

LOCAL GOVERNMENT MANDATES STUDY COMMITTEE

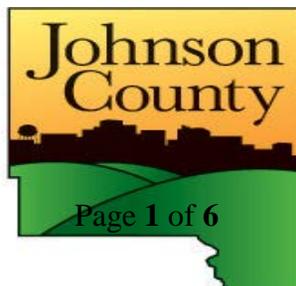
County Offices and Co-location with State Agencies

PRESENTED BY:

THE URBAN COUNTY COALITION

BLACK HAWK, DUBUQUE, JOHNSON, LINN AND SCOTT COUNTIES

NOVEMBER 7, 2014



Introduction

Good morning. Thank you for the opportunity to bring to your attention several issues that have been of great concern to local leaders for some time. As you may know, we are here this morning representing the Urban County Coalition. We are a group of five larger counties in eastern Iowa that have come together to highlight some of the unique challenges faced by Iowa's more urban counties.

We realize that all levels of government are experiencing increasing pressure to provide higher levels of service with increasingly diminishing levels of resources. We share in your concern that increasing taxes is not always prudent and can have detrimental effects on local efforts to bring economic development to our areas. However, it is increasingly difficult to maintain the services we are mandated to provide and subsidize services that the state provides as well, particularly as some local revenue sources have been phased out over the past 35 years. What we are asking you today is to begin the process of conducting a comprehensive review of a number of areas where we believe there is cost shifting to local governments. We hope that this process will lead you to the conclusion that real property tax relief can be achieved by significantly reducing, or eliminating cost shifting from the state to counties. We need to end governmental agencies placing unfunded burdens on local municipalities. Simply shifting burdens from one set of books to another does no service to taxpayers. While we are happy to partner with the state to find efficiencies, and ways to reduce the cost of government, we do not believe this should include simply shifting costs from one agency to another. While there are many instances where we believe this cost shifting occurs, the one we are here today to discuss is the co-location of state employees. We specifically want to address the housing and support of the Department of Human Services personnel, and the increasing costs of maintaining and securing the court system that the counties must bear.

Department of Human Services Costs

We begin our discussion with the issue of the co-location of the employees of the Department of Human Services (DHS) in county facilities. In the code section below, counties are required to provide office space and support for the DHS. While we appreciate that there are DHS employees in our counties providing services to our residents, this arrangement presents us with several difficulties.

DHS Code Section

217.32 Office space in county.

“Where the department of human services assigns personnel to an office located in a county for the purpose of performing in that county designated duties and responsibilities assigned by law to the department, it shall be the responsibility of the county to provide and maintain the necessary office space and office supplies and equipment for the personnel so assigned in the same manner as if they were employees of the county. The department shall at least annually, or more frequently if the department so elects, reimburse the county for a portion, designated by law, of the cost of maintaining office space and providing supplies and equipment as required by this section, and also for a similar portion of the cost

of providing the necessary office space if in order to do so it is necessary for the county to lease office space outside the courthouse or any other building owned by the county. The portion of the foregoing costs reimbursed to the county under this section shall be equivalent to the proportion of those costs which the federal government authorizes to be paid from available federal funds, unless the general assembly directs otherwise when appropriating funds for support of the department.”

There are three issues that point to a need to review and restructure the current funding formula and amend the code.

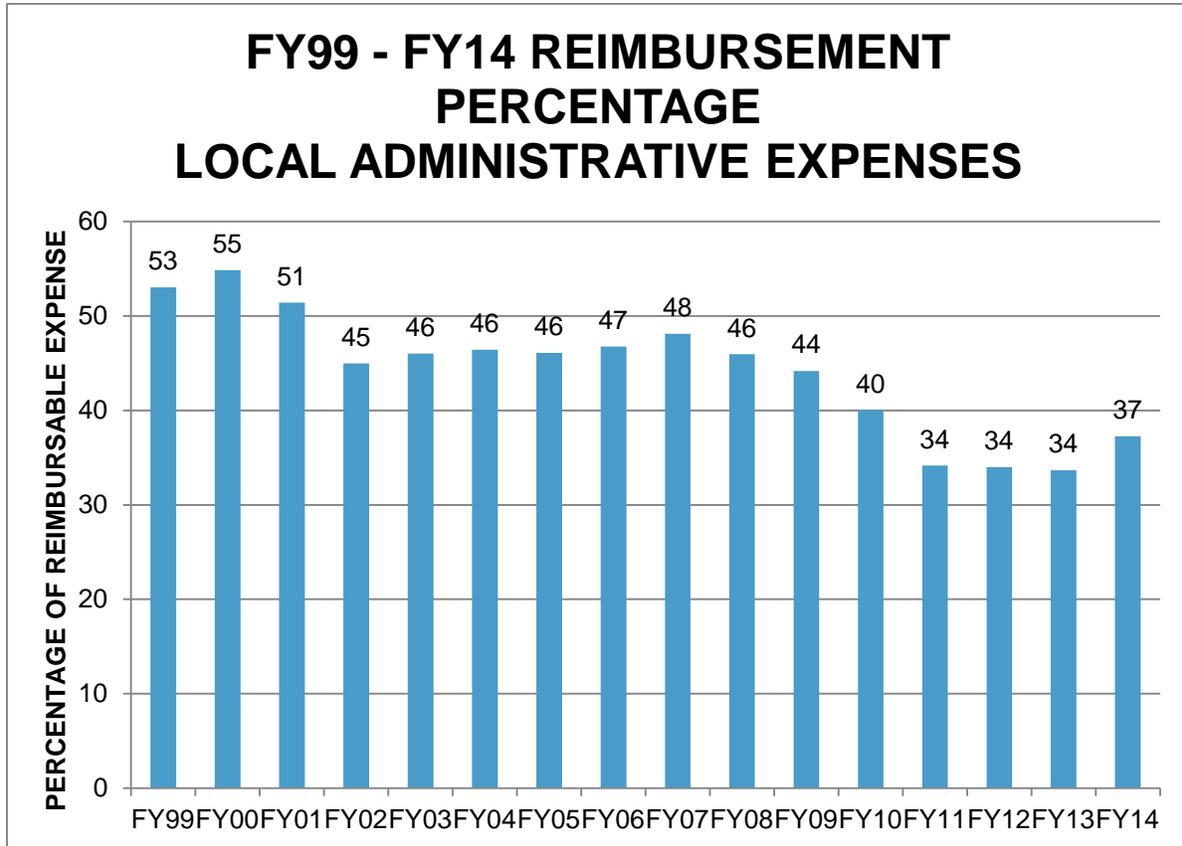
- **Equity**—DHS regionalization and globalization has forced larger counties to house more state employees and support services in order to provide services to smaller counties in the DHS region. This increase support has created efficiencies for state government but has increased cost to those counties that have the larger offices. See the table of number of employees housed by each county and the cost by population that the county pays for those services. Counties without a regional hub pay less for DHS support. These hub counties house employees who work outside of the county and the hub counties are responsible for printing and storage cost of cases from other counties. In this example, Johnson County costs are significantly lower when based on population.

FY 14 DHS EXPENDITURES BY COUNTY

	POLK	SCOTT	BLACK HAWK	LINN	JOHNSON	DUBUQUE
2013 POPULATION	451,677	170,385	132,546	216,111	139,155	95,697
COST PER PERSON	\$6.59	\$4.38	\$3.88	\$4.72	\$2.69	\$4.47
DHS EMPLOYEES HOUSED	260	106	85	118	32	51
COST PER DHS EMPLOYEE HOUSED	\$4,814	\$5,429	\$4,340	\$4,846	\$4,958	\$4,795

- **Ability to control budgets**—Unlike county level departments for which we are responsible, we have no ability to demand accountability or efficiency in the monies we must allocate to the DHS office. For example, should we find it necessary, and we often do, to require our departments to reduce their budgets for office related expenditures, we can ask the DHS offices to do the same, but the DHS offices are not obligated to comply. There are no formal state guidelines for what is appropriate to fund in these county housed DHS offices.

- **Reimbursement reductions** – The federal reimbursement rates have diminished overtime and the state has not provided funding since 1994. (See table).



While the state uses federal funds to support the federal programs that DHS administers the funding does not fully compensate the county and clearly does not provide sufficient funding to counties to cover the increasing costs of the regional offices. The state could appropriate other state funding to increase the offset of housing and in fact has provided such funding in the past. We believe that either this cost reimbursement model needs to be reviewed and the state share increased or preferably, no longer mandate that counties supplement the operations of the DHS.

Program Pools	Amount	Title XIX AND DE-LINKING	Catalog #	Percent
03,53,30,33,09,08,10,11	944,114	EXPANSION TXXI	93.778	50.85%
31, 32	2,729	SSBG	93.767	0.15%
07, 15	80,104	TANF	93.667	4.30%
12, 22, 38, 39, 44, 45, 54, 69	0	IV-E Foster Care	93.558	0.00%
17,18,21	178,743	Refugee	93.858	9.59%
20	2,836	Food Stamps	93.588	0.15%
25,26,55, 34	482,925	IV-E Adoption	10.561	24.19%
24	68,097	Child Care Development Fund (CCDF)	93.859	3.65%
27, 28, 29, 45	136,220	STATE \$	93.598	7.31%
STATE \$	0		-	0.00%
	<u>1,895,768</u>			<u>100.00%</u>

Courts

The aging court infrastructure along with the increasing cost of maintenance and security, a relatively new cost over the past decade, is a particularly problematic area for counties. As you know, to replace, or significantly upgrade a major facility like a courthouse requires that counties go to the public to request the authority to issue bonds. Given that counties have, over time, endeavored to make services more convenient to access, including many services now available on-line, the need for these facilities can often be difficult to communicate to those who may not have any interaction with the legal system. This can be especially problematic in large counties where county offices may no longer be able to co-locate with the courts, requiring an entirely separate facility. Additionally, according to the code section cited below, cities and counties are required to pay fees to the court for cases prosecuted by them in the courts. Essentially, local taxpayers pay to build, maintain, and upgrade the facilities, and then pay fees to utilize them. There are court cost that are attached to nearly every criminal and civil penalty levied by the courts, yet the entities responsible for maintaining the courts and ensuring their security receives nothing.

Court System Code Section

602.1303 Local funding.

1. *A county or city shall provide the district court for the county with physical facilities, including heat, water, electricity, maintenance, and custodial services, as follows:
 - a. *A county shall provide courtrooms, offices, and other physical facilities which in the judgment of the board of supervisors are suitable for the district court, and for judicial officers of the district court, the clerk of the district court, juvenile court officers, and other court employees.*
 - b. *The counties within the judicial districts shall provide suitable offices and other physical facilities for the district court administrator and staff at locations within the judicial districts determined by the chief judge of the respective judicial districts. The county auditor of the host county shall apportion the costs of providing the offices and other physical facilities among the counties within the judicial district in the proportion that the population of each county in the judicial district is to the total population of all counties in the district.*
 - c. *If court is held in a city other than the county seat, the city shall provide courtrooms and other physical facilities which in the judgment of the city council are suitable.**
2. *A county shall pay the expenses of the members of the county magistrate appointing commission as provided in section 602.6501.*
3. *A county shall pay the compensation and expenses of the jury commission and assistants under chapter 607A.*
4. *A county shall provide the district court with bailiff and other law enforcement services upon the request of a judicial officer of the district court.*
5. *A county shall pay the costs incurred in connection with the administration of juvenile justice under section 232.141.*
6. *A county shall pay the costs and expenses incurred in connection with grand juries.*
7. *A county or city shall pay the costs of its depositions and transcripts in criminal actions prosecuted by that county or city and shall pay the court fees and costs provided by law in criminal actions prosecuted by that county or city under county or city ordinance. A county*

or city shall pay witness fees and mileage in trials of criminal actions prosecuted by the county or city under county or city ordinance.

8. A county shall pay the fees and expenses allowed under sections 815.2 and 815.3.

9. If a county board of supervisors, with the approval of the supreme court, elects not to maintain space for the district court, the county may enter into an agreement with a contiguous county in the same judicial district to share the costs under subsections 1 through 8. For the purposes of this subsection, two counties are contiguous if they share a common boundary, including a corner.

83 Acts, ch 186, §1303, 10201; 84 Acts, ch 1301, §14; 85 Acts, ch 197, §12; 86 Acts, ch 1108, §6; 87 Acts, ch 192, §1; 92 Acts, ch 1164, §2

Referred to in §331.361, 602.1302, 602.6105, 602.11101

Certain bailiffs employed as court attendants; §602.11113

We would propose that a portion of the existing court fees collected be distributed to the counties and dedicated to courthouse maintenance and security. This would provide a more equitable distribution of resources.

<u>Courthouse Expenditures</u>	Combined UCC
Building depreciation	346,500
Audit Services	800
Insurance	14,000
Maintenance	2,077,100
Accounting Services	20,000
Information Technology	77,300
Budget Services	4,000
Security	1,485,000
Total Expenditures	\$ 4,024,700
2013 Population	753,894
Cost per person	\$ 5.34
State court employees housed	440
Cost per court employee housed	9,147

LOCAL GOVERNMENT MANDATES STUDY COMMITTEE

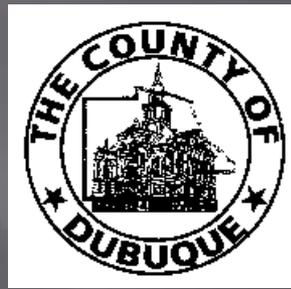
County Offices and Co-location with State Agencies

Presented by:

The Urban County Coalition

Black Hawk, Dubuque, Johnson, Linn and Scott Counties

November 7, 2014

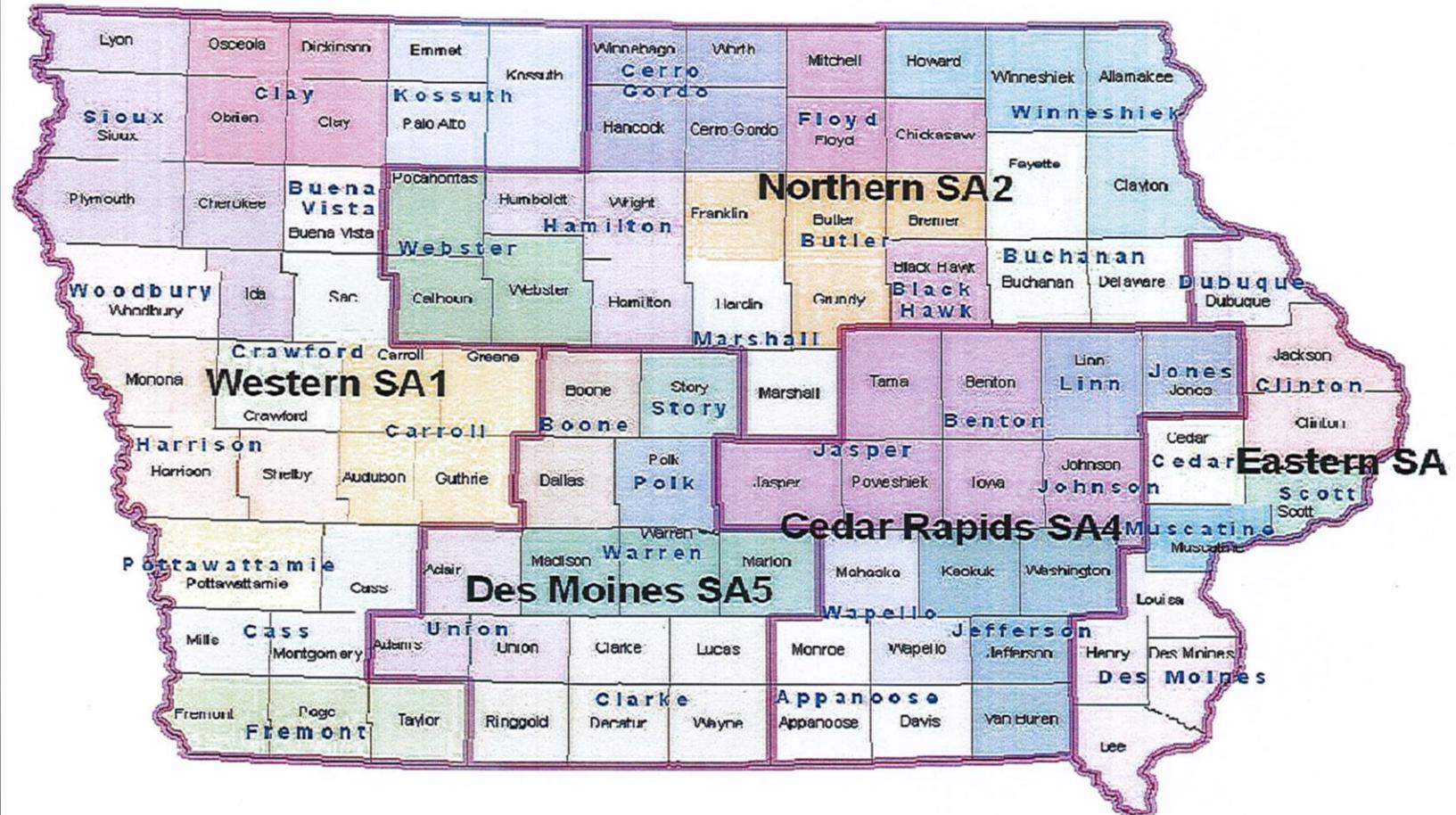


PROBLEMS

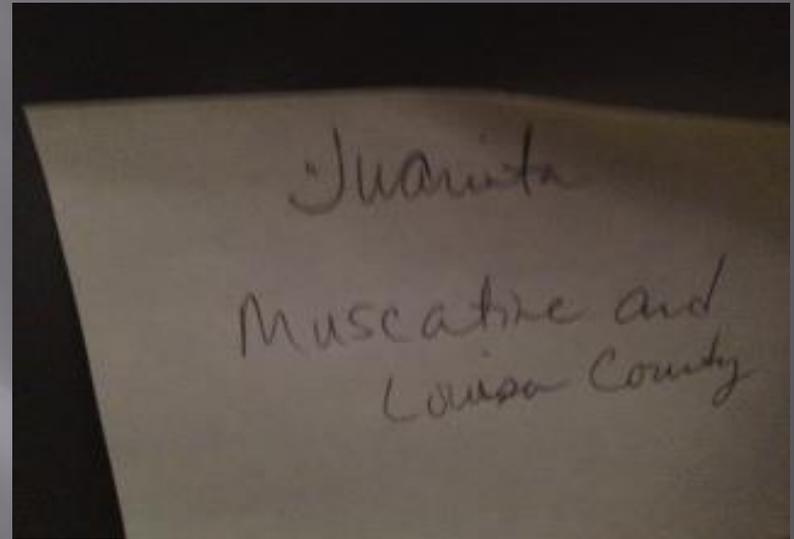
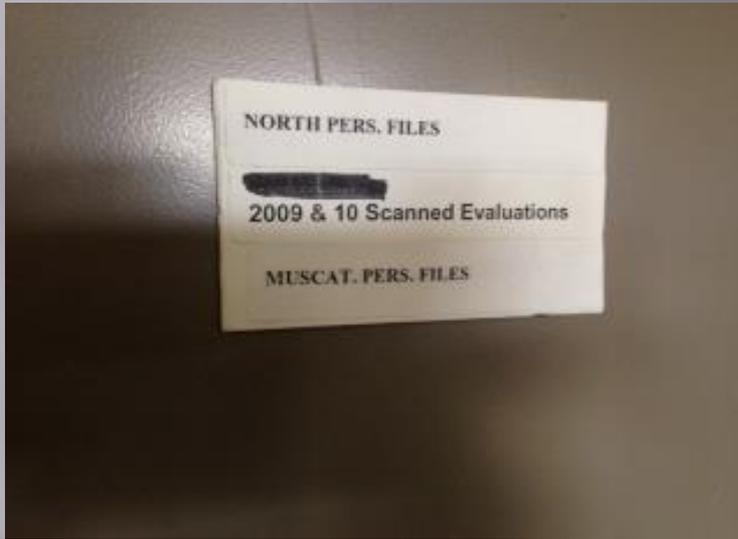
- Equity – Larger counties shouldering a greater share of costs
- Cost Shifting – Local taxpayers subsidize state agency operations
- Barrier to property tax relief – Counties have no ability to control or predict expenses

DHS Service Areas

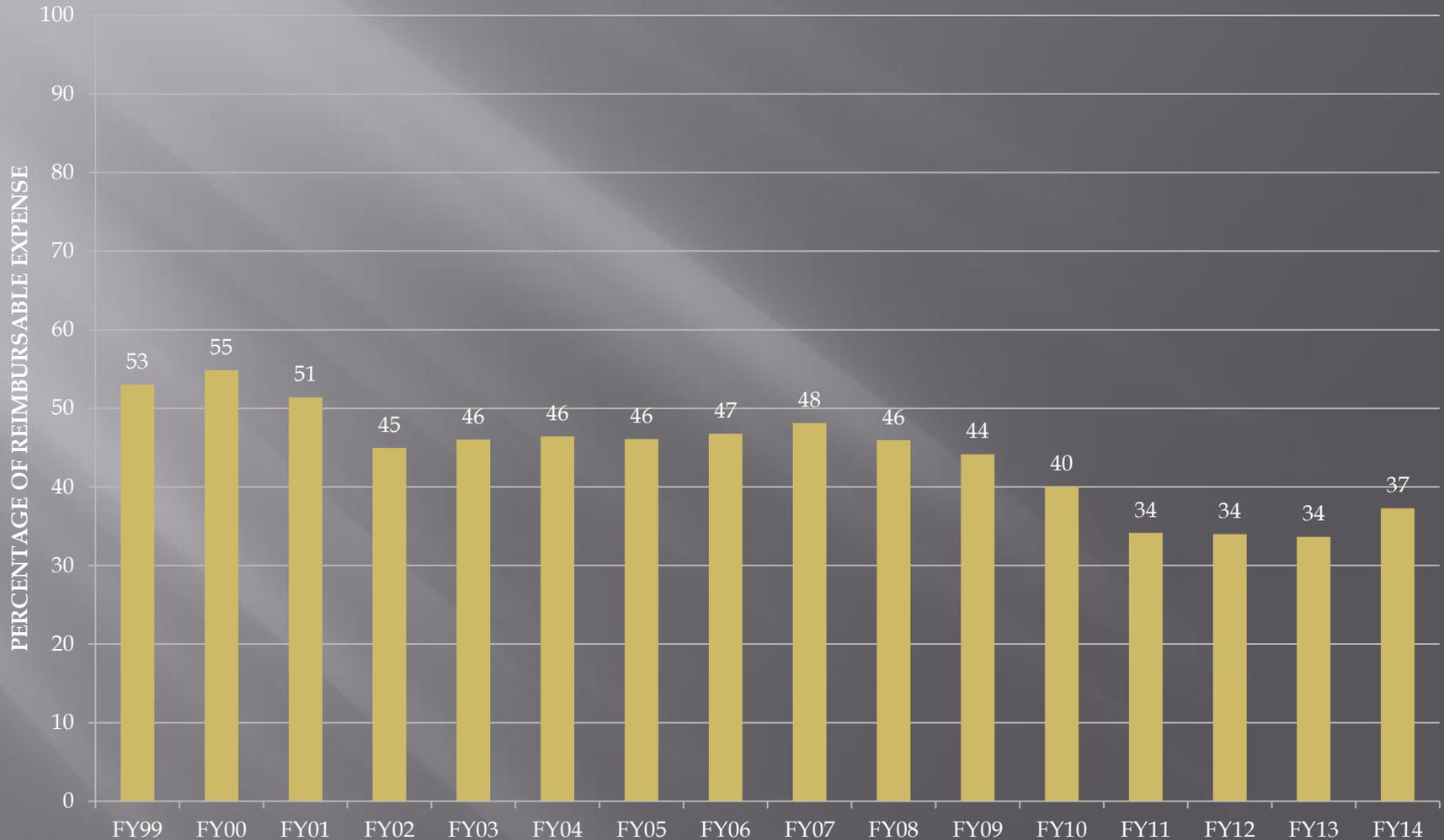
Five Service Regions



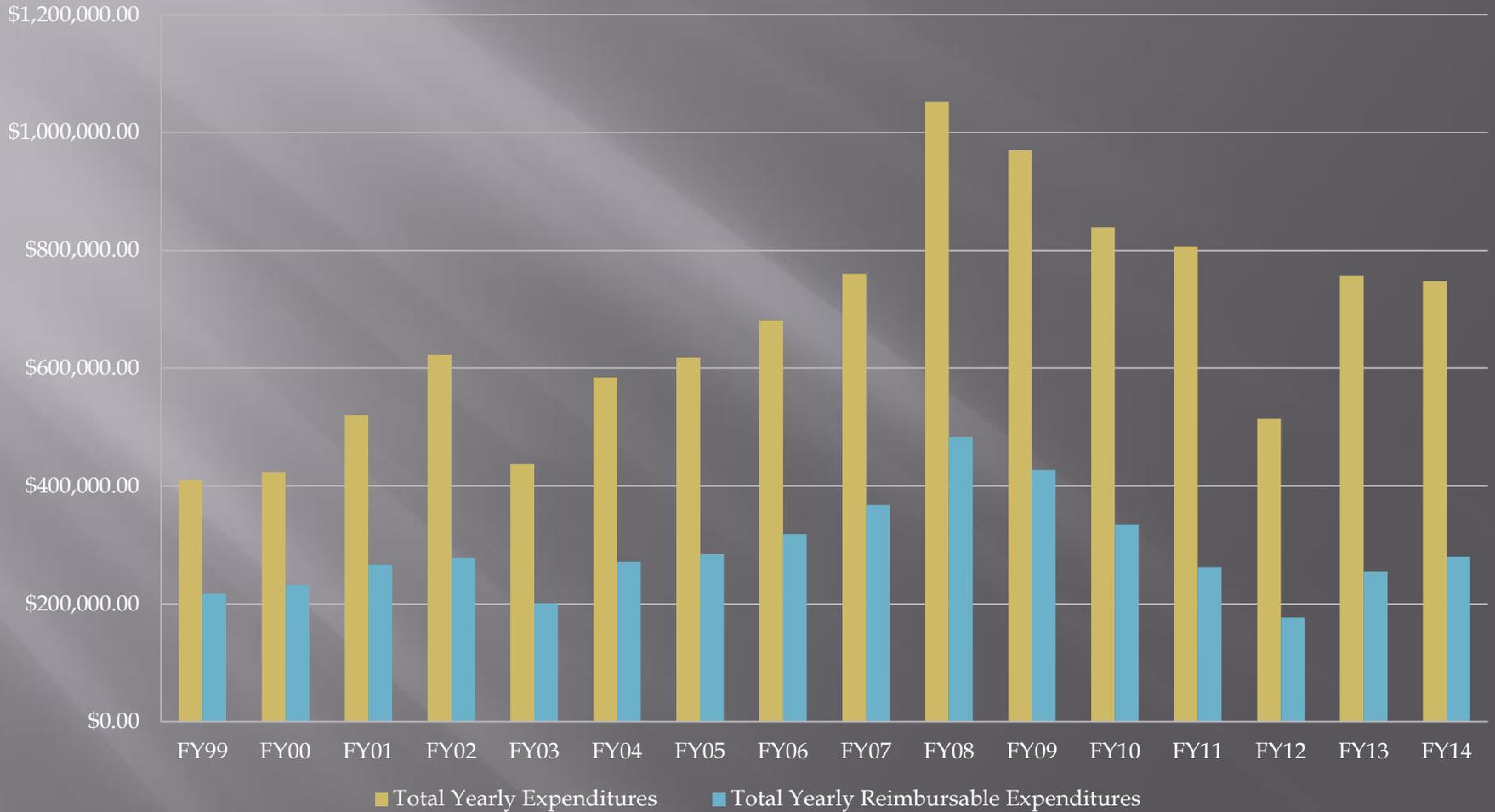
Scott County Regional Office



FY99 - FY14 REIMBURSEMENT PERCENTAGE LOCAL ADMINISTRATIVE EXPENSES



FY99 - FY14 SCOTT COUNTY REIMBURSEMENT PERCENTAGE OF LOCAL ADMINISTRATIVE EXPENSES



FY 14 - DHS Expenditures by County

	Polk	Scott	Black Hawk	Linn	Dubuque	Johnson
2013 Population	451,677	170,385	132,546	216,111	95,697	139,155
Cost per person	\$6.59	\$4.38	\$3.88	\$4.72	\$4.47	\$2.69
DHS employees housed	260	106	85	118	51	32
Cost per DHS employee housed	\$4,814	\$5,429	\$4,340	\$4,846	\$4,795	\$4,958

Reimbursement Sheet - Sample

4th QTR. LAE SFY2014
REIMBURSEMENT; PAID TO
COUNTIES DURING 5th QTR.

ATTN: Barb DeJode

LAE REIMBURSEMENT

NOTE: RETAIN FOR AUDIT PURPOSES. PLEASE PROVIDE THIS
INFORMATION TO YOUR INDEPENDENT AUDITORS AT FISCAL YEAR
END. THANK YOU!

Quarter Ended: April 2014 - June 2014

Amount Claimed: 5,021,028

Percent Reimbursed: 37.12%

Breakdown by Federal Program

Program Pools	FFP Amount
03,53,30,33,09,08,10,11	944,114
31,32	2,728
07,16	80,104
12,22,38,39,44,45,54,69	0
17,18,21	178,743
20	2,838
25,26,55,34	482,925
24	88,097
27,28,06,18	136,220
STATE \$	0
	<u>1,885,768</u>

Less: FS/TANF Adjustment (32,000)
Net FFP 1,853,768

	Catalog #	Percent
Title XIX AND DE-LINKING	93.778	50.66%
EXPANSION TXXI	93.767	0.15%
SSBG	93.667	4.30%
TANF	93.558	0.00%
IV-E Foster Care	93.658	8.59%
Refugee	93.568	0.15%
Food Stamps	10.561	24.18%
IV-E Adoption	93.838	3.85%
Child Care Development Fund (CCDF)	93.598	7.31%
STATE \$	-	0.00%
		<u>100.00%</u>

Prepared by Cost Allocation: 8/6/14

cc: Amy Lamie
Barb DeJode

SOLUTIONS

- Eliminate the mandates that require counties to subsidize the operations of state agencies

Introduction to Court Systems Costs

- With the aging court infrastructure, the increasing cost of maintenance and security is a particularly problematic area for counties.
- Significant upgrades to a courthouse often require counties go to the public to request the authority to issue bonds.
- As shown in code section 602.1303, cities and counties are required to pay fees to the courts for cases prosecuted by them in the courts.
- Local taxpayers pay to build, maintain, and upgrade the facilities, and then pay a fee to utilize them
- Some county courthouses are not ADA compliant and others are not able to provide a secure entrance to their courthouse

FY 14 – Court Expenditures by County

	Scott	Black Hawk	Linn	Johnson	Dubuque	Total
2013 Population	170,385	132,546	216,111	139,155	95,697	753,894
Cost per person	\$5.52	\$5.51	\$6.13	\$4.53	\$4.18	\$5.34
Court employees housed	117	116	123	49	35	440
Cost per court employee housed	\$8,038	\$6,293	\$10,764	\$12,863	\$11,430	\$9,147

Urban County Coalition Combined Court System Costs

- Approximately \$3.3 million in local tax dollars for the annual costs associated with the four courthouses
- \$1.65 million goes to the maintenance of the courthouses
- \$1.3 million goes to the security of the courthouses
- 405 State employees of the Court system are housed in the four courthouses
- Additional \$414,000 for juvenile court appointed defense attorney

Examples of County Court Issues

- 50% of the courthouse in Black Hawk County is occupied by the State court system.
- Black Hawk County recently had a request to remodel the law library into office space for \$250,000.
- Approximately 2,000 weapons including knives, a handgun, stun gun, brass knuckles, pepper spray, etc... are stopped by courthouse security in Black Hawk County annually.
- The Johnson County courthouse is 113 years old and due to the design, is not able to provide a secure entrance to the building.

SOLUTIONS

- Dedicate a portion of the court fees collected, distribute to the counties and dedicate this revenue to courthouse maintenance and security.

QUESTIONS?

