsor costs, community college chargebacks and expenses related to preschool special education services (although some counties report these costs under social services). Even though Community College costs have generally doubled since 2000, this overall category of spending has remained relatively steady as a percent of total county spending, rising from 3.9 percent in 2000 to 4.3 percent of total county spending in 2014.

Public Safety (10.2 percent of the average county’s expenditures)
Expenditures in this category include costs for police or sheriff, corrections, probation, disaster response, civil defense, public safety administration, fire services, among others. Nearly half of the total expenditures in 2014 are attributable to policing activities on Long Island where the two counties essentially provide countywide policing services. The lion’s share of the remaining costs for counties in this area are for corrections and probation services.

In 2014 counties spent just under $3 billion for public safety, representing 12.2 percent of total county expenditures. This is up from $2 billion spent in 2000, representing 10.7 percent of total county expenditures. Public safety expenditures consumed 10.2 percent of the average counties’ budget in 2014, ranging from 5.8 percent to nearly 20 percent for the two Long Island counties.

Health (8.8 percent of the average county’s expenditures)
Counties provide a wide range of health related services and expenses in this category could include public health, public health administration, mental health services, environmental services, maintaining and operating health facilities (which could include clinics, nursing homes and hospitals), among other miscellaneous health functions.
Expenditures in this area have been deeply impacted by state reimbursement changes, specifically for public health administration and service delivery, and nursing home reimbursements. As the Great Recession created large state budget gaps a wide array of state reimbursements to counties were reduced. Reimbursements to counties for public health administration and the delivery of public health services were cut dramatically beginning in 2010. Counties responded by reducing spending by more than 21 percent. Concurrently, the state cut reimbursements to all nursing homes, while also not providing cost of living increases for public nursing facilities. This put increasing fiscal pressures on those counties still operating such facilities. Since 2006, 18 county nursing homes have been sold, closed or merged with a private sector facility, representing about half of all county nursing homes. This had been a function of county government for more than one hundred years for many counties.

In 2014, counties spent just under $1.6 billion for health services, this represented about 6.5 percent of total county expenditures. There is a wide range in costs on a per county basis as those with nursing homes and/or hospitals have much higher expenses to support those facilities. Health expenditures as a share of total county expenditures range from 1.9 percent to 36.8 percent.
Transportation (9.5 percent of the average county’s expenditures)

Spending for transportation services includes highways, bridges and culverts, transit, bus, rail, airports, waterways, transportation facilities, transportation services provided to other governments, street lighting, sidewalks, off-street parking and maintenance of all categories (snow removal, striping, etc.).

In 2014 counties spent just over $1.7 billion in support of transportation services, about 7 percent of total county expenditures. Since 2000, the amount counties have spent on transportation has increased in dollars and as a share of total expenditures. Expenditures rose 70 percent from 2000 to 2014, from $1 billion to $1.72 billion. Over the same time period transportation as a share of total county expenditures increased from 5.6 percent to 7 percent.

Nearly half of all expenditures in this area were for highways and bridges. Areas that have nearly tripled in spending since 2000 include airports and rail, but combined these two categories were still less than half the amount spent on highways and bridges in 2014. That year, the average county spent 9.5 percent of their total expenditures for transportation services with a range from 3.4 percent to 34.4 percent. For 23 counties, their transportation expenditures were greater than 10 percent of their total expenditures.
Social Services (25.8 percent of the average county’s expenditures)
For decades, spending in this category has consistently been the number one expenditure item for most counties. The main reason for this high spending is that New York State mandates that counties administer and pay for most state and federal social service programs. These programs provide public assistance for individuals and families economically unable to provide for themselves. Such programs include: Medicaid, non-medical assistance; housing, employment services; cash assistance through Safety Net; youth services; social services administration; home heating and cooling assistance; child welfare; day care; emergency aid; food assistance; domestic abuse prevention; elder abuse protection; services and cash assistance to the aged, blind and disabled; among others.

In 2014 counties spent $5.8 billion for social service programs, representing 23.6 percent of total county expenditures. While spending in total dollars is up in this category from $4.7 billion in 2000, to $5.8 billion in 2014, social services spending has fallen as a share of total county expenditures from 26 percent to 23.6 percent. However, social services spending per capita has increased over this same time period from $431 in 2000 to $517 in 2014.

*In 2014, counties spent $5.8 billion for social service program, and Medicaid represented over 42 percent of that funding.*

Medicaid represented over 42 percent of total county spending for social services in 2014, with another 31 percent being provided in the form of cash assistance for a wide variety of social services programs such as (LIHEAP, disability payments, day care, WIC, Safety Net, etc.).
While social services spending for an average county was just short of 26 percent of total expenditures it ranged from 9.1 percent to 38.1 percent in 2014.

**Economic Development (.85 percent of the average county’s expenditures)**

In 2014, counties spent just over $325 million for economic development related programs, about 1.3 percent of total county expenditures in that year. Spending in this category supports economic development administrative costs, development infrastructure, business promotion, economic development grants, support for industrial development agencies (IDAs), urban renewal, etc.
While spending for economic development is quite small in comparison to other county expenditures it has nearly tripled since 2000, rising from $120 million to just over $325 million in 2014.

**Culture, Recreation and Community Development (2.2 percent of the average county’s expenditures)**

Counties support a wide variety of local quality of life programs in this category including museums and historical properties, performing arts venues, parks, hiking trails, marinas, libraries, adult and youth recreation, community events and development services, among other items. The combined spending in 2014 across these many categories was nearly $532 million, or 2.2 percent of total county spending.

The average spending per county was also 2.2 percent in 2014. Spending for these programs on a per capita basis remained relatively steady between 2000 and 2014, falling from $50 to $48 per capita during that period. As a percent of total expenditures, spending in this category fell from about 3 percent in 2000 to 2.2 percent in 2014. Spending in this category peaked in 2008 at $640 million just before the full impact of the Great Recession was felt, and had fallen by 17 percent by 2014 (with a modest recovery in 2015).
Sanitation and Public Utilities (2.4 percent of the average county’s expenditures)
More than 90 percent of expenditures in this category fall under sanitation. Within the sanitation category 73 percent of spending was for public sewer services (most of this spending occurred in three counties that operate extensive water and sewer systems on a countywide basis) and another 20 percent was for landfill maintenance and operations.

In 2014, county expenditures for sanitation and public utilities was $961 million, or 3.4 percent of total county expenditures. However, many counties do not register any spending at all for sewer, landfills and/or public utilities so the average spent per county is much lower, about 2.4 percent. Only 23 counties record expenditures for sewers, 39 for landfills and 15 for public utilities.

Employee Benefits (15.4 percent of the average county’s expenditures)
Expenditures for employee benefits include costs related to mandated state and local retirement (pensions), health insurance, social security, life and disability insurance, workers’ compensation, unemployment insurance, among other items.

In 2014 total county expenditures for employee benefits was $3.4 billion, or 13.9 percent of total county expenditures. The costs vary by county ranging from 6.7 percent to 25.9 percent of total county expenditures, with the average being 15.4 percent for a typical county.

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*Health insurance, including retiree health insurance, costs nearly doubled, rising from $476 million in 2000 to $888 million in 2014.*

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Expenditures in this category have risen dramatically since 2000 driven by increasing costs for state mandated pensions, workers’ compensation and health insurance. Costs have more than doubled in this category, rising from $1.4 billion in 2000 to $3.4 billion in 2014, and have similarly increased as a share of total county expenditures. Changes in spending in key areas in this category include:

- Pensions and related costs more than tripled, rising from $721 million in 2000 to $2.3 billion in 2014, though the implementation of Tier 6 will certainly help stabilize these costs;
- Health insurance, including retiree health insurance, costs nearly doubled, rising from $476 million in 2000 to $888 million in 2014;
• Workers Compensation costs have varied dramatically during the time frame and have more than doubled between 2000 and 2014, rising from $63 million to $137 million (peaking at $154 million in 2013)

### Debt Service (3.1 percent of the average county’s expenditures)

Debt service costs were covered in more detail in the debt portion of this report, but we are repeating some of the key points related to debt service in regard to county expenditures. For 2015, NYSAC estimates total county debt service costs were about 5.7 percent of total county expenses. The average per county was 3.1 percent, ranging from zero percent to 12 percent. For 25 counties, debt service was less than two percent of their total expenditures.

### Transfers (7.1 percent of the average county’s expenditures)

Depending on local and state laws, transfers of funds between different accounts and purposes is authorized in many circumstances and represents a use of funds. The total dollar amount of authorized transfers has declined slightly since 2000, dropping from about $2.5 billion to $2.3 billion. As a result, transfers as a share of total county expenditures has dropped from 13.8 percent in 2000 to 9.3 percent in 2014.

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**Since the first year of the recession, per capita spending has remained flat, with more than 40 percent of counties spending less per capita in 2015 than they did in 2008.**

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New York State Association of Counties

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