

Meeting the Challenge: Mandate Relief

**An Albany Update
To the Monroe County Legislature**

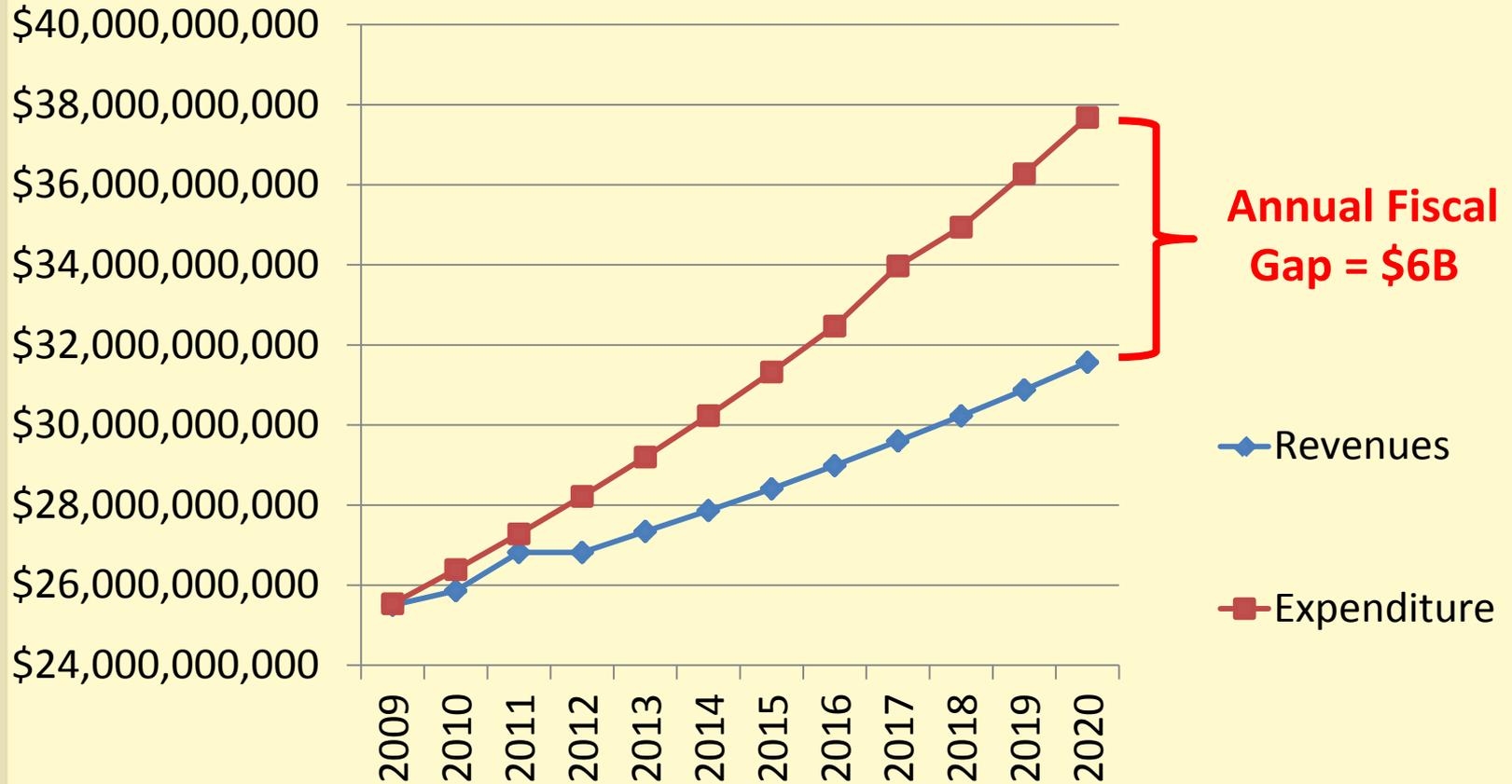
December 11, 2012



NYSAC[®]
NEW YORK STATE
ASSOCIATION OF COUNTIES

The Projected County Fiscal Gap

(AS OF SEPTEMBER 2011)

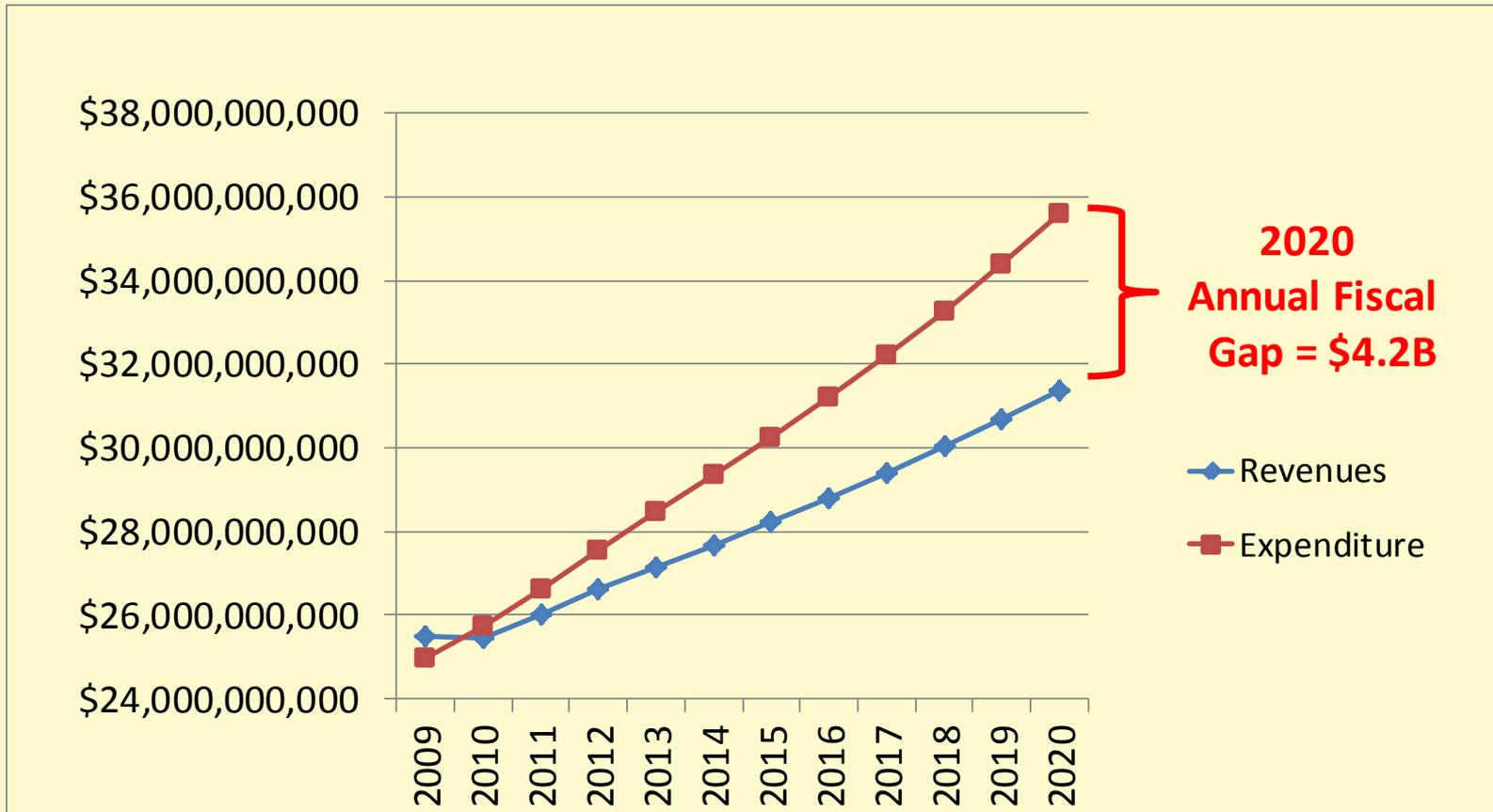


State and County Budget Actions

- **The State Budget Included:**
 - A hard cap on the growth of annual county Medicaid Costs
 - Establishment of a Tier 6 in the Retirement System
 - Creation of a statewide fiscal agent in Early Intervention
 - Procurement Reforms
- **County officials enacted significant spending cuts, workforce and revenue actions to lower the trajectory of spending and help close the fiscal gap.**

The Projected County Fiscal Gap

(After 2012-13 State and County Budget Actions)



Annual Growth in Many of These State Mandates Has Exceeded Inflation

<u>2012 Local Cost</u>	<u>State Mandate</u>	<u>Annual Growth Trends</u>
• \$7.5 Billion →	• Medicaid →	2.5% (0% in 2015 and beyond)
• \$1 Billion** →	• Pension Costs →	31.0% (from 2009-13)
• \$1 Billion →	• TANF/ Safety Net* →	5.6%
• \$825 Million →	• Child Welfare →	2.0%
• \$640 Million →	• Special Ed. Pre-K →	8.0%
• \$330 Million →	• Early Intervention →	7.7%
• \$300 Million →	• Indigent Defense →	5.5%
• \$390 Million →	• Probation →	6.2%
• \$90 Million →	• Youth Detention →	6.9%

Eventually the math overwhelms any budget

*State Budget Shifted 71% of SN cost to counties vs. 50%, while fully federalizing the cost of TANF which reduced costs to the State and Counties.

** Excludes New York City pension costs of nearly \$9 billion.

The 2012 Cost of the 9 Major Mandates

- In 2012 nearly \$12 billion in local taxes (County and NYC) will be sent to Albany to support spending in the State Budget for 9 major mandates (does not include estimated NYC pension costs of \$9 billion).

The “Kitchen Table Math” Behind the County Property Tax Levy

The County Budget is:

The 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 largely to make up the shortfall in reimbursement from the State/Federal government.

The Property Tax Levy in First Year of Tax Cap

- 50 counties met the cap
- 7 did not meet the cap
- 14 voted to override (7 as a precaution)
- How long can this trend continue? As mandates continue to grow and our revenues are restricted.

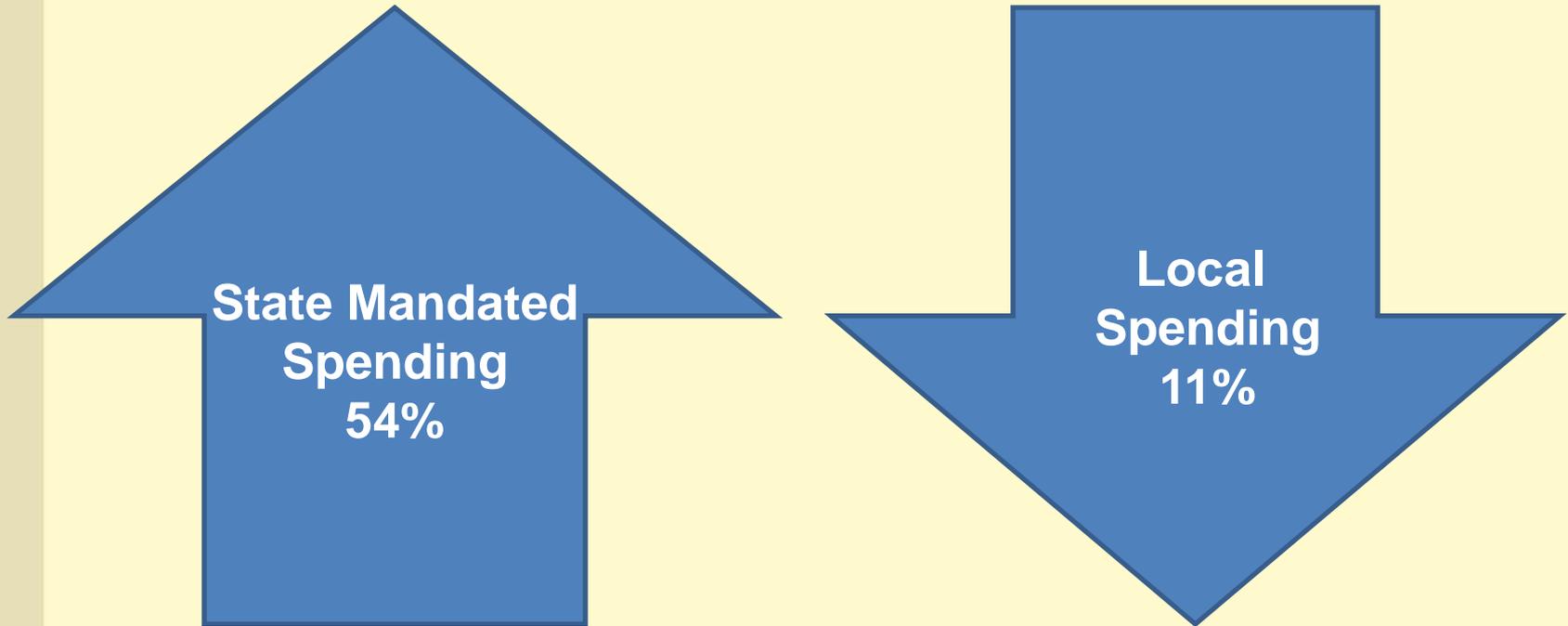
Governing by Triage...

It's what to cut and when. Counties are privatizing major assets and services, including:

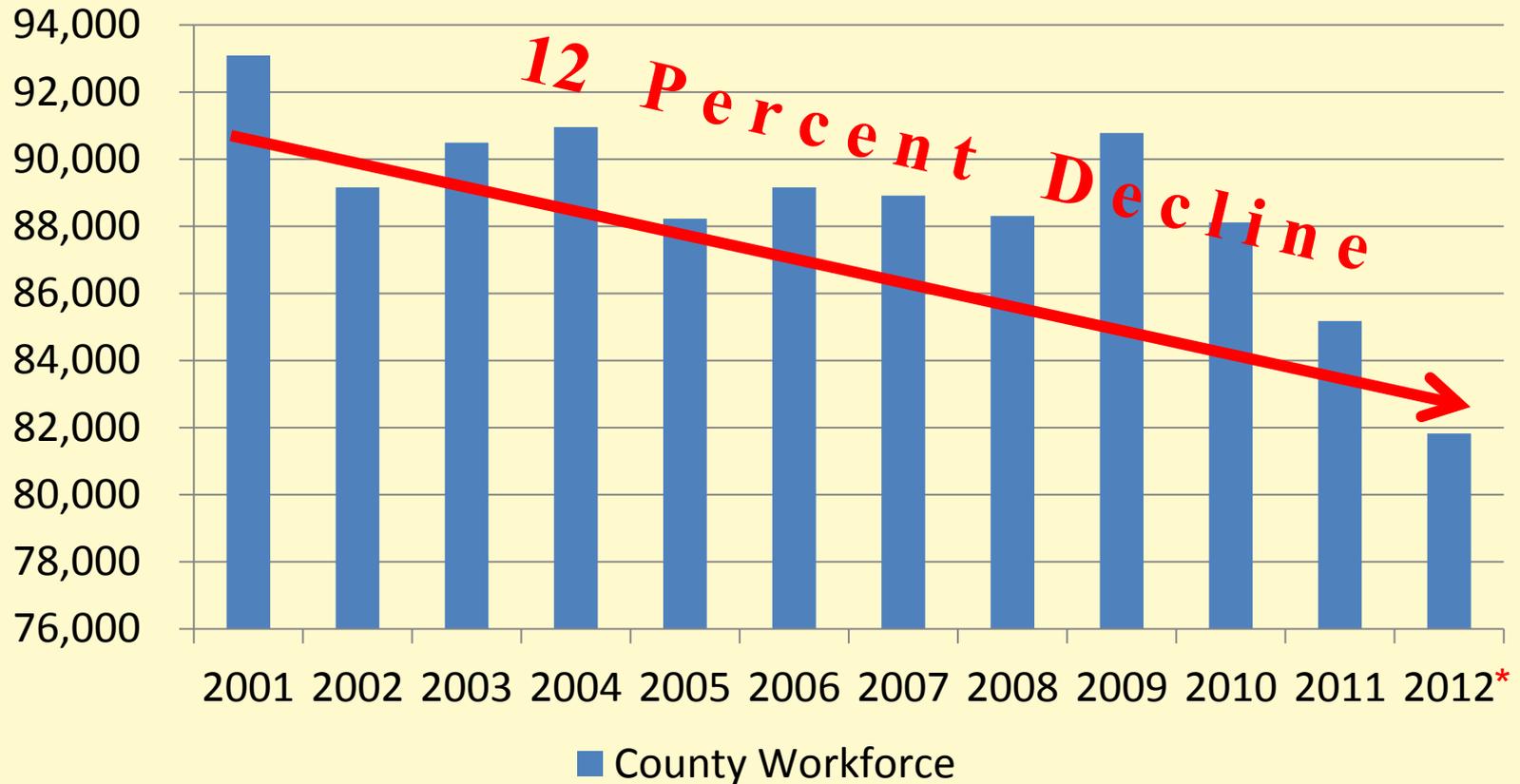
- **County Nursing Facilities** (3 closed or sold in 2012, 17 in jeopardy)
- **Certified Home Health Agencies** (nearly 50 closed or sold in the last decade)
- **Mental Health Agencies** (privatizing)
- **Land, buildings, equipment.**

What does it mean locally?

Rensselaer County (past five years)



A Reduced County Workforce



...Triage Continues

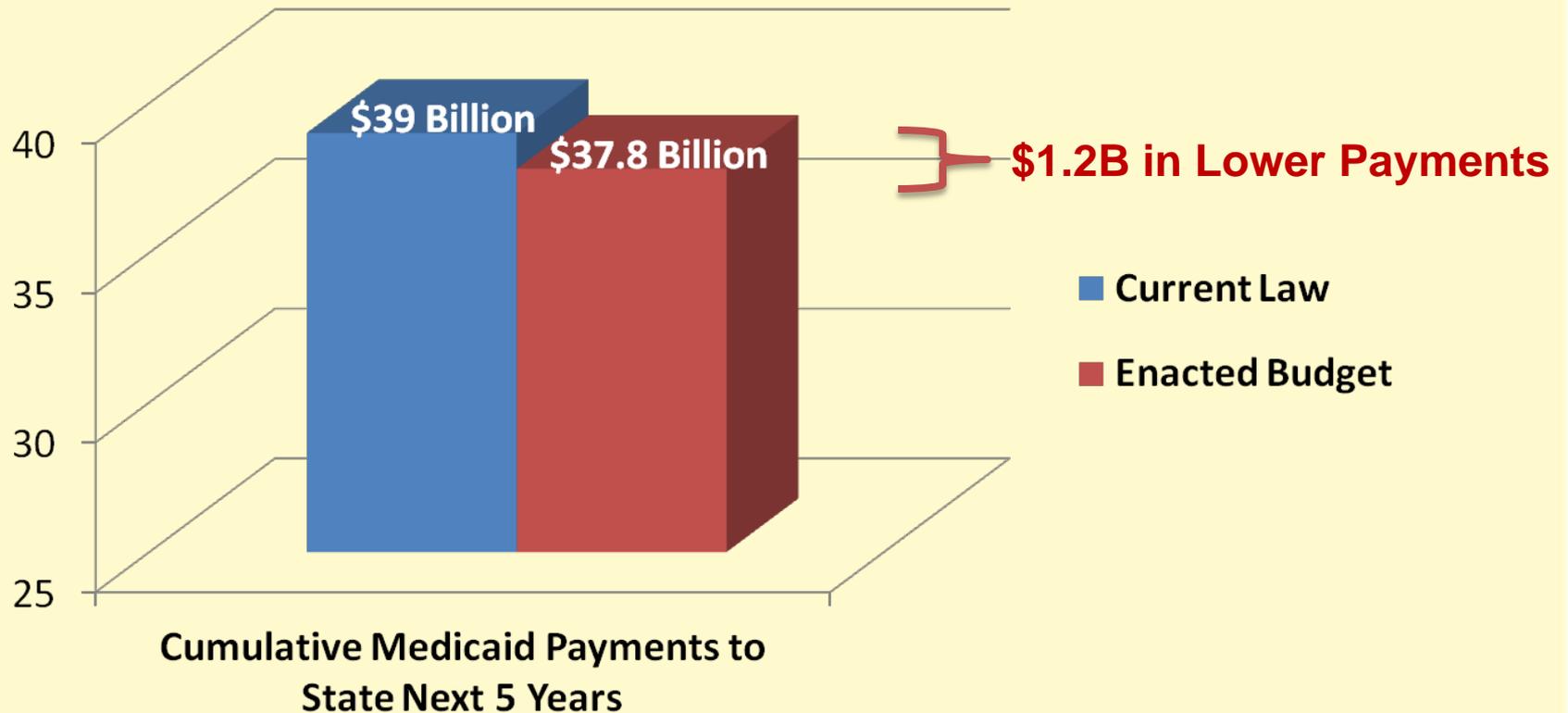
- Depleting Reserves
 - Some counties will completely deplete available reserves, others are close behind. Some at constitutional tax limit.
- Delay or Reduce Capital Construction and Maintenance
- Borrowing for operating expenses/pension costs
- Reducing Payments to Not-for-Profits, Cultural Institutions
- Closing facilities
 - Clinics, nursing homes, museums, parks, etc.

Critical Relief by the State

- The enacted State Budget provided some positive first steps in County mandate relief:
 - Takeover of the growth in county Medicaid cost (\$1.2 billion over 5 years)
 - Pension Reforms – creation of Tier 6 (\$7.2 billion over 30 years)
 - Early Intervention – statewide fiscal agent reforms (\$52 million over 5 years)
- **Important, but this needs to be placed in context**

County Mandate Relief – *In Perspective*

Medicaid Payments



Next states' highest county contributions:

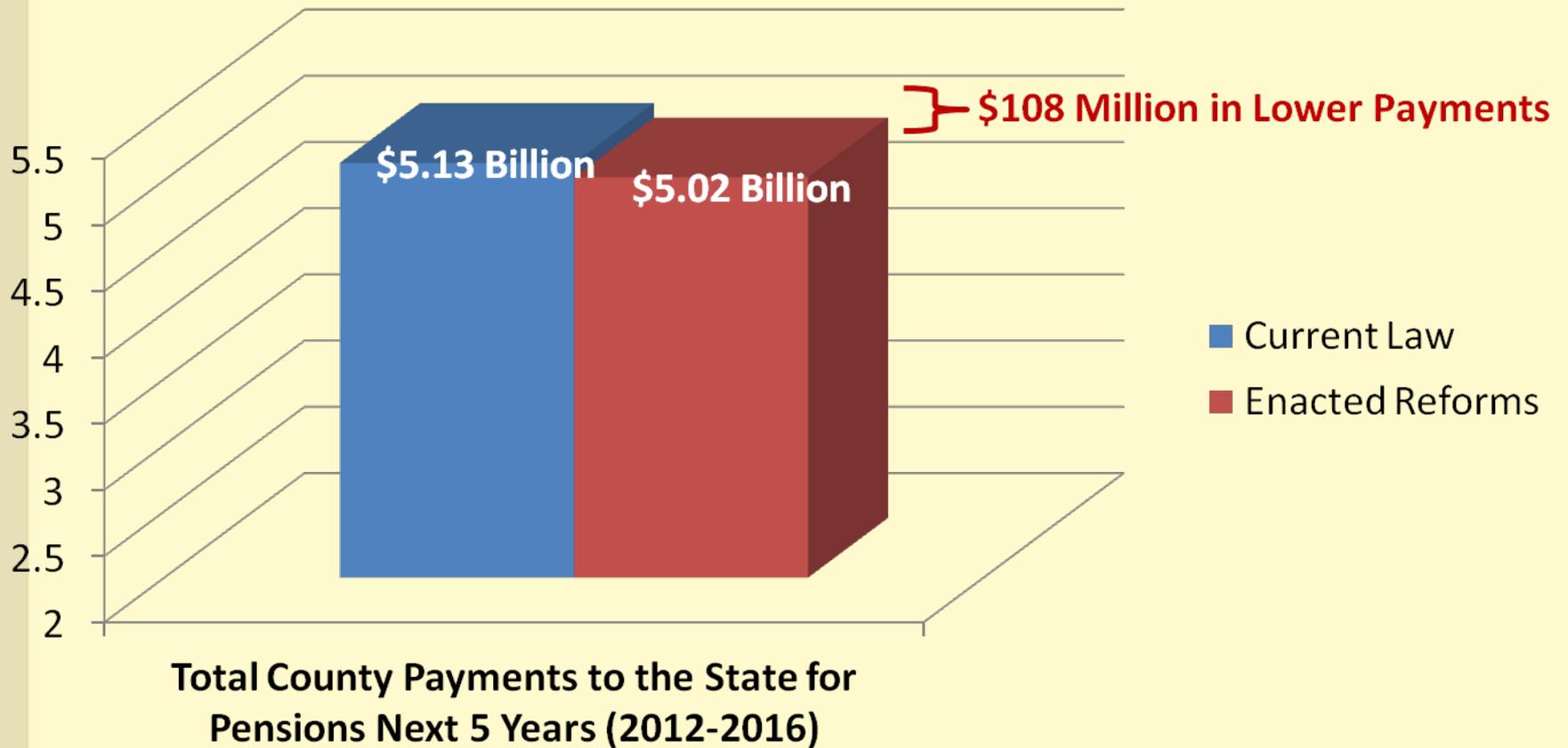
California: \$5 billion over five years

Arizona: \$1.7 billion over five years

Florida: \$1.1 billion over five years

County Mandate Relief – *In Perspective*

Pension Payments



One Mandate at a Time

- **Preschool special education is ready for reform**
 - \$2 billion program cited with waste, fraud and abuse, according to NYS OSC
 - Program costs too high with no accountability to the children, their families and our taxpayers, according *NY Times*
- **Must avoid shifting costs to State or schools**
- **Must improve the program for its stakeholders**