County Government and the State:

How state mandates and the annual state budget process impacts counties and local taxpayers

NYSAC
NEW YORK STATE
ASSOCIATION OF COUNTIES

515 Broadway Albany, 12207 www.nysac.org 518-465-1473

Counties and State Mandates

What is Mandate for County Government?

- This occurs when the State or Federal government directs a county to:
  - Implement a program or provide a service (Medicaid, welfare, child support collections, criminal defense for the indigent, etc.) created and defined by the State/Federal,
  - Meet an environmental or labor standard (wages, pensions, etc.),
  - Construct/upgrade a facility (courthouse, jail, etc.) subject to prevailing wage and Wick's Law requirements,
  - Provide a tax break or exemption, etc. In a typical county anywhere from 15% to 30% of the value of all property is exempt from property taxes. The impact of any property tax exemption is a shift of the property tax burden to other taxpayers.
- A mandate usually requires a county to strictly adhere to rules set by the State that defines the scope, eligibility, frequency of service, amount of benefit, etc. Counties have virtually no ability to control the costs of state mandates

Counties and State Mandates

Sometimes a Picture Is Best…

“Tax cap and mandates put counties between a rock and a hard place.”

(John De Rosier)

Counties and State Mandates

Mandates for Counties – Come in Two Forms

- **Funded** – On some occasions the State or federal government will provide all financial resources necessary to pay for the mandated benefit (Food Stamps).
- **Unfunded** – usually, a mandate comes with partial reimbursement from the State or no reimbursement at all, leaving the cost of supporting the State mandate on local taxpayers (Administering Food Stamps).
    - Counties spend more than $300 million annually administering this and other state/federal designed and controlled social service programs.

Counties and State Mandates

Why Should You Care About State Mandates?

- Another way to think about how a mandate works is that the State establishes a program or service they usually cannot afford on their own, or they simply want someone else to pay for it
- The result is a “bill” from the State which must be paid by the local taxpayer, with little thought to whether the local taxpayer can afford it

Counties and State Mandates

Why Does a State Mandate Impact County Property Taxes?

The County Tax Levy is:

- The Budget amount necessary to operate county government including the total cost of locally defined services, plus those mandated by the State and Federal government
- Minus all revenues collected by the county including state and federal reimbursements (or direct aid), local fees, mortgage and sales tax, etc.
- This Equals the **TAX LEVY**, the amount that will be collected by property taxes.

Counties and State Mandates

State Programs Supported With County Property Taxes

The cost of nine major mandates can equal about 90 percent of a typical county tax levy.

-Medicaid **-Safety Net** **-Preschool Special Education**
-Indigent Defense -Child Welfare -Pensions
-Youth Detention -Probation -Early Intervention

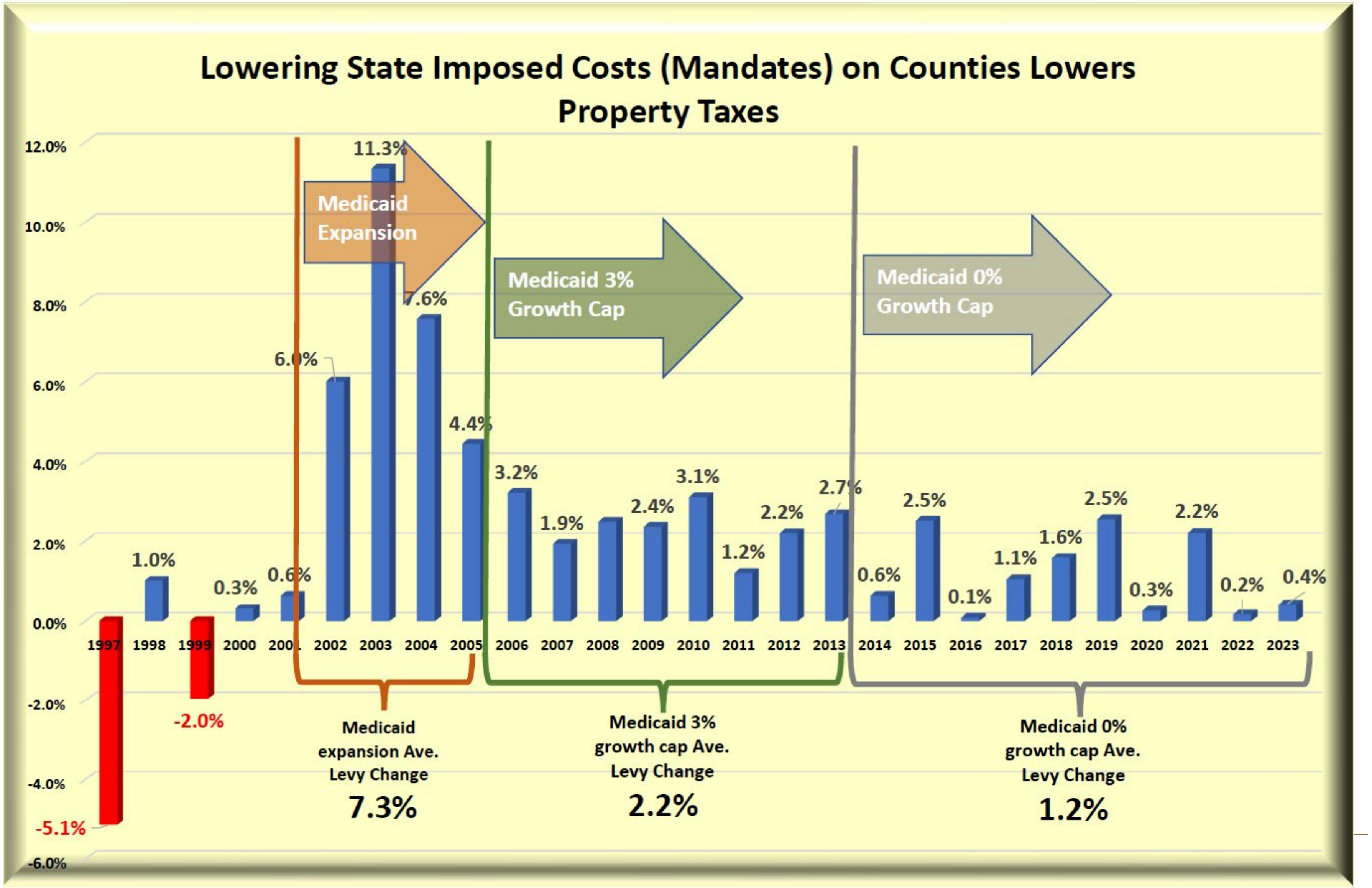
Other mandates include:

- Foster Care - Adoption Services - Domestic Violence Assistance
- Adult Protective Services - County Jails - District Attorney
- Persons In Need of Supervision - Community College Costs
- Public Health - Mental Health Service Coordination
- Consumer Protection - Elections - Rabies Control
- Substance Abuse - Veteran's Services - Supported Employment
- Child Support Enforcement

Counties and State Mandates

Getting Traction
NYSAC and county officials have worked diligently to help fight back against the cost of state mandates.

The creation of set annual growth caps in county Medicaid costs has saved local taxpayers tens of billions of dollars. It did not eliminate continued draws from local coffers to pay for state programs that continued to grow beyond the state's capacity to fund them with their own resources.



Using Local Taxpayers as a State Piggy Bank

- **State mandates cost local taxpayers – a lot.**
- **NYS is now using at least $14 billion in local funds each year to support a share of the state budget.**
- **In SFY 2024, the county contribution to pay for state programs will equal 14 percent of the entire state general fund**.

Using Local Taxpayers as a State Piggy Bank

Medicaid - $139 billion in local taxes to pay for the state's Medicaid program since 2005, $7.3 billion in SFY 2024 (assumes 75% of ACA eFMAP stays with counties)

- No other state in the nation requires its counties to pay so much of its Medicaid costs
- **New York's 57 counties and New York City pay more than all the remaining counties in the country combined are mandated to pay for general Medicaid program costs.** Counties nationally do make voluntary federal payments as match for publicly owned hospitals, nursing homes and clinics to offset uncompensated care – just as public providers in NYS.
- **The cost of Medicaid paid with local taxes equals about 43 percent of the aggregate property tax levy - ranging from 7% to 87%.**

Using Local Taxpayers as a State Piggy Bank

Safety Net - $25.2 billion in Safety Net since 2005, $3.7 billion in SFY 2024 when migrant costs are included

- The state has for decades walked away from its’ fiscal and constitutional obligations to pay for social services – simply turning this responsibility over to counties and New York City. Including reducing the Safety Net state match from 50% to 29% – trading temporary savings for uncapped Safety Net liabilities not supported by counties
- NYS is the only state in the nation that provides general assistance for disabled, unemployable and employable people
- NYS is one of only a few states that require their counties to pay most of the costs of the state general assistance program.
- NYS has the 6th highest state cash assistance amount for general assistance
- The global migrant crisis has amplified the impact dramatically in New York.

Using Local Taxpayers as a State Piggy Bank

Preschool Special Education - $12.6 billion for these education services since 2005, $750 million in SFY 2024

- The federal government defines the Early Intervention (Part C) and Preschool Special Education (Part B) programs as education programs under the IDEA.
- Nationwide, as a result, most counties do not pay a share of these costs unless they are a school district.
- The counties of New York also pay 10 percent of the costs of k-12 special education summer programs

Using Local Taxpayers as a State Piggy Bank

Indigent Defense - $7.5 billion for these services since 2005, $580 million in SFY 2024

- Indigent defense costs are a state and federal responsibility the state has largely shifted to counties
- Only 20 states require their counties to pay any share of indigent defense costs.
- In total 35 states pay nearly 100% of these costs with state funds.
- The adopted SFY 2024 budget more than doubled attorney rates for indigent defense from $75 per hour to $156 per hour – the state funded less than half the increase

Using Local Taxpayers as a State Piggy Bank

Since 2005, the first Medicaid Cap, counties have sent **$139 billion** to Albany to pay for **Medicaid**.

Counties have also paid (at least):

- **$25.2 billion** in **Safety Net**
- **$12.6 billion** in **Pre-School Special Education**
- **$7.5 billion** in **Indigent Defense**

More than $184 billion in local tax dollars have gone to Albany for four programs since 2005.

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

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.

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.

Two Sides of the Coin

- **While the State imposes mandates and new costs, we still find ways to work with state officials to limit local tax increases while maintaining or even expanding local services**
  - NYSAC member counties meet twice a year at major conferences attended by hundreds of county elected officials. The goal of these conferences is to exchange ideas and learn from each other.
  - In addition to the conferences NYSAC offers many virtual, and smaller in-person training and education session.
  - NYSAC Standing Committees are at the center of this process. Issues are discussed and solutions are developed through the resolutions process.
  - These resolutions form the basis of NYSAC's legislative platform each year in our, and your, interactions with state officials.

Legislative Victories over the Last 5 Years

Prominent State Funding Restorations and Additions Since SFY 2020						
	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	5-Year Total
Hurrell-Harring/OILS Funding	$100,000,000	$150,000,000	$200,000,000	$250,000,000	$250,000,000	**$950,000,000**
Raise the Age	$100,000,000	$100,000,000	$100,000,000	$100,000,000	$100,000,000	**$500,000,000**
CHIPS/PAVE/BRIDGE/Extreme weather	$165,000,000	$165,000,000	$350,000,000	$425,000,000	$587,000,000	**$1,692,000,000**
Code Blue	$13,000,000	$13,000,000	$13,000,000	$13,000,000	$20,000,000	**$72,000,000**
Commercial Gaming Offset	$0	$0	$7,000,000	$10,000,000	$17,000,000	**$34,000,000**
VLT Restoration	$0	$0	$9,000,000	$9,000,000	$9,000,000	**$27,000,000**
PH - Article 6 Restoration	$0	$0	$0	$20,000,000	$60,000,000	**$80,000,000**
DMV Fee Change	$0	$0	$0	$0	$13,000,000	**$13,000,000**
18-b Attorney Hourly Rate Increase	$0	$0	$0	$0	$92,000,000	**$92,000,000**
Public Defense/Prosecution/Discovery	$0	$0	$0	$40,000,000	$283,000,000	**$323,000,000**
Cyber Security	$0	$0	$0	$38,000,000	$51,000,000	**$89,000,000**
Elections	$0	$24,000,000	$25,000,000	$4,000,000	$19,000,000	**$72,000,000**
Agriculture	$0	$0	$4,000,000	$21,000,000	$25,000,000	**$50,000,000**
Reverse Sales Tax Diversion	$0	$0	$0	$160,000,000	$160,000,000	**$320,000,000**
Opioid Settlement - Direct Shares	$0	$0	$0	$86,000,000	$100,000,000	**$186,000,000**
Subtotal Restorations & New Funding	**$378,000,000**	**$452,000,000**	**$708,000,000**	**$1,176,000,000**	**$1,786,000,000**	**$4,500,000,000**
Revenue Enhancements & Federal Funding Additions						
Commercial Gaming Revenue	$27,699,930	$12,032,896	$25,530,350	$25,995,524	$22,270,090	**$113,528,791**
State and Local Fiscal Recovery Funds - Federal	$0	$2,280,734,059	$0	$0	$0	**$2,280,734,059**
Internet-Based Sales Tax Collections	$372,217,857	$686,697,189	$760,128,702	$789,816,376	$615,391,993	**$3,224,252,117**
Repeal of ESCO Sales Tax Exemption	$46,000,000	$46,000,000	$46,000,000	$46,000,000	$46,000,000	**$230,000,000**
Affordable Care Act eFMAP	$540,000,134	$540,000,134	$540,000,134	$540,000,134	$270,000,067	**$2,430,000,603**
COVID eFMAP	$0	$509,919,751	$431,416,968	$520,348,211	$142,040,216	**$1,603,725,146**
Subtotal Revenue Enhancements	**$985,917,921**	**$4,075,384,029**	**$1,803,076,154**	**$1,922,160,245**	**$1,095,702,366**	**$9,882,240,715**
GRAND TOTAL						**$14,382,240,715**

The State Budget & Counties

The Governor's proposed SFY25 budget projects a $20 billion 4-year gap. This is about half of what was projected in July 2023.

The proposed Budget utilizes no reserves to fill out-year gaps.

Raises current reserves by $500M to $20B.

The Governor's Budget projects a GF balance of $44B at the end of SFY 2025, about half of which is unallocated reserves.

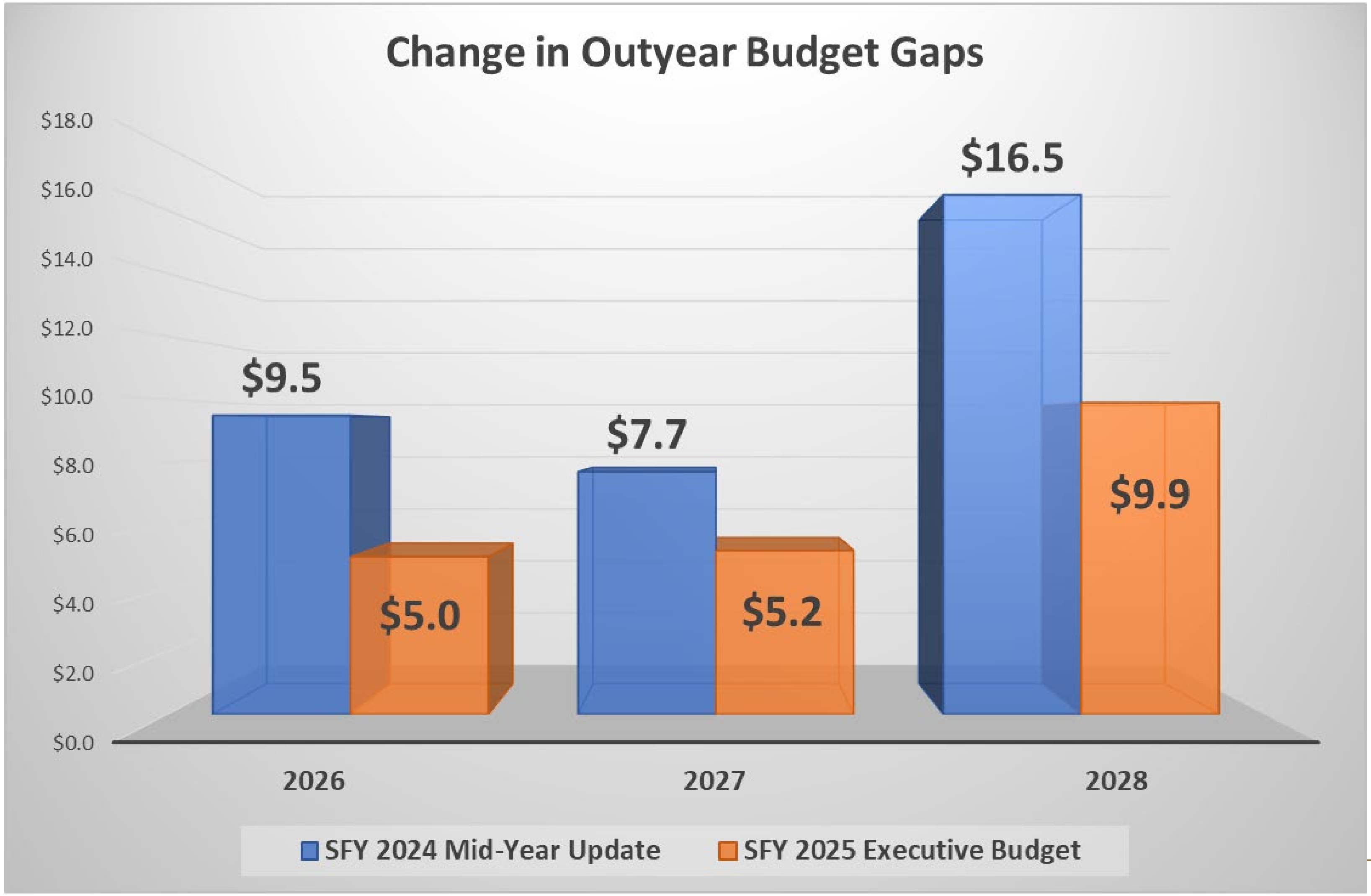
Changes in State Finances Since COVID Pandemic	
State Budget Monitoring Point	**Projected 4-year (Deficit)/Surplus**
April 2020 - *SFY 2021 Enacted Budget*	**($69B)**
January 2022 - *SFY 2023 Introduced Budget*	**$38.6B**
July 2023 - *Q1 SFY 2024 Financial Plan*	**($36.4B)***
October 2023 - *Q2 Mid-year Update*	**($21.5B)***
January 2024 - *SFY 2025 Introduced Budget*	**($20.5B)***

* Gaps do not reflect the use of any reserves to balance operations

The State Budget & Counties

The budget gap has improved since projections in July 2023 placed the 4-year deficit at $36 billion.

Improving revenues and slightly lower spending lowered the gap.



State Budget – What Is Driving the Gaps?

Projected K-12 Education & Medicaid Growth Trends[1] ($ in Billions)									
Program	**SFY 2021**	**SFY 2022**	**SFY 2023**	**SFY 2024**	**SFY 2025**	**SFY 2026**	**SFY 2027**	**SFY 2028**	**Total Change**
K-12 School Aid[2]	$26.5	$29.5	$31.9	$34.4	$35.0	$36.2	$37.1	$38.1	**$11.6**
		11.3%	8.1%	7.8%	1.8%	3.3%	2.6%	2.6%	**43.8%**
DOH-Medicaid	$19.6	$22.0	$25.3	$27.9	$30.9	$33.8	$35.6	$37.3	**$17.6**
Jan. 2024 est.		12.0%	15.1%	10.2%	10.9%	9.5%	5.2%	4.6%	**89.8%**
TOTAL	**$46.1**	**$51.5**	**$57.2**	**$62.3**	**$66.0**	**$70.0**	**$72.8**	**$75.4**	**$29.2**
		11.6%	11.1%	8.9%	5.9%	6.2%	3.9%	3.6%	**63.4%**

[1] State Operating Funds, SFY 2025-2028 are Executive Budget projections

[2] SFY24 does not reflect a large amount of Federal ARPA funding distributed to school districts over multiple years, including pre-k expansion grants initially supported by this funding that appear on the School Aid run. These prekindergarten expansion grants will be State-funded beginning in SY 2025 and are included in the table for SY 2025 and thereafter.

Governor’s Spending Priorities

- **School Aid and Medicaid consumes most of the state’s general fund local aid spending**.
- **DOH-Medicaid spending will <u>average annual increases near 10 percent</u>** from SFY ‘22 through SFY ‘28.
- The Governor’s SFY ‘25 budget will maintain prior increases but reduce annual growth trends in SFYs ‘27 & ‘28.
- **MEDICAID - The last several years, out-year spending reductions have rarely been achieved, while program expansions grow beyond estimates.**

Medicaid cost overruns are fueling state fiscal gaps

- Cost containment actions have failed to achieve savings targets over the last decade
- Program expansions have exceeded expected costs (especially, long term care)
- Spending increases funded by one-time COVID aid and temporary federal waivers have become absorbed by the state upon expiration putting more pressure on the state budget and local governments to find the money
- The Governor's proposed budget includes $1.2 billion in Medicaid savings to hold annual growth to 11 percent – if savings are not achieved the annual growth in SFY 2025 could approach 15 percent. Proposed savings include:
  - $200 million in "unallocated" administrative actions,
  - $200 million in "unallocated" long term care savings, and
  - $400 million in full annual savings through actions to "Discontinue Wage Parity for the Consumer Directed Personal Assistance Program"

Medicaid cost overruns are fueling state fiscal gaps

- Additionally state transparency in spending has been lacking, making it difficult to understand how much is being spent and on what. Some examples include:
  - Individual counties and NYSAC have been forced to file FOIL requests to DOH to get basic information on eFMAP
  - In 2019, Governor Cuomo failed to notify the legislature during budget negotiations that Medicaid in the current budget year was running $1.7 billion over target
  - While Governor Hochul did acknowledge in the release of the SFY 2025 budget that the current year Medicaid budget is $1.5 billion over budget estimates and additional cuts will be necessary, a large share of these cuts are unlikely to be supported

What does it look like when estimates are "off"?

- The chart below shows the impact of missed savings targets and underestimating caseloads. Updated estimates now project cost growth over the same time frame will increase from 40% to nearly 60%. Annual growth estimates will more than double for SFY 2024 and will quadruple for SFY 2025 (highlighted in yellow) – adding $4 billion in higher costs over the final two years of the measurement period.

Projected Medicaid Growth Trends

($ in Billions)

Program	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025	Total Change
DOH-Medicaid	$19.6	$22.0	$25.3	$26.3	$27.1	**$7.5**
Jan. 2023 est.		12.0%	15.1%	3.9%	3.1%	**38.1%**
DOH-Medicaid	$19.6	$22.0	$25.3	$27.4	$30.9	**$11.3**
Jan. 2024 est.		12.0%	15.1%	8.2%	12.8%	**57.3%**

National Economic Backdrop - Chance of Recession '22

Low Probability – Deloitte, Pantheon Macroeconomics, Morgan Stanley, Citigroup, HSBC

Decent Chance – JPMorgan Chase, TD Bank, Credit Suisse, Oxford Economics

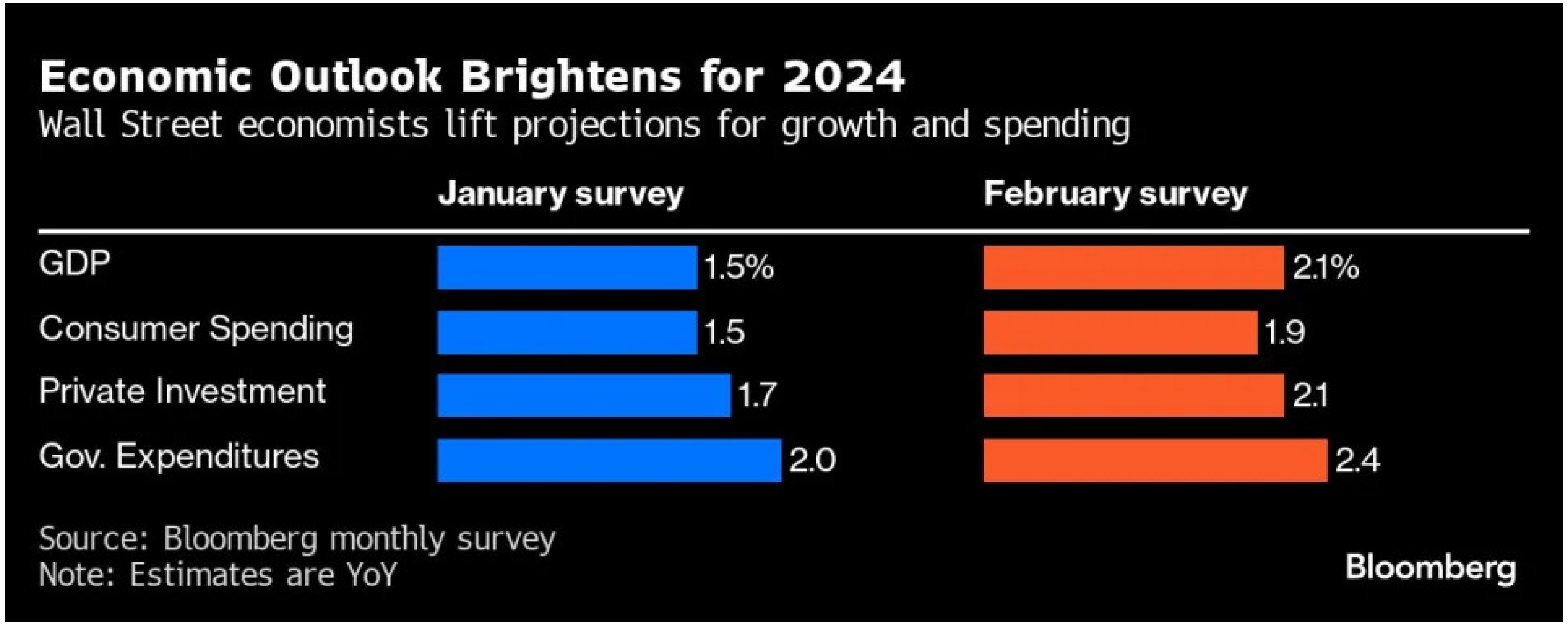
Toss Up – Bank of America, S&P Global, Goldman Sachs, Fitch Ratings

Absolutely – Bloomberg Economics, Berenberg, Deutsche Bank, Wells Fargo

National Economic Backdrop

Bloomberg Survey of Economists – February 23, 2024

- Chance of recession over the next year down to 40% (peaked at 65% in early 2023)
- Continued job growth through 2026
- Moderate progress on the inflation front
- Continued strong consumer spending



NYS DOB - Economic Backdrop

"While DOB's economic growth outlook is relatively lackluster, particularly in the first half of 2024, the economy is likely to avoid a recession."

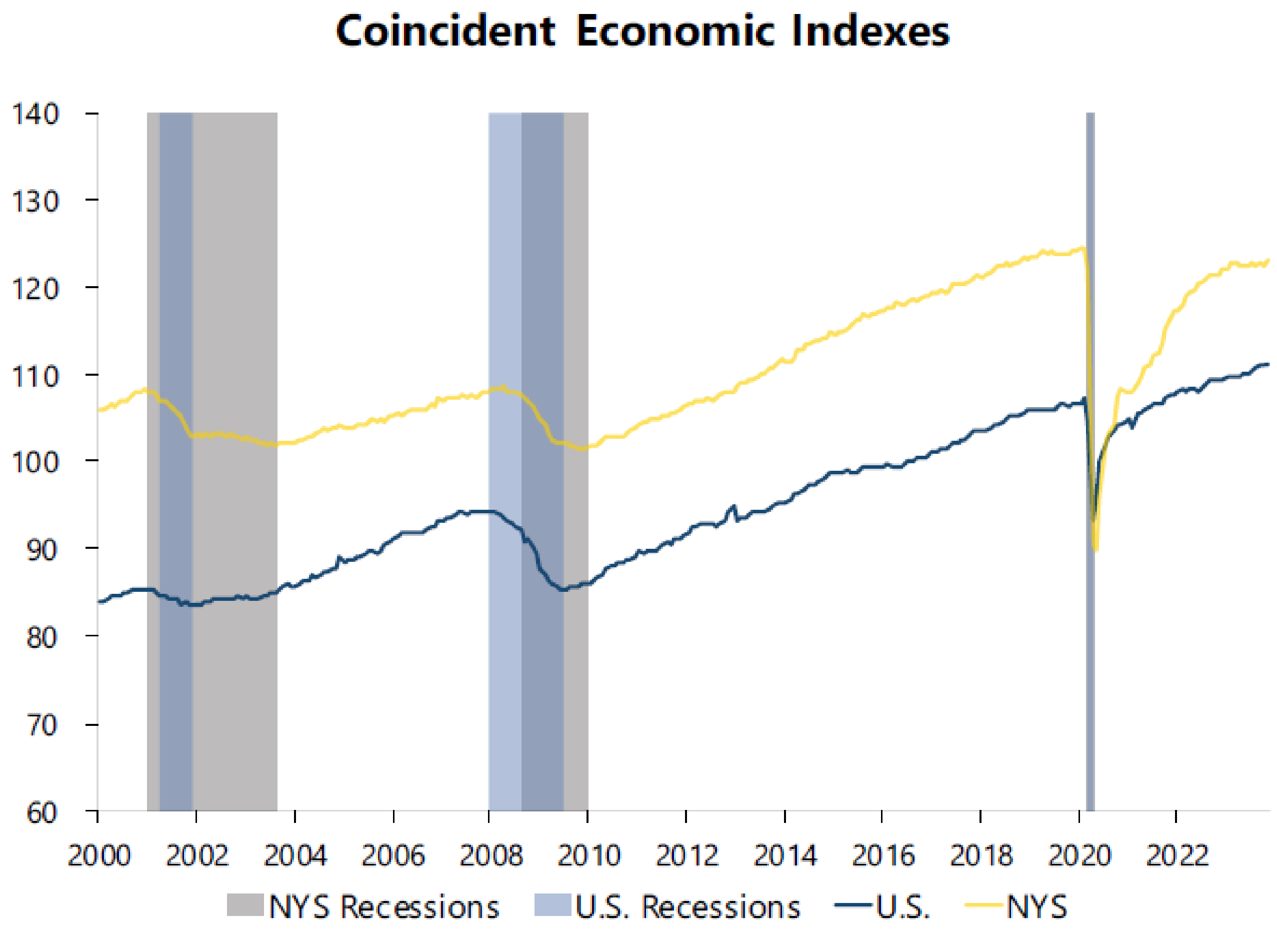
NYS DOB - Economic Backdrop

"The lack of a significant downturn in these indexes marks the current resilience of the economy."

This points to a continuing growth momentum across major sectors.

Some signs of weakening in manufacturing and construction sectors, but not expected to spillover to the wider economy.

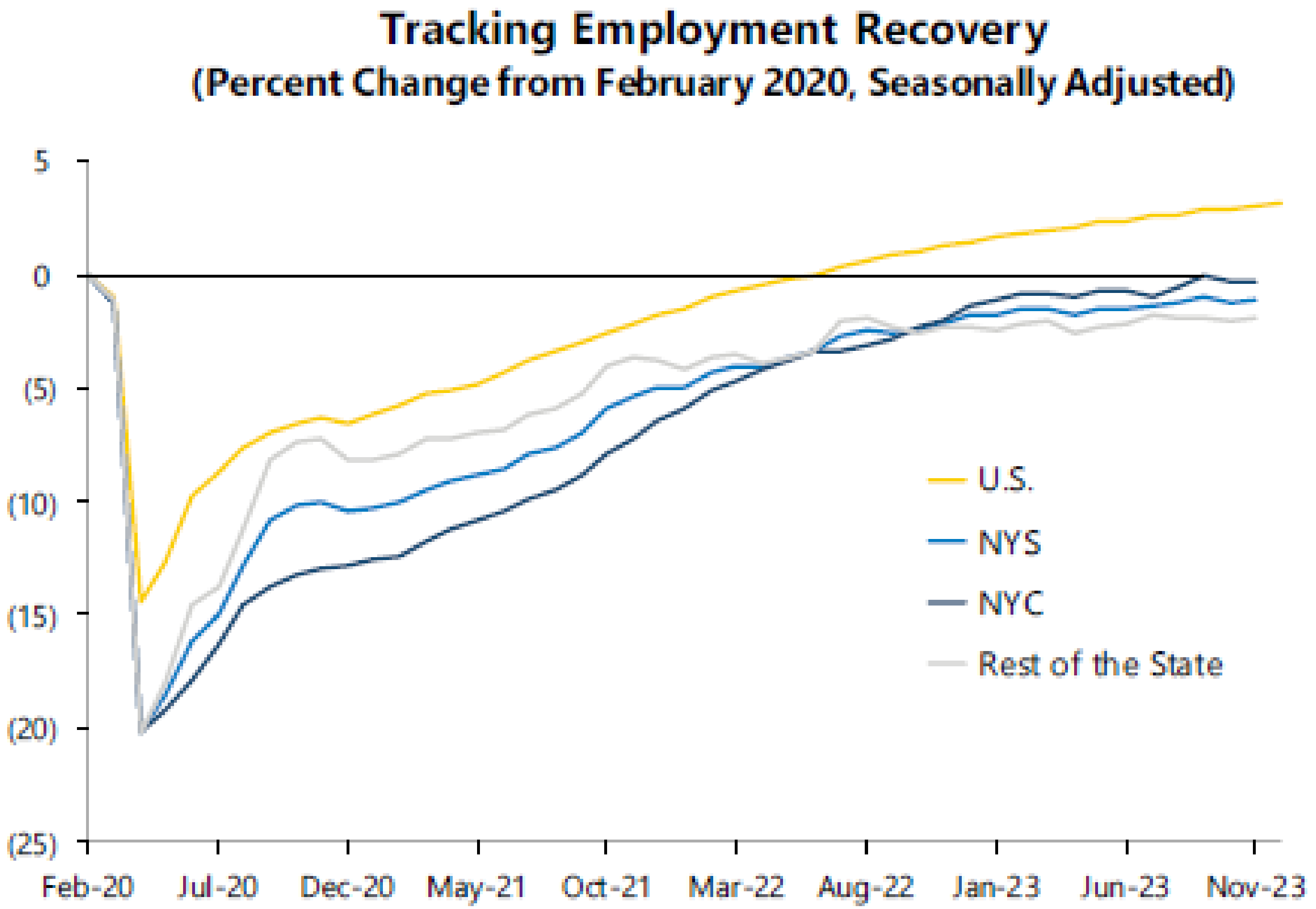
The weaker recovery of employment in NYS is one of the factors why the coincident index for the State shows a flattening trend compared to the U.S.



Note: NYS recession dates are DOB staff estimates.
Source: Moody's Analytics/Conference Board; National Bureau of Economic Research (NBER); DOB staff estimates.

NYS DOB - Employment Backdrop

NYS has lagged the nation in recovering the jobs lost during COVID. By mid-2022 the U.S. economy had recovered the jobs lost. According to DOB projections NYS will likely not recover the jobs lost during COVID until late 2026.

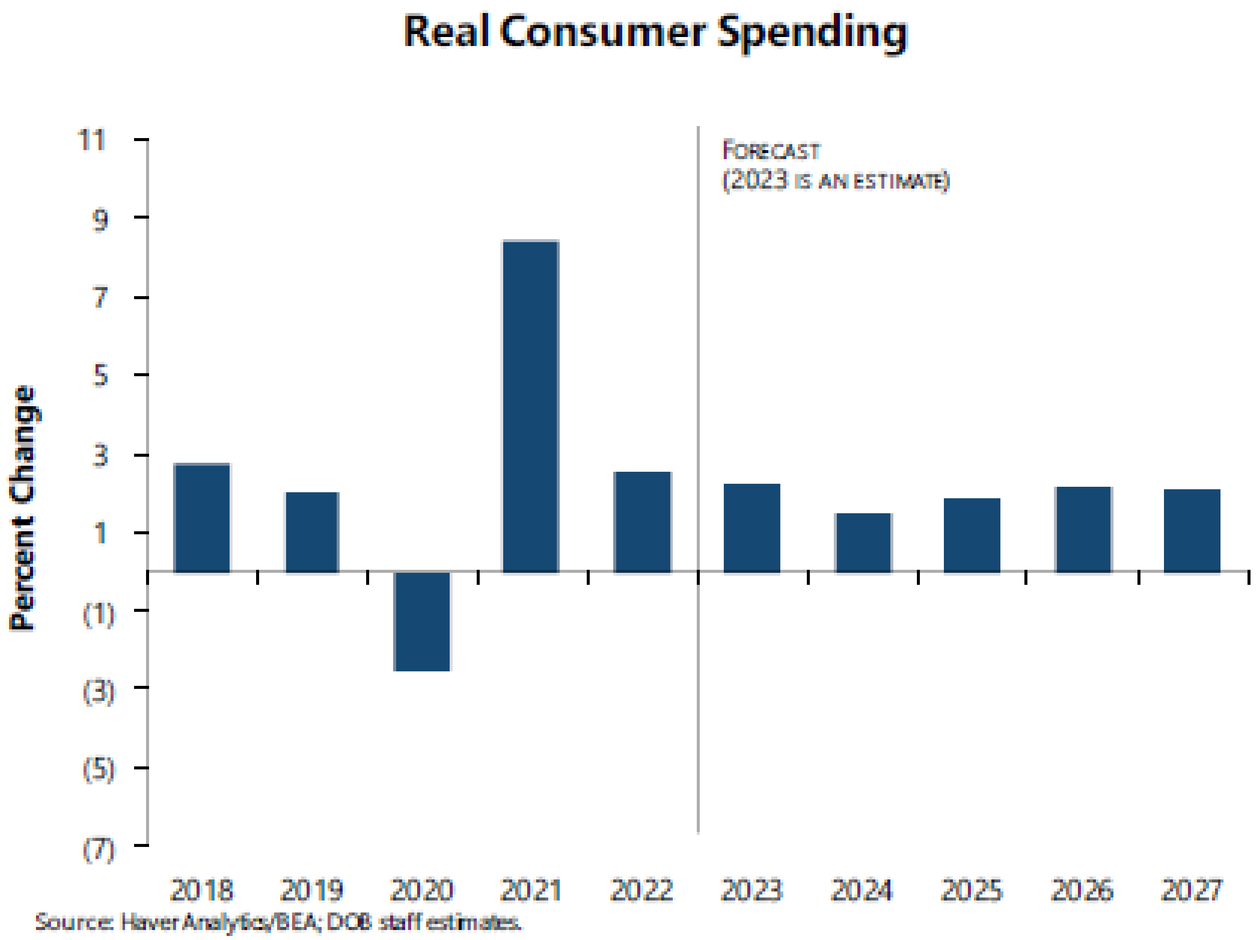


Source: Moody's Analytics; NYS Department of Labor.

NYS DOB – Consumer Backdrop

Consumer spending growth is projected to stay positive but at a more moderate rate.

Headwinds in NYS will stem from slowing employment growth, renewal of student loan payments, and potential declines in net worth (housing and stock prices have been strong in 2023 and will likely abate).



Governor's Budget Priorities

- Maintain record-setting state spending increases for K-12 education aid and Medicaid, *but with an eye to reduce annual growth trends* starting in SFY 2025
  - **Senate & Assembly Budgets increase spending for both of these programs by billions of dollars annually. Generally paid for by raising taxes on the wealthy ($1B), businesses($1.4B) and managed care insurance companies ($4B)**
- Maintain higher pay for targeted health professions, but reduce costs in CDPAP
  - **Senate & Assembly reject this proposal**
- Continue migrant assistance to NYC for at least one more year
  - **Senate & Assembly Support**
- Provide modest state investments on high profile public safety issues – retail theft and domestic violence
  - **Senate modifies the Governor's proposal by combining funds into a larger block grant. Assembly not on board with the retail theft criminal justice aspect.**

Governor’s Budget Priorities

- Build more housing:
  - A strong focus on NYC - approve basement apartments; reauthorize 421-a housing development tax incentives; increasing density thresholds; and more
  - Provide incentives to local governments to become state certified as a “Pro-Housing Community”. Would give priority to these communities to draw down from a pot of $650 million in state grants to support housing expansion efforts, including the Downtown Revitalization Initiative (DRI), the NY Forward program, the Regional Council Capital Fund, capital projects from the Market New York, the New York Main Street program, the Long Island Investment Fund (LIIF), the Mid-Hudson Momentum Fund, and the Public Transportation Modernization Enhancement Program (MEP).
  - **Senate & Assembly agree on some points but differ on most of what the Governor proposed. The Legislature has a focus on more tenant protections, construction of affordable housing using public funds, housing assistance vouchers, and other initiatives.**

Governor's Budget Priorities – How much will this cost?

Governor's Budget Proposal

State Financial Plan Spending Comparison - FY 2025 ($ in billions)				
	Close-Out SFY 2024	SFY 2025	$ Change	% Change
General Fund	$103.5	$107.6	$4.1	4.0%
State Operating Fund	$126.6	$129.3	$2.7	2.1%
All Funds	$231.6	$232.8	$1.2	0.5%

Comparing the Governor's Budget to the Legislature's Budget Priorities

State Financial Plan Spending Comparison - FY 2025 ($ in billions)							
	Close-Out SFY 2024	Executive SFY 2025	Assembly SFY 2025	Senate SFY 2025	Increase over Prior Year		
					Executive	Assembly	Senate
General Fund	$103.5	$107.6	$110.3	$116.3	**$4.1**	**$6.8**	**$12.8**
State Operating Fund	$126.6	$129.3	$139.3	$137.9	**$2.7**	**$12.7**	**$11.3**
All Funds	$231.6	$232.8	$245.8	$246.2	**$1.2**	**$14.2**	**$14.6**

Why It Matters To Counties

Helpful

- No new significant direct cost shifts
- Modernize state sales tax laws to require short term vacation rentals to collect sales tax including marketplace platforms like Airbnb, VRBO, etc. Estimate **$16 million revenue benefit** for the 57 counties ($6M) and NYC ($10M).
  - **NYSAC believes this estimate could be closer to $30M for the 57 counties before sales tax sharing.**
- In Rem tax foreclosure reforms that are workable for counties and focus on meeting the Tyler v. Hennepin Supreme Court ruling
- **$85 million** for a new partnership program with counties on public safety communications systems;
- **$50 million** for a new partnership program with counties on infrastructure grants;
- **$50 million** in new resources to support antipoverty initiatives in Rochester, Syracuse, and Buffalo;

Why It Matters To Counties

Helpful

- **$30 million** in funding for district attorney offices and GIVE jurisdictions to prevent domestic violence;
- **$3.8 million** for grants to counties to improve flood resiliency **($15 million over two years**);
- **$3.7 million** in the upcoming local fiscal year **($14.7 million over two years**) to provide new e-poll books and a $3.7 million increase annually in funding for postage for boards of elections; and
- **$10 million** annually for dedicated retail theft teams in district attorney offices, with a separate $5 million annually for local law enforcement agencies to combat retail theft.
- **$16.5 million** to increase human services case management and wrap-around services,
- **$15.2 million** in savings through administrative efficiencies in the Early Intervention Program

Why It Matters To Counties

Helpful

- Emergency Medical Services Reforms – The Budget makes a series of investments to strengthen and stabilize the state's healthcare delivery system, including:
  - Streamlining the certificate of need (CON) process,
  - Creation of five "Emergency Medical Service (EMS) zones" across the state, overseen by the newly established EMS statewide Task Force to augment the EMS workforce,
  - Establishing a Paramedic Telemedicine Urgent Care program, to expand care in rural areas and reduce preventable emergency department visits, and
  - Allowing general hospitals to provide care in a patient's home without obtaining a license as a home care agency and allowing emergency medical technicians (EMTs) to provide non-emergent care in the community. Participating hospitals would be required to submit operating cost data to the Department of Health annually.

In Rem Reforms

- The Executive Budget reforms the State's property tax enforcement laws to bring them into compliance with a recent decision of the U.S. Supreme Court, *Tyler v. Hennepin County, Minnesota*. The decision requires that when tax-delinquent property is sold, any excess proceeds be returned to the former owner or owners, and where appropriate, to lienors.
- Local governments would still be made whole for the taxes they are owed, as well as interest and related expenses.
- Any third parties who have liens on the property would also be paid in the same order and to the same extent as they would in a mortgage foreclosure action, with any remaining proceeds from the sale then being returned to the former property owner.
- The bill would take effect immediately.
- Tax districts would have six months from the effective date of the act to pay over any surplus attributable to sales of tax-foreclosed property that occurred between May 25, 2023, and the effective date of the act. For sales prior to May 25, 2023, the tax district would only be liable to pay surplus where an Article 78 proceeding to compel the payment of the surplus had been commenced within four months of the sale.
- **The State Senate and some members of the Assembly want to address RPTL changes far beyond what is necessary to satisfy the Tyler v. Hennepin Decision.**

Why It Matters To Counties

Concerns

- **Even though the proposed In rem reforms proposed in the Budget are workable they will negatively impact county finances over time**.
- Executive Budget authorizes the **closure of up to five state correctional facilities** with 90-day notice. Pros (repurposing the real estate and state savings) and cons (loss of local employment and spending in the community to support the facility).
- **State spending is on an unsustainable path** given current revenue and expenditure trends. The structural imbalance means more cost shifts to counties are likely in the future.
- The proposed Budget **sweeps $120 million from the Indigent Legals Services Fund for non-public defense purposes**.
- A **constitutional amendment is being proposed to lift the cap on the number of state supreme court judges**. Judges are currently capped at no more than 1 per 50,000 in population, or about 400 judges today. It would allow the legislature to add judges without a cap. Hundreds of judges could be added. According to OCA, it costs about $1M per judge to build-out chambers (this does not include courtroom space). The capital cost of chambers is borne by the host county. The earliest such a proposal could be on the ballot would be 2025.