The County Perspective

2017-18 Executive State Budget Proposal

Testimony
submitted by
the

New York State Association of Counties
and the
New York State County Executives Association

To the Joint
Legislative Fiscal Committees

Monday, January 30, 2017
LOB, Hearing Room B

Hon. William Cherry, NYSAC President
Stephen J. Acquario, Executive Director

Thank you Senator Young, Assemblyman Farrell and the other members of the Joint Legislative Budget Committee. I am Stephen Acquario, Executive Director of the New York State Association of Counties and I appreciate the opportunity to testify today. I am joined by NYSAC President William Cherry.

First let me say how much we appreciate that your committees have provided this opportunity to gather feedback on the State Budget.

In recognition of time constraints, I will summarize my written remarks to leave time for any questions the Committees may have.

It's a challenge every year to present brief and concise testimony about the impact the massive proposed state budget could have on our county governments. This is because counties are often required to deliver and partly fund many of the programs that are in each state budget. This has been going on for the past 50 years, and this budget proposal budget is no different.

State Mandated Programs that Counties Fund

Counties and New York City must raise more than $12 billion each year in local taxes to support just 9 major state mandates. Or you can think of it in other terms: counties and New York City spend $234 million each week in local taxes to pay for just 9 state mandated programs. To put it another way, since the 1960's the state has been dipping into county coffers to pay for state programs that are created and controlled by decisions made in the State Capitol. These are costs that local governments in most states do not fund to this degree. We must not forget that this is a major reason for New York's high property taxes compared to other states.

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

* 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
4 Actual Adopted Levies for 2010, 2011, 2012, 2013, 2014, 2015
All program growth estimates developed by NYSAC

Controlling County Property Taxes

Over the last several years, the Governor and Legislature have been careful to not impose new mandates or shift costs on counties and other local governments. And our counties appreciate these actions.

When new mandates are created, or there is an increase in the cost of existing mandates, or when the state shifts costs to local governments without any flexibility to mitigate these higher costs – we all recognize this hurts local taxpayers.

In recognition of this, the Governor championed, along with the State Legislature, two significant local government mandate relief reforms in recent years, which continue to provide essential fiscal relief:

1. Capping county and New York City Medicaid costs, and

2. Enacting major pension reforms

In addition, there have been numerous other reforms to state mandated programs that have provided for both the more efficient and effective delivery of services and also a lower per capita cost. We will continue to work closely with the Legislature to build on our previous successes in this area and to prevent veering off this highly productive path of collaboration.

State Mandate Relief Has Been Significant and Welcomed

We are not minimizing the importance of state mandate relief to date. These reforms are critically important and they must be protected. But if we want to lower county property taxes we need mandate relief that lowers our costs.

If we want to improve our standing nationally in relation to property tax levels, we can only do this if the state lowers our costs or takes more fiscal responsibility for their own programs and mandates. It is important to note here that we are not asking for state dollars, we are asking you to help lower our costs, and at the same time refrain from adding new costs to us.

Reversing course on any of this mandate relief or shifting more costs from the state to local taxpayers is fraught with danger.

No New Unfunded Mandates

To lock in the benefits for local taxpayers from state mandate relief efforts to date we need to enact no new unfunded mandates legislation this year. With a law like this in place it also paves the way for actual property tax reductions in the future. We thank the Senate for their efforts to pass such legislation last year and urge the Assembly to follow suit.

County Property Taxes Over the Last Decade

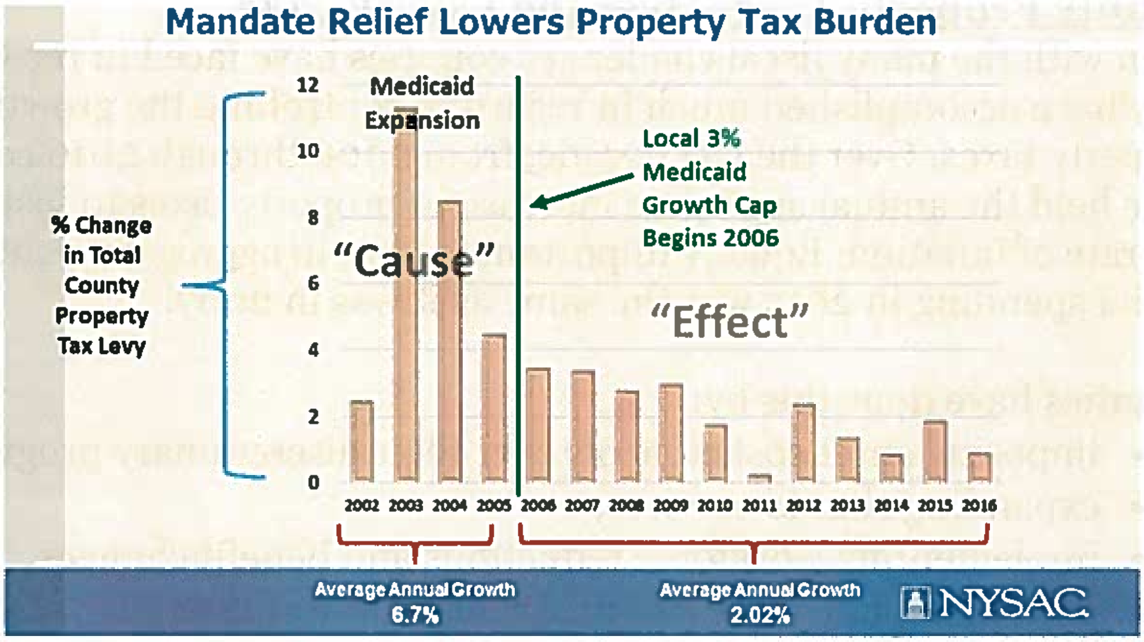
Even with the many fiscal challenges counties have faced in recent years they have accomplished much in regard to controlling the growth in property taxes. Over the last decade, from 2006 through 2016 counties have held the annual aggregate increase in property taxes to just below the rate of inflation. Equally important is that, in aggregate, county per capita spending in 2015 was the same as it was in 2007.

Counties have done this by:

- imposing strict cost controls over their discretionary programs,
- expanding shared services,
- implementing workforce reductions and benefit changes,
- privatizing functions and programs where allowed under state law,
- consolidating county operations,
- divesting assets, and
- reviewing the appropriate mix of local revenue options.

The other primary factor that allows counties to hold the line on property taxes was the state's adoption of the first local Medicaid growth cap in 2005. Following a significant expansion of Medicaid eligibility and benefits in 2001, county Medicaid costs grew sharply. Recognizing the burden, the State implemented its first county Medicaid growth cap that limit future growth to 3% on an annual basis.

As the single largest program expense for most counties, the state's initiative to limit future growth allowed counties to curb future property tax increases and dramatically alter growth rates compared to prior years. Prior to the cap the annual average growth rate in county tax levies was 6.7 percent, since that first cap the average annual growth dropped to 2 percent.



- *Since the 3% Medicaid Cap (2006 -- 2016)* – The annual change in the aggregate county property tax levy has been 2.02 percent – less than the rate of inflation for the period

- *Since the Great Recession (2009 -- 2016)* – The annual change in the aggregate county property tax levy has been 1.57 percent

- *Since the State Property Tax Cap (Local "Revenue" Cap) was Enacted (2012 -- 2015)* – The annual change in aggregate county property tax levy has been 1.50 percent

Comments on the Pending 2017/18 State Budget

Net Positive Actions for County Government

<u>Design-Build Option for Counties</u>

NYSAC supports the Governor's proposal for granting counties the ability to use design-build contracts. Under this proposal a county can qualify for design-build use if they are involved with certain capital projects over $1,200,000 in scope. This proposal makes common sense and can lead to enhanced procurement savings and efficiencies. Design-build has been proven to cut the costs of large projects and speed completion time.

Updating New York's Internet Sales Tax System

The ongoing expansion and maturity of internet-based retailing, or eCommerce (non-store), continues to dramatically outpace the annual growth in physical storefront retail sales. The growth in eCommerce retail is at a 15 percent annually, compared to "Main Street" local storefronts retail growing at about 2 percent per year. From 2006 to 2014 eCommerce (non-store retail) more than doubled its share of all retail sales nationwide, reaching nearly 7 percent. Some economists are estimating that eCommerce will reach nearly 10 percent of all retail sales nationwide by the end of 2017. The state desperately needs to update its sales tax collection system to keep up with changes in the retail marketplace.

Counties support the Governor's proposal to improve the sales tax collection system in New York. The budget proposal will help streamline sales tax collection practices and reduce burdens on small vendors and improve compliance. These taxes are already owed under state law and sales tax is the number one source of revenue for nearly half of all counties, with more than one quarter of all local sales tax being shared with other municipalities in the county. In some counties more than half of all local sales tax is shared with other municipalities. Each dollar owed that is not collected must be made up in another way, usually the property tax.

These improvements recognize the changing retail marketplace and will provide more stability in sales tax collections for the state and local governments while enhancing fairness in the overall retail market that supports locally owned and operated New York businesses.

9-1-1 Communications

Counties operate and maintain 9-1-1 functions. The funding mechanism used today to help operate, maintain, and upgrade 9-1-1 system capability and performance is out of date and does not correspond well to recent technology and marketplace changes. In addition, too much funding is diverted by the State for non-9-1-1 purposes. As a result, the system does not direct sufficient revenue to allow counties to properly maintain existing systems, while also preparing to implement the next generation of 9-1-1 technology required under federal law.

The goal of upgraded 9-1-1 systems is to make sure that all devices capable of connecting to the system can do so using voice, text, video images and other data formats to better inform the emergency responders to the situation they will be entering. In addition, upgraded systems will be able to better pinpoint an emergency caller that may be in a remote area of the state or skyscraper in New York City. Knowing a more precise location of those needing emergency services will improve outcomes and save lives. This is the goal, but we cannot get there without adequate funding.

This is complicated by the fact that current hardware and software in many local 911 systems is reaching the end of its useful life and must be upgraded and/or replaced. At the same time, the federal government is requiring states to build next generation 9-1-1 systems that have the capability and flexibility to receive information from a variety of electronic devices in various forms. This upgrade is expected to cost billions of dollars in New York State in the coming decade.

The Executive Budget proposal includes legislation to extend the 9-1-1 Public Safety Surcharge from contracted (postpaid) cell phone devices to prepaid devices. This is absolutely essential to ensuring all of those who benefit from the system contribute an appropriate share.

The legislation would require sellers to collect a surcharge on the sale of each prepaid wireless communications service or device sold within this state. The market shift from contract plans to prepaid wireless, which is not currently subject to the surcharge, is leading to a steady decline of revenue. The surcharge currently imposed on postpaid wireless communications service is $1.20 on each device per month.

Under the Governor's proposal, the surcharge would be extended to the sale of each prepaid service or device at the rate of $0.60 per retail sale that is $30 or less, and $1.20 per retail sale over $30.

This proposal is great step forward in recognizing that the current system of financing the state's 9-1-1 systems needs to be updated to correspond to the new marketplace. However, while the Budget proposal appropriately updates the assessment of the surcharge it directs none of these new resources to 9-1-1 services.

Under current law, $10 million is targeted directly to PSAPs and up to $75 million is set aside for the provision of grants and reimbursements to counties administered by the State Interoperable Communications Grants (SICG) program, administered by the Division of Homeland Security. We believe that at least half of the revenue raised through the modernization of the surcharge should be directed to county 9-1-1 services by increasing the current law appropriations by that amount. Increasing this funding will allow counties to help maintain current systems and upgrade to NextGen 9-1-1 service delivery.

In addition, the Governor's budget also modernizes the local surcharge authority granted to counties by extending it to prepaid devices. All but 8 counties currently have a local $.30 surcharge. We stand ready to work with the legislature to ensure this local authority is provided to those counties that still need it and to improve upon the Governor's budget proposal.

Reforms Early Intervention (EI) Program

Counties strongly support needed reforms to the Early Intervention Program. County Health Departments coordinate all Early Intervention services and counties fund 51% of the cost of the program.

Counties support reforms requiring insurers to pay for benefits covered by the child's health insurance policy, abide by existing prompt payment requirements and to increase reimbursement from third-party insurers. These issues have been on-going for years and the state's counties will benefit from these reforms.

Lastly, NYSAC remains concerned that reimbursement to counties for the cost of Early Intervention services that were provided and paid for by counties prior to the State Fiscal Agent Administrative takeover remain unreimbursed by the state.

Prior to 2013, counties funded 100% of the cost of EI upfront and then sought reimbursement. Due to limitations of the State Department of Health's computer system (New York State Early Intervention System - NYEIS), inaccuracies in reporting and other anomalies we estimate that counties are owed between $20 million to $30 million in unreimbursed state claims from this period.

We strongly encourage the Legislature to include language in the Budget and to work with us and the State to ensure local taxpayers are reimbursed as soon as possible.

Heroin & Opioid Abuse Crisis

Counties greatly support the additional $30 million increase over 2016/17 funding, for a total of $200 million to combat the heroin & opioid abuse crisis. This funding will be used to add new residential treatment beds, open additional Opioid Treatment Program slots, increase Family Support Navigators and Peer Engagement programs, and provide additional supports and services to those struggling with addiction.

Cost Shifts in the State Budget

Community College Base Aid

The Governor's proposed budget calls for a reduction of $21.8 million (4.6%) in community college base aid from the State. This is crushing after last year when base state aid was reduced by $10 million and used for special grant programs. NYSAC urges the state to maintain state support consistent with the way counties do through the maintenance of effort requirement.

Although the state sets the per student FTE rate ($2,697), community college enrollment is down to pre-recession levels. This results in a decline in state dollars due to fewer students. Some may state that when enrollment is down, less aid is needed. However, when the community colleges were experiencing enrollment increases during the recession, state aid was reduced dramatically with the promise that it would be restored when the economy and state budget recovered. The per FTE rate was slashed (after 2 years of flat funding prior to this) -15.5 and -6.1 percent in 2011 and 2012.

With the enrollment growth of the recession and the enrollment decline post-recession, community colleges have basically returned to 2008 enrollment and state aid levels – forced to operate as though we are still in 2008.

Community College - Pre/Post Recession State FTE Rates			
Year	State FTE $	% Change	$ Change
2006-07	$2,525	7.4%	$175
2007-08	$2,675	5.9%	$150
2008-09	$2,675	0.0%	$0
2009-10	$2,675	0.0%	$0
2010-11	$2,260	-15.5%	($415)

2011-12	**$2,122**	**-6.1%**	**($138)**
2012-13	**$2,272**	**7.1%**	**$150**
2013-14	**$2,422**	**6.6%**	**$150**
2014-15	**$2,497**	**3.1%**	**$75**
2015-16	**$2,597**	**4.0%**	**$100**
2016-17	**$2,697**	**3.9%**	**$100**

Free College Tuition

The free tuition proposal is not likely to produce an enrollment increase for community colleges like other states have experienced where the proposal did not include the four-year public colleges/universities. The New York proposal inhibits community college enrollment growth not only because students are quite likely to go to a four-year school if they can do it for free, but also because the 15 credit hour requirement does not accommodate working adults – which is where the largest potential enrollment growth might occur. In addition, the TAP program already supports so many students, that this "final dollar" scholarship doesn't hit as large a market as it might have in other states where the large enrollment surge was experienced.

Indigent Defense

In 1963, the United States Supreme Court held a landmark decision Gideon v. Wainwright. The high court made clear all criminal defendants have the right to be represented by counsel, regardless of their ability to afford an attorney. This federal constitutional mandate was then charged to all States to carry out and finance. Prior administrations in New York State have in turn passed the responsibility of providing all indigent defense services, and the vast majority of the costs associated with this service, to counties and the local property taxpayer. Currently counties, not the State, expend over $380 million per year while performing this vital service for the state.

Unfortunately, as shown by the recent Hurrell-Harring lawsuit and settlement, there are holes in the system that have led to instances of inadequate counsel for those in need. However, as this suit and the

Kaye Commission report states, the cause of the system injustice is the State's, not the counties', refusal to provide proper funding levels. The Hurrell-Harring settlement requires the State to provide more funding for indigent defense services for the five counties named in the lawsuit. Providing more funding for only five counties though creates an unequal system of justice across the state. Worse, the settlement never addressed the main cause for the system inefficiencies: that the state shunned its constitutional responsibility in the first instance and placed the financing of this responsibility on counties and local property taxpayers.

Last year, the senate and assembly showed great leadership in finding a solution to fix the broken indigent defense system in New York. This legislation demonstrated the State legislature's continued commitment to protecting local taxpayers and ensuring justice for all New Yorkers. The bill sponsored by Assemblywoman Pat Fahy (D-Albany) and Senator John DeFrancisco (R-Onondaga, Cayuga) would have reformed and improved legal services for the poor in counties across the state, and instituted a multi-year plan for the state to assume the local costs of this program.

Unfortunately for counties and the residents of New York this bill was vetoed by the Governor on December 31st.

The Governor's proposed budget provides no new funding for the 52 counties not subject to the Hurrell-Harring settlement. Instead the budget requires the Office of Indigent Legal Services to submit a plan by the end of 2017 that lays out a strategy for expanding the terms of the settlement the rest of the counties. The State Financial Plan projects that expanding Hurrell-Harring to the remaining 52 counties will cost $250 million annually once fully implemented. Under this proposal the counties, not the State, must front any expansion costs and State will reimburse 100 percent of the costs they *deem necessary* to extend the reforms. That means we will have to budget for these increased costs with the hope that state reimbursement will follow.

It is important to note that this proposed reimbursement model is only applicable to expanded services and nothing is allocated for the current base costs counties are funding on this program ($380 million annually). Accordingly, this proposal offers no county mandate relief and by making this a county cost with reimbursement to come later from the state, it is unlikely that all counties will be able to maintain their property tax cap limits in the future and no assurance that 100 percent of costs will actually be reimbursed.

The Governor's budget also does not address the recently State issued Eligibility Standard Guidelines. These guidelines will take effect on April 1, 2017 and recommends that judges ensure county funded counsel for anyone who makes below 250 percent of the federal income level (reaching much higher income thresholds when certain exclusions to income are considered). Some counties have reported that almost every resident in their county will become eligible once this standard is effective.

On the merits this one size fits all standard is illogical in a State where income and attorney fees vary greatly based on location. But putting aside the logic of this State action the one outcome that is assured is this will raise the costs for counties to provide this service, as many more residents will be eligible for public defense.

Because of these shortcomings, counties do not support the Governor's indigent defense proposal and we strongly encourage the Legislature to revisit their unanimously passed indigent defense legislation from last year that was vetoed by the Governor. And if the Governor's proposed expansions stay in the budget, we ask that you at the very least prefund the county costs of any new service expansion required under the law instead of having counties pay first and then wait for reimbursement. Unfortunately, over the years, the state has often not kept its word on reimbursing their promised share for such programs.

Human Services Cost Shifts

Foster Care Block Grant

The proposed budget includes some significant cost shifts from the state to counties under the Foster Care Block Grant. The state is proposing to lower its current funding percentage from 54 percent down to 50 percent. Based on NYS Division of Budget estimates this funding share change would cost:

- Counties outside of NYC $19.5 million, and
- New York City would lose $21.3 million from the cost shift, and
    - NYC would also lose another $23 million from foster care tuition changes proposed by the state

We are opposed to these cost shifts.

Title XX Allocations

The state budget also proposes a shift in how counties can use Title XX funding by mandating that $23 million must be used for child care services. NYSAC opposes this proposal and views it largely as a cost shift by the state to local taxpayers because counties will need to find other local revenues to backfill the loss of federal funds that are being reprogrammed by the state. The state budget states that this proposal will enable "...the State to maintain the current level of child care subsidies while reducing General Fund costs for the program."

*Children with Special Needs in NYC_*

Counties oppose the proposed cost-shift of $22 million in committee on special education (CSE) administrative charges to New York City by requiring them to fund 100% of the fiscal responsibility. The stated justification was to better aligning costs with the entity making placement decisions, however school districts statewide make similar decisions in all of the counties for preschool special education (4410 program), but do not share in any of the program costs.

Raising the Age of Criminal Responsibility

Counties have supported the public policy goals of raising the age of criminal responsibility from 16 to 18 for nonviolent offenses, but we have also consistently raised concerns about the costs of such actions and the capacity and desire of service providers to deliver necessary services to all of these individuals and their families. The County District Attorneys have also raised concerns about their responsibility as locally elected justice officials to preserve the delicate balance between offender rehabilitation and accountability, and public safety.

The Governor's proposed budget again calls for raising the age of criminal responsibility, but it has been modified from prior years. To the dismay of counties, the Governor's latest proposal no longer provides 100 percent state reimbursement of all new costs incurred by counties to implement this proposal. There are also additional provisions added that would limit reimbursements to any counties that do not maintain the property tax cap or cannot prove they are in fiscal stress (in order to get reimbursed by the State). NYSAC cannot support the proposal with the removal of the 100 percent reimbursement guarantee provided in earlier versions of the bill.

The new proposal also does not provide any reimbursement to New York City at all for new costs they incur from implementing this law.

NYSAC strongly endorses and has long advocated that the governmental entity that makes legislative and public policy decisions should also be responsible for paying for them.

We believe the Budget language needs to be crystal clear that all incremental costs related to this public policy change be paid in full by the State. Current language is not clear, especially in regard to the near certainty that many counties will need to expand their existing staff permanently in order to handle the influx of individuals and their families that will require an entirely new set of services. Adding to staff will provide reimbursement challenges in that current, seasoned staff in some county departments will need to be diverted to address the unique needs of this population, and new staff will need to be hired to backfill for these diversions. A clear process needs to be developed to ensure new costs are not placed on local taxpayers to support a state initiative.

<u>Public Health</u>

Counties oppose the Executive's recommendation to consolidate 39 public health appropriations into 4 pools and to reduce funding for each pool by 20%. This consolidation and reduction of funding will impact the ability of counties to provide vital services including Disease Prevention and Control and Maternal Child Health programs.

Reductions to General Public Health Work (GPHW) Reimbursement

Counties oppose the Executive's proposal to reduce New York City's General Public Health Work (GPHW) reimbursement rate from 36 to 29 percent. Article 6 of the Public Health Law currently provides a base grant of either a set amount or a per capita rate of local health department (LHD) expenditures on core public health services, and then State reimbursement for 36% of LHD costs beyond the base grant.

Other Items of Concern

<u>Shared Services Referendum Proposal</u>

Counties have implemented shared services and government efficiency programs for decades and will continue to do so. As we highlighted earlier, counties have constrained spending significantly to ensure taxpayers receive effective and efficient service delivery. Governor Cuomo has long crusaded to promote greater intergovernmental partnerships between and amongst the local governments. We support this crusade. In fact, counties submitted $882 million in shared services and government efficiencies plans under the legislation Championed by the Governor and approved by the Legislature a couple of years ago. These initiatives are currently being implemented for county budget years 2017, 2018 and 2019.

While we will continue to aggressively pursue shared services and improved government operations we do believe that more can always be done and we should never settle for the status quo. To this end, we look forward to working with the Governor and Legislature to identify the appropriate mechanism to foster greater cooperation amongst the local governments.

Public Safety

Jails

The Executive Budget proposal includes establishing jail-based restoration programs for felony-level defendants. The Office of Mental Health (OMH) will work with participating counties to develop restoration units for felony-level defendants while they are restored to competency as they await trial.

The restoration units are envisioned to operate in counties that volunteer to participate, and will be maintained as separate residential treatment units within the jail.

Counties appreciate the option to participate, but without additional financial support from the state to get such an initiative started we remain concerned about how many counties will have the capacity to

Video Conferencing

The Executive Budget proposes to expand video conferencing and an increase in Aid to Localities Funding of $300,000 for expanding video visitation programs between incarcerated parents and their children. We believe this is a practical time to also expand the use of video conferencing for court appearances for inmates held at a county jail.

Under current law, video conferencing of inmates for arraignment or other court appearances is permitted in several counties, but is actually not in practice because the law requires the inmate to agree to an appearance. Many counties have state of the art video conferencing systems which are not used for inmate court appearances, simply because inmates routinely chose to be transported to court rather than make an appearance by video conference.

Expanded use of video conferencing for court appearances would save time and county taxpayer expense by avoiding transporting inmates to court for minor or routine matters, make courtrooms safer, and avoid problems which might happen when inmates are transported by auto or van to a court room many miles away from the jail. We encourage the Legislature to support the expanded use of this available technology.

Agriculture

Agriculture in New York State continues to be a strong and growing industry critical to our economy, farmers, local communities and consumers. The Executive Budget Proposal includes local assistance funds of $1.1 million for the "Taste NY" program to continue efforts to brand and expand New York's food and beverage industry. However, the Governor's budget fails to fully fund a wide variety of agricultural assistance programs the Legislature has long supported. We strongly encourage the Legislature to restore full funding for these many important agriculture assistance programs.

Clean Water Infrastructure Act of 2017

Counties greatly support the Governor's inclusion of $2 billion in funding for the Clean water infrastructure Act of 2017 to support drinking water and waste water capital improvements. New York State has some of the oldest water infrastructure in the nation. Without this vital funding, the cost of necessary improvements would be passed on to counties and other local governments.

The Budget proposes the Act to be funded at $400 million per year over five years and administered directly by the state. The money would be used for water and wastewater infrastructure and source water protection.

Electric Vehicles

Counties support the five-year extension of the Alternative Fuels Property and Electric Vehicle Recharging Property Tax Credit through 2022. Counties across the state are becoming greener through the implementation of cutting edge environmentally sustainable initiatives like electric vehicles. The extension of the tax credit will promote the expansion of green transportation opportunities.

Judgement Interest Rate Changes

Counties support the Governor's proposal for a judgement interest rate level that makes common sense for New York and for taxpayers alike. The current judgement interest rate is set in law at 9 percent. This budget links the State and County judgment interest rate to Federal rates which are currently below 2 percent.

The current law made sense when it was created in the 1970's because 9% matched the federal rate, additionally court volume was lower then so appeals were brought to court sooner.

Flash forwarded to today where interest rates are below 2 percent and it can take years before an appeal is heard. We have seen our counties and New York City desire to appeal a judgment, knowing the amount was set too high in the lower court, only to have their hands tied into settlement or full payment due to this 9 percent rate. Even when a county knows they can win on appeal they must be mindful of the taxpayer and when 9 percent interest is running for years until the appeal might be heard, and there is almost no choice but to forfeit an appeal. This is especially true in a wrongful death suit where interest begins under state law at time of death and not time of judgement.

This issue has been overlooked for too long and we thank the Governor for proposing a rate in line with the rest of the county.

Increase State Support of Core Public Health Services

Due to multi-year state funding cuts, counties continue to advocate for:

- A limitation on Division of Budget and NYSDOH administrative actions that will result in further erosion of state aid to local health departments;
- An increase in the base grants that ensure 100 percent reimbursement of local expenditures:
    - Increase the base grant to Full Service LHDs (i.e. those with environmental health units) from $650,000 to $750,000;
    - Increase the base grant to Partial Service LHDs (i.e. those with environmental health units) from $500,000 to $550,000;
    - Increase the per capita rate for the largest counties from 65 cents per resident to $1.30.
    - Increase the beyond-base-grant state aid reimbursement rate from 36% to 38%.

The prevention and population health activities of county health departments and New York City are essential to the overall health of the state's residents and communities. However, the state has reduced its annual appropriations for Article 6 Public Health spending by 40% over the last several years. In 2011 the State also eliminated the allowance of state aid for so-called "optional services" by local health departments, eliminating funding for early intervention administration, medical examiners, dental health services, some environmental health activities, certified home health agencies, and more.

These reductions have increased the need for local budget cuts, including staff reductions that compromise the capacity of local governments to ensure the provision of the core services necessary to protect the public's health.

Veterans Court Expansion

Counties support our military veterans in a variety of ways including providing County Veteran Affairs Offices throughout the State that provide direct services to those that have sacrificed so much. NYSAC commends the governor for recognizing the need to expand services to our veterans in his budget proposal.

He does so by providing more funding toward Veterans Court services. Currently, New York has 29 veterans' treatment courts, not all of New York's veterans live in a jurisdiction that has such a court. We at NYSAC would like to see that number expand to all 62 counties.

Veterans Courts are diversion courts that understand many returning from combat have a difficult time readjusting to civilian life. It is for these individuals that perhaps help and treatment would be a better option rather than criminal punishment. The Governor's proposals would increase availability of the peer mentoring services offered by such veterans' treatment courts.

Peer mentoring services has a proven track record of success where a volunteer veteran agrees to be there in times of need for a specific veteran currently in the diversion court process. Although this peer to peer system is voluntary there are costs associated to the volunteer such as travel and food. The Governor's budget proposes $1 million to help support this peer to peer support expansion.

Elections

Counties operate the election system in New York for all levels of government. This crucial service is one counties take pride in providing to our local residents. Unfortunately, providing and paying for election services for all levels of government for special, primary, and general elections is another example of a costly mandate imposed on counties.

The budget proposes early voting authorization in all special, primary, and general elections. This bill would require early voting polling sites to be open for a period of 12 days prior to special, primary, and general elections. Additionally, the proposed budget requires each county to keep open at least one site during this process. NYSAC does not have a formal opinion regarding the policy of early voting, however if early voting is implemented any cost increases to counties resulting (direct or indirect) from this proposal should be paid for by the state.

<u>Tourism</u>

We are encouraged by the Governor's strong support for tourism, in all corners of the state, as a way to promote business investment and job creation throughout our counties. We urge the Legislature to support these efforts.