



Legislative Mandates on Local Governments

July 2018

Background

During the 2018 legislative session, the Joint Legislative Oversight Committee approved a request that asked us to evaluate state mandates on local governments. Six senators and six representatives made the request. They described how local governments may struggle to either fulfill or pay for mandates based on the size or economic health of the community. They asked us to do the following:

Determine the scope of legislative mandates on counties, cities, school districts, and highway districts

Calculate the percentage of budgets dedicated to meeting mandates

The requesters also suggested an analysis of the impact of property tax exemptions on local governments and a cost-benefit analysis of selected mandates, possibly as a later study.

To draft a project scope, we met with statewide associations representing counties, cities, school districts, and highway districts. Idaho has 44 counties, 200 cities, 63 active highway districts, and approximately 165 school districts and charter schools. We also searched for relevant legislative studies, policies, statutes, and position papers from all 50 states.

We made several preliminary observations that informed the proposed scope of this evaluation.

1. The term *mandate* is used in a variety of contexts and with different meanings. Some use the term to refer to required activities and programs. Others use the term to discuss restrictions and preemptions. Another definition includes discussions about revenue sources and restrictions.

2. Local governments manage state and local interests. They provide services, build infrastructure, manage growth, and enforce laws. Each type of local government has a unique purpose, set of resources, and relationship with the state. The impact of legislative mandates on local governments fluctuates based on various factors. Potential, influential factors include population growth, economic development and job growth, median income levels, and property values.

3. Many local governments have voiced concerns about increasing state and federal mandates, particularly when mandates are not funded. The National Association of Counties released the 2017 policy paper “Top County Challenges Across the States.” It identified the top two challenges as “preemption and decreasing county revenues” and “increasing state mandates.” The National League of Cities also released a policy paper in 2017 describing the challenge that cities face in balancing local control with legislative mandates.

4. A few states have created a comprehensive catalog of local government mandates. Pennsylvania employed a team of 30 people for more than two years to develop a catalog. In 2012, they identified 8,166 constitutional, statutory, and administrative rule mandates. The Commission on Intergovernmental Relations in Connecticut updated its list of mandates in a 545-page report published in 2014. The commission has 24 members and additional support staff. Connecticut and Pennsylvania also have government entities tasked with managing state and local government relations. Idaho does not have such an entity.

Other states have taken a higher-level approach by looking at the interaction of state and local governments. Minnesota conducted a broad review

of state mandates and described mechanisms in place to help review proposed or existing mandates. The Minnesota Office of the Legislative Auditor completed this report in about six months.

5. Determining the percentage of local government spending for all state mandates is not feasible. Most local governments do not track spending by mandate. They also vary in the way they prioritize and implement mandated activities. We would need several years to compare the levels of required spending with discretionary spending.

Scope

We developed a scope that addresses concerns of the study requesters and manages the feasibility of challenges which we identified. We believe the findings of our evaluation will provide policymakers with the following:

- Better understanding of the underlying issues local governments face when trying to implement state mandates

- Tools for drafting legislation that impacts local governments

- Ideas for future evaluation

The requesters asked us to identify legislative mandates for counties, cities, school districts, and highway districts. Instead of addressing all four local government types, we narrowed our scope to the study of counties for the following reasons:

Counties are general purpose governments and have many state mandates

There are fewer counties than other types of local governments

With a narrow focus, we can produce more specific and useful findings

Though our analysis will be limited to counties, we expect that several findings will be applicable to other types of local governments. With that said, we recognize issues unique to cities, school districts, and highway districts will not be addressed by this evaluation. We do not suggest that these issues are less important or urgent, but a rigorous treatment is not feasible for more than one local government type in this evaluation.

We will approach the evaluation by working with counties to answer the following three questions:

- Which state mandates do counties report as being the most burdensome?

- What factors help or impede counties as they implement state mandates?

- What strategies do counties use to manage the mandates they find most burdensome?

Projected completion: 2019 legislative session