

Joint Subcommittee Studying the State Tax Code (HJR 60) September 30, 2002

Virginia Association of Counties and Virginia Municipal League

Overview of VACo/VML Mandates Survey

- HJR 60 members requested interest in subject of unfunded mandates on localities at May 29 meeting. Survey distributed by VACo/VML in June and due back July 5.
- General Assembly has history of involvement in unfunded mandates, and 6 reports have been issued by the Joint Legislative Audit and Review Commission:

1983 JLARC	State Mandates on Local Governments and Local Financial Resources
1991 JLARC	State and Federal Mandates on Local Governments and their Fiscal Impact
1992 JLARC	Catalog of State and Federal Mandates
1992 JLARC	Intergovernmental Mandates and Financial Aid to Local Governments
1993 JLARC	State/Local Relations and Service Responsibilities
1993 JLARC	Catalog of State and Federal Mandates

- Since, 1993, Commission on Local Government has had responsibility for:
 - updating and maintaining the catalog of state and federal mandates on localities on an annual basis; and
 - overseeing responsibility for executive agency assessment of mandates.
- In response to interest of HJR 60 members, VACo/VML surveyed its own members on identifying the five mandates that the locality considers to be the most costly, burdensome, or both.
 - We asked that the localities exclude listing the mandates associated with the Standards of Quality, since the JLARC report issued last winter quantifies the unfunded mandates associated with the Standards of Quality. (Included is a copy of the table from the report which shows that the state is underfunding the Standards of Quality \$1.060 billion in the current biennium).

- Enclosed in your packet are the survey results which show the annual costs of the mandate identified per locality, and the answer to the question of whether or not the mandate should be eliminated. Response rate to survey was 52%.
- There are many nuances contained in surveying localities to calculate the annual costs of mandates, and their responses on mandate elimination.
 - Accounting and reporting structures vary by locality; some localities have included indirect costs like fringe benefits and building costs while some localities may not have.
 - To date, there has not been a comprehensive mandates analysis done on a state-wide basis, costing out mandates in a thorough and uniform fashion.
 - When a locality has answered that a mandate should be eliminated, in most cases it means that they believe that the state should assume more of the cost of the particular service, not that the service itself is not worthwhile.
- From the survey—keeping in mind that members of VACo and VML agree that the most costly unfunded mandate is the state’s underpayment of the Standards of Quality, the following five unfunded mandates have emerged:
 - 1) Comprehensive Services Act—31 localities (see fact sheet)
 - 2) Constitutional Officers Expenses—23 localities (see reimbursement sheet and summary sheet)
 - 3) Juvenile Detention Center Operations Costs—16 localities
 - 4) Local Jails (costs to build and costs to operate)—11 localities
 - 5) Courthouse Facilities—10 localities
- In 2000, the Commission on Virginia’s State and Local Tax Structure recommended that the state assume full fiscal responsibility for the funding of three of the areas highlighted by the VACo/VML survey: the Comprehensive Services Act, Juvenile Detention Center Operating Costs, and Local Jails.
- Localities have identified 52 other mandates (some are federal mandates) which appear on the list.