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The County Perspective

2016-17 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

Tuesday, January 26, 2016
LOB, Hearing Room B

Hon. William Cherry, NYSAC President

Hon. Robert P. Astorino, President NYS County Executives Association

Stephen J. Acquario, Executive Director

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Thank you Chairman Young, Chairman 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 here today representing our NYSAC President, the Honorable William Cherry from Schoharie, and the President of the New York State County Executives Association, Rob Astorino from Westchester.

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.

<u>Controlling County Property Taxes</u>

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. When new mandates are created, or there is an increase in the costs of existing mandates, or a shift in costs to local governments without any flexibility to mitigate these higher costs – we all recognize this will hurt local taxpayers.

In recognition of this, the State Legislature and Governor enacted two significant local government mandate relief reforms in recent years

1. Capping local 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.

To this end we do not support the Governor's proposals to shift significant higher education costs to New York City and further, to dismantle the local Medicaid cap for the City. Both would be counterproductive to the positive work we have done in recent years to improve accountability to the local taxpayer by reducing the growth of costs for local governments imposed by state mandates.

We must also remember that Counties, not including New York City, experienced the loss of nearly $400 million in annual state reimbursement due to the Great Recession and the State Budget crisis that ensued. These state reimbursement cuts were not accompanied with any flexibility to reduce the state mandated costs behind them.

Since then, we have collectively made progress in reversing some of these reimbursement cuts and even implemented some program reforms to help lower the growth in costs. However, most of these cost shifts remain in place today. And these are the areas where local tax dollars must be raised and spent to support state mandated programs.

In fact, 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 these 9 state mandated programs. Costs that local governments in most states do not fund to this degree – this is a major reason for New York's high property taxes compared to other states.

In addition, we must remember that with few exceptions, the curtailment of some state mandates and program reforms – even as important as the Medicaid local cap – did not lower actual county expenses. They just ensured they would not grow larger in future years. This is important because these costs are "baked" into each county's property tax base. Without further state relief these costs are nearly impossible to reduce and progress on significantly lowering property taxes will be stymied.

When the State first enacted the property tax cap counties highlighted how state mandated programs impact the local property tax base. We emphasized how the costs of just 9 major state mandates were equal to 90 percent of all county property taxes collected statewide. That was in 2011. By the end of 2015, even with the significant mandate "curtailment" actions taken by the state, these same 9 mandates now equal 99 percent of county property taxes collected statewide.

While we highlight the 9, there are more than 40 programs counties are mandated to provide and fund on behalf of the state, plus dozens of regulations, labor and environmental standards that must be adhered to. Complying with each uses up local resources. Last year alone, OCFS, OTDA and DOH issued more than 50 Administrative Directives or guidance letters to counties that had to be implemented.

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 must expand mandate relief.

If we want to improve our standing nationally in relation to property tax levels, we can only do this if the state takes more fiscal responsibility for their own programs and mandates. This process gets at the root of government efficiency and consolidation.

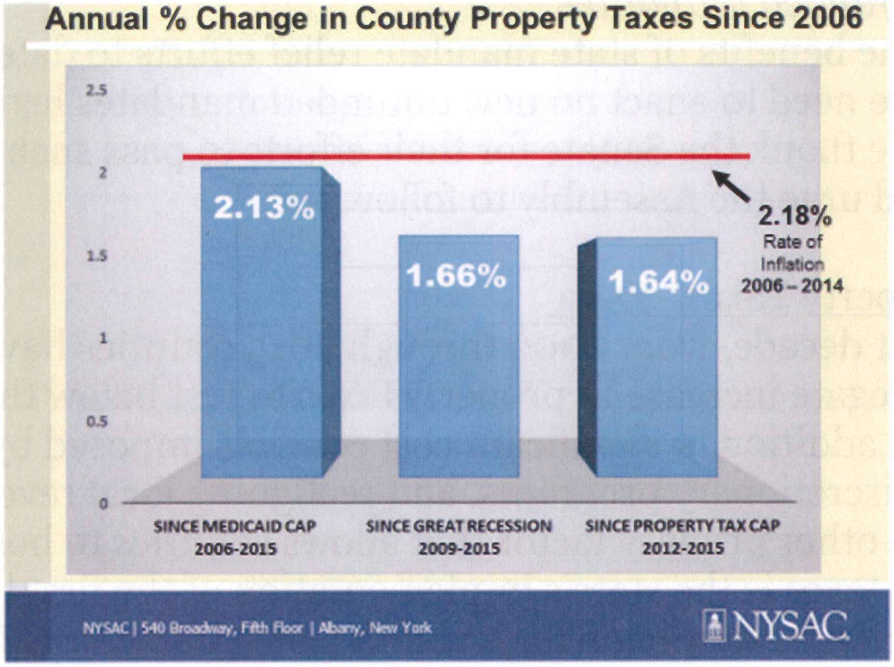
The level of government making the policy decisions on program costs and benefit levels, must also be responsible for the fiscal consequences. Until such time this type of model is adopted, New York will remain atop the list of high property tax burden states.

Reversing course on any of this mandate relief or shifting costs that will ultimately be borne by local taxpayers is fraught with danger.

No New Unfunded Mandates
To lock in the benefits of state mandate relief efforts to date for local taxpayers we need to enact no new unfunded mandates legislation this year. We thank the Senate for their efforts to pass such legislation last year and urge the Assembly to follow suit.

<u>County Property Taxes - Data</u>
Over the last decade, from 2006 through 2015 counties have held the annual aggregate increase in property taxes to just below the rate of inflation. In addition to significant cost controls imposed by counties over their discretionary programs, and realigning local revenue options, the other primary factor that allows counties to hold the line on property taxes is the state's implementation of the first local Medicaid growth cap. Following a significant expansion of Medicaid eligibility and benefits in 2001 county Medicaid costs grew sharply. Recognizing the burden, the State implemented the local Medicaid growth cap to limit future increases for counties and local taxpayers.

- *Since the 3% Medicaid Cap (2006 -- 2015)* – The annual change in the aggregate county property tax levy has been 2.13 percent – less than the rate of inflation for the period
- *Since the Great Recession (2009 -- 2015)* – The annual change in the aggregate county property tax levy has been 1.66 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 1.64 percent



Use of Bank Settlement Funds

Counties remain concerned about how the Governor has proposed using the $2.3 billion in bank settlement funds that remain available for appropriation. Similar to last year, we believe more funding needs to be targeted to locally-owned and maintained infrastructure and distributed more evenly across the state. Especially since local infrastructure was largely left out of last year's distribution of bank settlement funds.

Last year, one-time bank settlement funds were used for a variety of purposes and often targeted to specific projects or regions. Because the vast majority of bank settlement funds received by the state were for violations of federal and state banking laws, one should conclude that all state residents were harmed equally and any distribution of funds should be as even as possible across the state. Due to the lack of distribution to local public infrastructure last year we would like the Legislature to consider targeting a large share of the remaining bank settlement funds to this purpose using a broad-based methodology for distribution.

We also believe that targeting funds to local infrastructure will ensure that these one-time settlement funds will be used quickly and have the maximum economic impact as a result. Last year's funding is scheduled to be spent out over many years and we believe this year's funding should be distributed as quickly as possible for local infrastructure needs left out of last year's distribution.

Local Government Consolidation Grant Programs

The Governor's Budget proposes the creation of a new $20 million competitive grant program that is intended to encourage government consolidations that help to permanently lower property taxes in the combined jurisdictions. Historically, voters in New York seldom approve formal consolidations and dissolutions.

The funding for this new competition is to come from one-time bank settlement funds. However, the Governor's Budget has zeroed out funding authorization for the ongoing $40 million Local Government and Performance Efficiency Program.

The budget also provides $80 million in reappropriations from prior year grant funding for the Local Government and Performance Efficiency program, but it is our understanding that the funds will only be accessible through the Financial Restructuring Board. It appears the grant program is being entirely restructured in the Governor's budget proposal, including the use of prior year funding.

In addition, the $150 million set aside from bank settlements funds last year for local government shared services program grants is being repurposed for a state OTDA developed anti-poverty program and also to fund a $100 million downtown revitalization competition.

Counties believe that streamlining government operations, whether through a formal consolidation and dissolution, or comprehensive and robust shared services arrangements can be positive for the quality of services delivered and may also provide some modest fiscal benefits to taxpayers.

However, the constant and significant reprogramming of funding authorized for local government grants to promote efficiency, shared services and consolidation is counterproductive in our opinion. Authorizing funding for specific initiatives and failing to offer a meaningful or timely application process (if at all) and then reprogramming the same funding for other purposes is disingenuous to the process of reforming local government operations.

Counties believe a more consistent approach can provide important improvements that can help taxpayers. The current process of changing priorities seemingly on an annual basis, without even providing an opportunity to apply for previously authorized funding is not useful. Counties believe we should not start up new programs before we try to see if currently authorized ones can work as proposed.

Local Bridge & Paving Programs

The Governor's proposal keeps CHIPs and Marchiselli funding on par with last year's budget, and includes two 5-year programs: the PAVE NY and BRIDGE NY programs, each funded with $1 billion.

Eighty-seven percent of the State' 110,000 miles of roadways and 50 percent of the state's 18,000 bridges are locally-owned and maintained. Keeping this vast system of transportation sound and safe will put people to work and help attract people and businesses to our communities.

Local and state funding to support local roads and bridges has been negatively impacted by the recent recession and the implementation of the property tax cap. In addition, for the past two years, the federal transportation aid allocation to New York has been primarily directed to the major systems (interstates, arterials, expressways and major urban connectors) and away from locally- and even state-owned bridges resulting in as much as 40 percent less federal dollars available for local projects.

We support the Governor's proposals to target this much needed new funding for local roads and bridges. And we stand with our county highway superintendents who are recommending that the funding for the local portion of these programs be allocated in a more equitable balance by using the current CHIPs formula. The CHIPS formula is based on local highway mileage (for all municipalities) and motor vehicle registrations (for counties and NYC).

This formula allows the local highway superintendents and commissioners of public works, the experts in their localities to make decisions on what road, bridge and culvert rehabilitation and reconstruction is most important. By using CHIPS as the funding mechanism for the local side of the program, every municipality across the state will benefit.

Funding Parity for Transportation and Transit Systems is Vital
Finally, we must work diligently to restore the equal investment of state resources for transportation and transit systems in New York City and throughout the rest of the state. We remain concerned that restoring parity in this area may fall short as proposed in the State Budget.

Indigent Defense

The State settlement of the Hurrell-Harring litigation required the expansion and improvement of indigent defense services in five counties. As part of the settlement, the State has agreed to fully fund these expanded services for the five counties. At the heart of the expanded services was to match what New York City already has in place, namely case load caps for public defenders and providing first appearance/arraignment legal counsel.

While the State needs to be commended for helping cover the costs of expanded indigent defense services, this creates a new problem for our remaining 52 counties.

Post settlement we now have a non-uniform indigent defense system where neighboring counties are providing different, and in some cases, less expansive indigent defense services. If a county outside the five receiving funding attempts to match the expanded services they will likely be forced to exceed their state imposed tax cap to do so.

It is estimated that it would cost $115 million to expand these new services in the remaining 52 counties, while the allowable inflation growth in their tax cap for 2016 is just $26 million.

It is clear that New York needs a uniform system in place to ensure equity to those in need of counsel.

Counties believe that ensuring a uniform system requires the state to restore its constitutional obligation to provide these services rather than passing this responsibility on to counties and local taxpayers.

The goal should be exactly what is stated in the recently introduced two house bi-partisan bill sponsored by Senator DeFrancisco and Assemblymember Fahy – create a uniform indigent defense system by expanding and improving these services in all counties and for the state to gradually takeover all of the costs of indigent criminal defense services as envisioned under federal law and as implemented in most other states.

The 2016-17 state budget will be the starting point for fundamentally altering the justice system in New York to ensure the best and fairest representation for all individuals. Counties strongly support the development of a state aid funding roadmap to implement these reforms statewide and to lay the groundwork for a full state takeover of these 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 of service providers to serve these children and families.

The Governor's proposed budget supports the NYSAC position that under any effort to raise the age of criminal responsibility the State should finance the entire incremental costs of that public policy change. NYSAC strongly endorses and has long advocated that the governmental entity that makes the decisions should also be responsible for paying for them.

This public policy goal is critically important and should be pursued in a way that ensures the greatest likelihood of success. This will require a lot of coordination, planning and an unwavering fiscal commitment from the State. In addition, the State will need to consider the role of locally elected district attorneys in this process and their responsibility to protect the public safety, maintain victim's rights and ensure accountability for all in the criminal justice system.

NYSAC appreciates that county officials were members, and actively consulted, on the Governor's Commission on Youth, Public Safety and Justice. Their recent report highlights that building provider capacity is critically important. Nearly half the counties have one or fewer providers within their borders equipped to provide the envisioned comprehensive services. Building robust provider capacity in all regions of the state must be a top priority. We look forward to working with the Governor and Legislature on implementing this initiative.

Early Intervention

Counties strongly support needed reforms to the Early Intervention Program. County Health Departments coordinate all Early Intervention services and counties fund 50% of the cost of the program.

Counties support reforms requiring insurers to pay medically appropriate claims, abide by existing prompt payment requirements, and to send payments to the billing provider in a timely and prompt manner. These issues have been ongoing problems for years and counties will benefit from these reforms.

Counties also support imposing timeline requirements on insurers to request additional/supportive information from the provider within 15 days of receipt of a claim or to have the claim be deemed covered and payable.

Counties support streamlining eligibility determinations for the Early Intervention program by requiring initial screenings for children who may not require comprehensive medical evaluations. By clarifying when a child does or does not require a full evaluation, counties will save time and money, and children referred for Early Intervention services will be referred to appropriate services in a timely and more efficient manner.

Lastly, NYSAC remains concerned that reimbursement to counties for the cost of Early Intervention services that were provided and paid for prior to the State Fiscal Agent Administrative takeover and reforms were not included in the Governor's Executive Budget. Prior to 2013, counties funded 100% of the cost of EI upfront and then sought reimbursement. Due to limitations of the New York State Department of Health's New York State Early Intervention System (NYEIS), and inaccuracies in reports and data, counties are owed approximately 20% of claims submitted, resulting in tens of millions of dollars of lost reimbursements.

Home Rule Authority

While it is not a local sales tax renewal year for all of our counties, we would like the Legislature to consider enacting legislation this year that would require all sales tax renewal bills that come up next year be 4-year authorizations rather than 2-year authorizations. This still provides state legislators a regular review period, but it would cut in half the bureaucracy involved in renewing these bills every two years, and so improve government efficiency at both the state and county levels.

FAA Aviation Fuel Sales Tax Rule

The budget also proposes the elimination of local sales tax authority on noncommercial aviation fuel. This is being done to meet clarified FAA rules related to any taxes generated from the sale of aviation fuel and ensuring such resources are dedicated to aviation purposes. While the budget proposal solves the FAA rule problem, counties view this as a place holder for continued talks with the FAA and the Legislature to find a solution that does not harm local finances due to the loss of these local sales tax receipts.

Other Budget Items of Concern

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. The creation of a new program "FreshConnect" is a competitive grant of $350,000 to create and expand farmers markets in underserved communities.

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.

Community College Funding

NYSAC supports providing students with both classroom and practical training through new registered apprenticeships linked to degrees that provide new participants with paid on-the-job skills training and recognized credentials. Our students need as much support and guidance as we can provide them when leaving college.

We can only ensure a successful implementation of such apprenticeship/internship programs if the community college system has sufficient resources to fund this initiative. The establishment and expansion of New York's community college system envisioned the State would provide one-third of the costs of every community college. However, the State has long fallen short of that number and provides funding of less than 25 percent. When the State does not pay its' promised share the students and local property taxpayers are unfairly forced to make up the difference. We urge the Legislature to increase community college per student state aid.

NYSAC also supports the allocation of $1.5 million to provide three additional Community College Community Schools grants.

Economic Development

The Executive Budget contains a proposal to require IDA projects financed by tax-exempt private activity bonds to be approved by the state Public Authority Control Board. The proposal would require projects financed by local Industrial Development Agencies with tax-exempt private activity bonds subject to the bond volume cap be approved by the Public Authority Control Board (PACB).

The PACB was created by Chapter 38 of the Laws of 1976 to monitor and approve state public authority debt in response to a growing amount of state public debt issued by state public authorities, which contributed significantly to the New York State/New York City fiscal crisis of the mid-1970s. The law requires eleven statewide public authorities to receive a resolution of approval from the PACB prior to entering into project-related financings.

Tax-exempt private activity bonds issued by Industrial Development Agencies are not debt or obligations of the state, the local government served by the IDA, or the IDA. These bonds are singularly the obligation and liability of the borrower, and such assertions are prominent in the covenants contained in the bond documents.

These bonds can be used to finance very specific types of projects authorized in IRS regulations, including manufacturing, affordable housing, pollution control equipment, and waste disposal facilities,

Today, the federal formula allocates $100 times the population of the state. Currently, New York is awarded just under $2 Billion in PAB capacity, one third of which is reallocated to local IDAs.

This formula established state control of its allocation and local control of bond capacity allocated to IDAs. The assertion of state control over local allocation contained in the Governor's budget casts aside the principle of local control of the local allocation of the state volume cap.

Because these local projects have no impact on state debt, and because Part R would eliminate the principle of local control provided in the current statute, which has operated effectively for 29 years, counties do not support this proposal.

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. But by providing and paying for election services locally, including special, primary, and general elections, this becomes another example of a costly mandate imposed on counties and other local governments.

However this fact also provides an opportunity to provide property taxpayers mandate relief. Through legislation the State can and should ensure primary election dates fall on the same date in order to reduce duplication of service costs, or in the alternative the state should fully pay for costs associated with choosing multiple primary and/or special election dates. At this time the current proposed budget does not address these concerns, NYSAC calls for the amendment process to address and correct this issue.

Early Voting

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.

NYSAC does not have a formal opinion regarding the policy of early voting, however if the State enacts early voting, any cost increases to counties resulting (direct or indirect) from this proposal must be paid for by the state to help reduce the impact on local property taxes.

Environment

Environmental Protection Fund

Counties greatly support the Governor's inclusion of $100 million of new funding for clean water infrastructure grants 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 our counties.

While counties support the additional funding for the EPF, we would like to see a more permanent revenue stream to support the purposes of the EPF beyond the one-time use of bank settlement funds.

E-Waste Recycling
Counties would like to see $6 million of the bank settlement funds allocated to the Environmental Protection Fund be dedicated specifically to counties for electronic waste disposal. The NYS Electronic Equipment Recycling and Reuse Act was implemented to manage the recycling costs of electronic waste by requiring manufacturers to collect and dispose of their products, however, manufacturers have continuously fallen short of this requirement. As a result, disposal of this waste has shifted unexpected costs to county governments for the collection and disposal of electronic waste.

Mixed Martial Arts
Counties support the legalization of professional mixed martial arts in New York. Legalization will provide a framework to ensure the highest safety and quality standards will be implemented. We also believe the proposal provides significant economic development opportunities that can enhance tourism and entertainment options across the state.

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 set up these treatment units.

Medical Costs for Providing HIV and Hepatitis C Treatment for Inmates

In 2009, Governor Paterson signed into law the "Department of Health Oversight Law" (A.903/S.3842) as Chapter 419 of the laws of 2009 that requires the New York Department of Health (DOH) to conduct annual reviews of HIV and hepatitis C care in state and local correctional facilities.

Since the enactment of this law, county jails have been required to provide more extensive testing to inmates for HIV and hepatitis C, and more instances of these diseases have been discovered and subsequently required treatment. It is currently the responsibility of county jail officials to provide adequate and prompt medical treatment to inmates within their facilities.

Recently, new drugs for treating Hepatitis C have been approved by the Federal Drug Administration (FDA) with an estimated cost for the 12 week treatment of $90,000. For many counties, the cost of providing treatment to inmates can be exorbitant, causing great financial strain to jail medical budgets.

The State enacted this new law without providing financial support to counties for implementation of this growing mandated expense. We are asking the State to provide support and financial resources to counties to offset the costs of providing HIV and hepatitis C treatment to incarcerated individuals.

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.

Navigation Law State Funding Cuts
The Office of Parks and Recreation is the lead agency in New York State for the coordination of marine law enforcement services and they rely heavily on municipal and county law enforcement, including the Sheriff's Marine Patrol Units. Currently, Sheriff's Departments in over 40 counties outside of New York City operate Marine Patrol Units on navigable waterways in their counties.

Recreational boating in New York State is recognized as a $2 billion industry and the Bureau of Marine Services works closely with Sheriff Marine Patrol to enforce a zero tolerance policy regarding not wearing a lifejacket, operating a vessel while impaired by alcohol or drugs, or reckless operation. The sheriffs take this job seriously in order to ensure the safety of those enjoying the many waterways in New York State.

Before 2010, government entities patrolling these waterways were reimbursed for 75% of their operating expenses. In 2010, that number was decreased to 50%. As the law is written currently, a participating government entity may receive aid equal to 50% of their total operating costs, capital and personnel expenses, refunded up to a maximum of $200,000. This proposal would further reduce the reimbursement from 50% to 25%. Enacting this provision would provide nearly $1 million in State savings, at the expense of local governments and the New Yorkers we serve.

911 Surcharge

Counties operate and maintain 911 functions. The funding mechanism used today to help operate, maintain, and upgrade 911 system capability and performance is not generating sufficient revenue to allow New York to maintain current systems and prepare to implement the next generation of 911 technology required under federal law.

In addition, 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 911 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 years.

Fairer implementation of the surcharge

The State of New York imposes a $1.20 public safety surcharge on all wireless telephones, which is intended to fund 911 operations and help first responders and law enforcement to communicate and respond to emergencies. This surcharge is only applied to contract cell phones, and exempts pre-paid wireless phones.

Over the years, trends in the cellular market have shifted and the majority of cellular network providers have moved away from long term contracts. The State's revenue from this surcharge has plateaued while the number of cellular devices capable of accessing 911 systems continues to grow. As a result, the surcharge burden is placed disproportionately and unfairly on contract phone users. This should be rectified by applying the state *and local* surcharge to all devices capable of connecting to 911.

If all cell phone users pay the $1.20 surcharge, the state's revenue would increase. The State Interoperable Communications Grants (SICG), administered by the Division of Homeland Security and Emergency Services Office of Interoperability and Emergency Communication, could be increased to provide additional grant funding to counties to help offset the costs of upgrading our 911 services.

Authority for all counties to charge a local surcharge
As of September 2014, all but eight counties have the authority to charge a separate local surcharge of at least $.30 per wireless phone for E-911 services. This inequity prevents the remaining eight counties who wish to implement this surcharge from doing so.

Language in the state budget should give all counties a blanket authority, which would enable those remaining counties to create this local surcharge. This surcharge, like the $1.20, should be applied evenly across all user devices, including pre-paid phones.

Preschool Special Education

Counties strongly supported the rollout and 100 percent state financing commitment for universal prekindergarten for all four year olds across New York State. Counties do remain concerned, however, that this state expansion is leaving behind children with special needs in a separate program, and as a result will further widen New York's implementation gap with the federal Individuals with Disabilities Education Act (IDEA), which states that children with special needs should be accommodated in the least restrictive setting and alongside their peers.

We urge the Legislature to ensure these two programs are streamlined as much as possible – both programmatically and fiscally. To this end we also support legislative efforts to gradually reduce the role of counties in financing the preschool special education program while proposals are considered on how to make universal preschool truly universal for all students regardless of ability and provided in the least restrictive setting.

Safety Net Public Assistance

A few years ago, the State increased the county share of Safety Net funding to 71 percent and reduced the State share to 29 percent. Initially this was offset by fully federalizing both State and local TANF costs. Counties strongly objected to this change at the time and it is becoming a significant challenge for many counties. Counties are urging the Legislature to gradually restore the historic 50/50 funding shift.

Local Departments of Social Services warned that this funding shift would expose counties to huge cost increases in the future because the caseload and costs for Safety Net (which, unlike TANF, have no time limits on eligibility) were growing at much faster rates than TANF caseloads. Over the last five years, Safety Net costs have increased by more than 25 percent, while TANF and Family Assistance costs have actually declined.

This leaves counties paying 71 percent of a fast growing program that is controlled by the state. Over 40 percent of counties responding to a recent survey (30 responded) budgeted double digit increases in their Safety Net costs in 2015 compared to 2014. Many counties have seen their costs and caseloads increase by double digits in more than one year since the state cost shift occurred. An additional issue is the cost of affordable housing and shelter options in some counties, which is significantly increasing costs in targeted counties.

This Safety Net funding shift is part of a long string of decisions by the State to gradually walk away from its constitutional responsibility to care for the needy and place most of this funding responsibility on local property taxpayers. This dates back to federal welfare reforms in the late 1990's when the state began to leverage newly available and highly flexible federal resources to lower state costs on a disproportionately larger scale than for counties (i.e. the state kept most of the savings for themselves and provided little benefit to counties).

Today, we are left with a public assistance program that is wholly designed by the state, where local taxpayers support 71 percent of nonfederal costs and the state supports only 29 percent. By not sharing these federal resources equally with counties, local taxpayers are forced to cover hundreds of millions of dollars each year in what should be state costs.

Counties are strongly urging the Legislature and Governor to restore historic funding shares to 50/50 and provide much needed relief to local taxpayers. In addition, to address rising housing and shelter costs experienced by some counties, we also suggest the state increase its currently capped reimbursement to counties for shelter and housing costs.

Homeless and Affordable Housing

The Governor has proposed an expansive homeless and affordable housing initiative that is intended to stretch over many years. The lack of affordable housing and homeless shelter needs vary dramatically in different regions of the state. New York City and other urban centers have very different needs then many of our rural areas.

We are urging the Legislature and Governor to recognize this variance and allow flexibility for local social service districts/counties in meeting the needs in their communities in the most efficient and effective way. In addition to creating permanent housing and shelter accommodations we should also consider alternative construction options such as modular and manufactured housing (on a permanent and temporary basis) that may make sense in some circumstances to meet this need.

Tourism

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.

Veterans

Last year the Senate and Assembly passed legislation allowing for military personnel that received an honorary discharge the ability to buy back state pension credits for up to three years of time served in the military. The legislation broadened the definition of who qualifies for such credit to all military personnel, not just those that served during certain conflicts.

An important aspect of that proposal for local governments was the fact that it was in keeping with the intent of Tier 6 pension reforms in that any future pension enhancements be fully funded by the State.

Although this language is not currently in the Governor's proposed budget, it is anticipated this bill will come up again this year in either the continued budget process or by a separate bill.

NYSAC supports providing this pension benefit to veterans, but it must be fully funded by the state for both ERS and PFRS, and should be addressed in the context of the state budget.