

**Student
Achievement
Day**

April 8, 2009

**MINNESOTA
MANDATES:
COUNTY
GOVERNMENT
FISCAL STRESS IN
AN ERA OF
DECLINING STATE
SUPPORT**

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WHAT IS A MANDATE?

1994- The United States Advisory Commission on Intergovernmental Relations

- I. Directs state or local governments to undertake a specific action or to perform an existing function in a particular way
- II. Impose additional financial burdens on states and localities
- III. Reduces state and local revenue sources

(State Mandates on Local Governments, 2000)

BRIEF HISTORY OF FISCAL FEDERALISM AND MANDATES

- ◉ 1930's- FDR- “Cooperative Federalism”
- ◉ 1960s- LBJ- “Creative (Coercive) Federalism”
- ◉ 1970s – Nixon and Carter- expanded grants
- ◉ 1980s – Reagan- “New Federalism”
- ◉ 1990s – Clinton- “Devolution Revolution”
- ◉ 2008 – Obama- “Progressive Federalism”

UNFUNDED MANDATE REFORM ACT OF 1995

Successful:

- ◉ Mandate Monitor (2004)
- ◉ Heritage Foundation (2003)

Not so Successful :

- ◉ Colleen Landkamer, the Commissioner of Blue Earth County (2005)
- ◉ National Conference of State Legislatures (2007)

STATE AND LOCAL RELATIONSHIPS

“...‘Legislature may provide by law the creation, organization, consolidation, division and dissolution of local governments and their functions’...”

(State Mandates on Local Governments, 2000)

MINNESOTA COUNTIES' ARGUMENTS

- ⊙ Funding Issues
- ⊙ Preempt Local Authority

Research Question:

What effect do state mandates have on
Minnesota

Counties? Do mandates effect some counties
more than others? Do increases in property
taxes effect the county opinion on
mandates?

PREVIOUS RESEARCH

- Previous research has primarily looked at the funding issues between the state and local governments
- A 2000 survey by the MN State Auditor looked at the county/state relationship and came up with following results of county perceptions

MOST PROBLEMATIC MANDATES

2000 STATE AUDITOR SURVEY

- **General Government:** (53) Levy Limits
- **Public Safety:** (26) Correctional Facility Standards, Mandatory Criminal Penalties
- **Infrastructure:** (16) Road Construction Maintenance
- **Environment:** (17) Wetland Regulations
- **Human Services:** (17) Out of Home Placement
- **Health Services:** (6) *six way tie* Drinking Water Regulation
- **Economic:** (11) Tax Increment Financing Regulations
- **Recreation and Culture:** (1) Regional Library Funding

MY RESEARCH – DIFFERING EFFECT ON COUNTIES

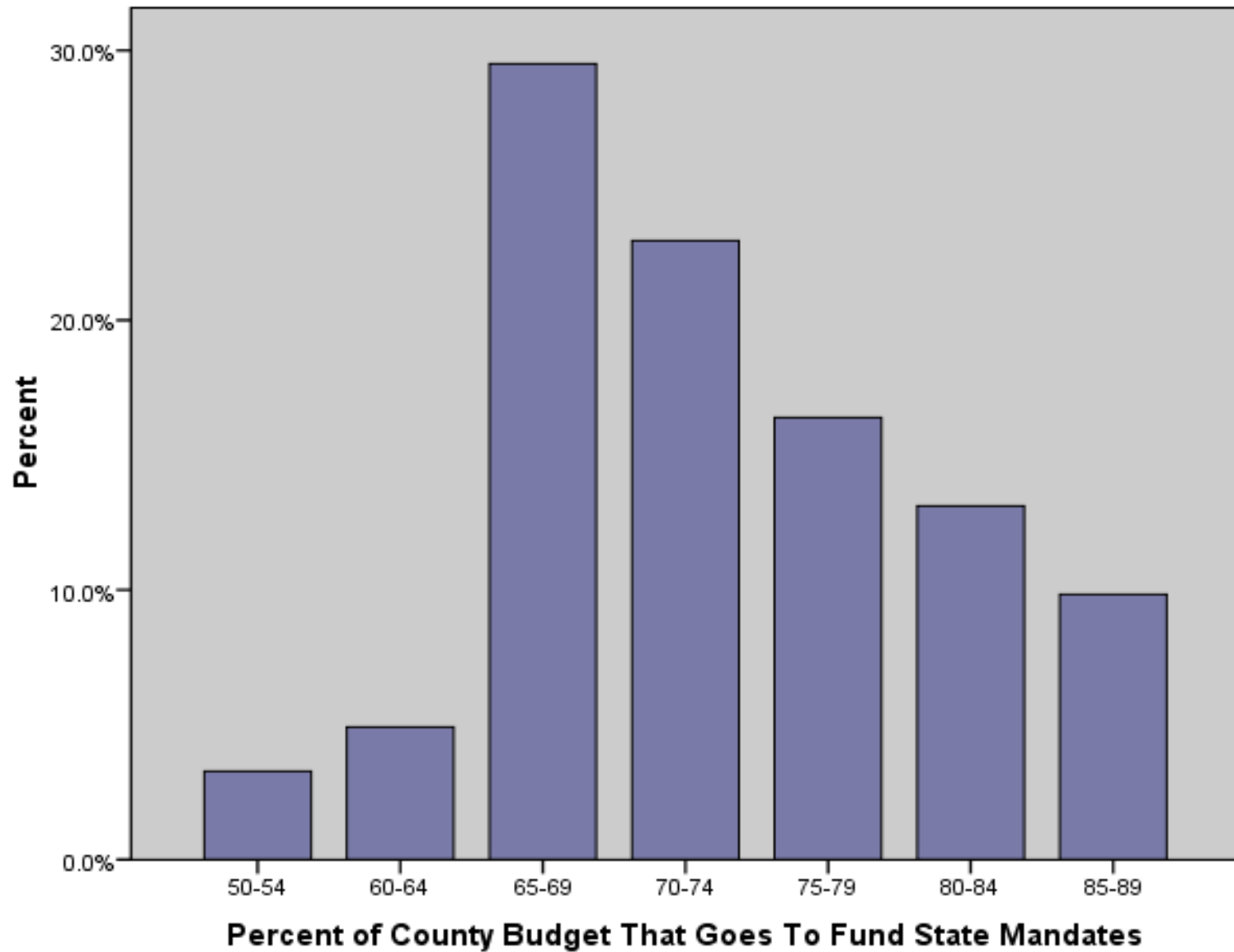
- Attempted to phone survey all 87 Minnesota Counties
- Total Respondents: 61
- Survey consisted of questions on county opinion and general funding:
 - Most problematic mandate in their county
 - Reasonability of mandates in specific areas
 - How their county had/will react toward under funded mandates
 - Opinions on continuing mandates if not fully funded/ and if the county should be given more flexibility if mandates are not fully funded

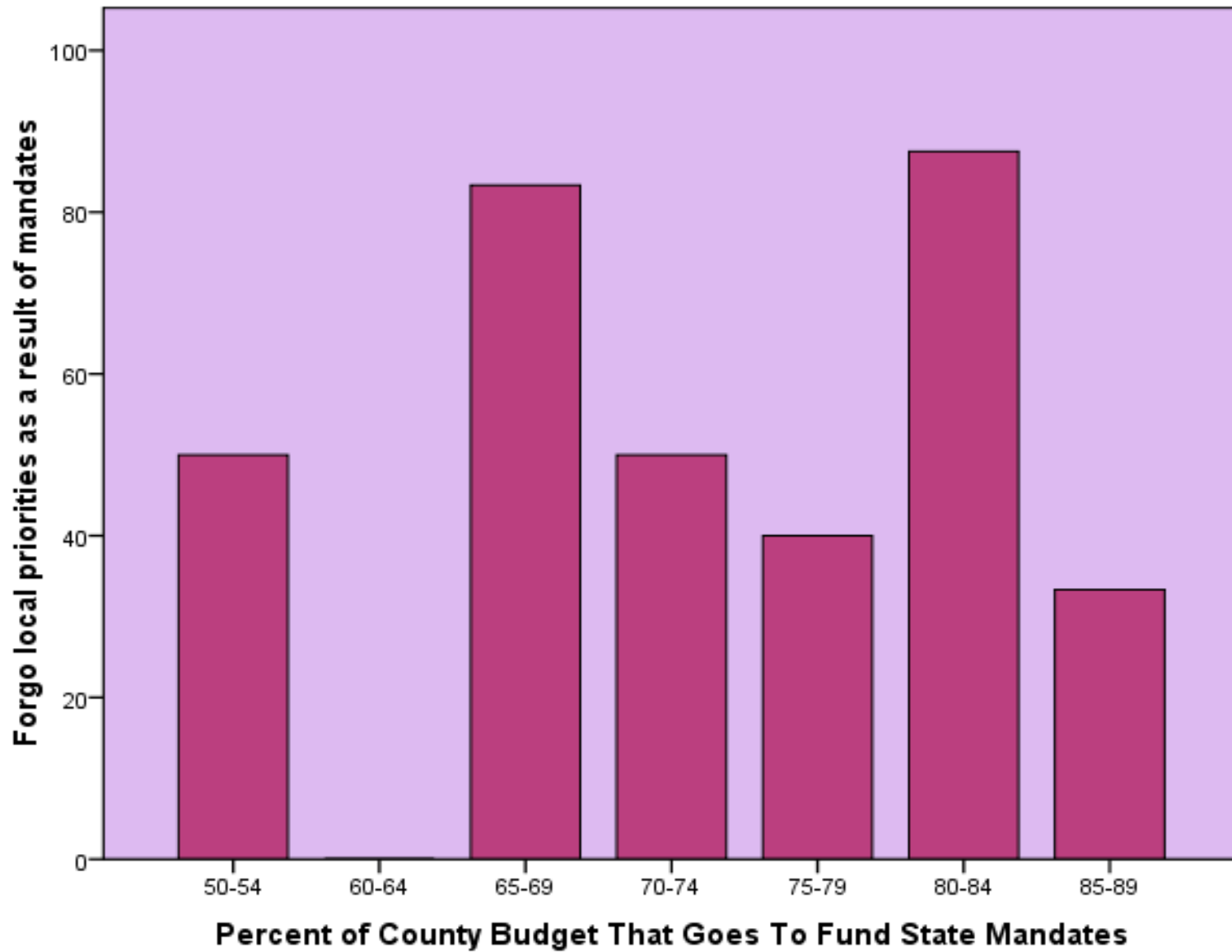
METHODOLOGY

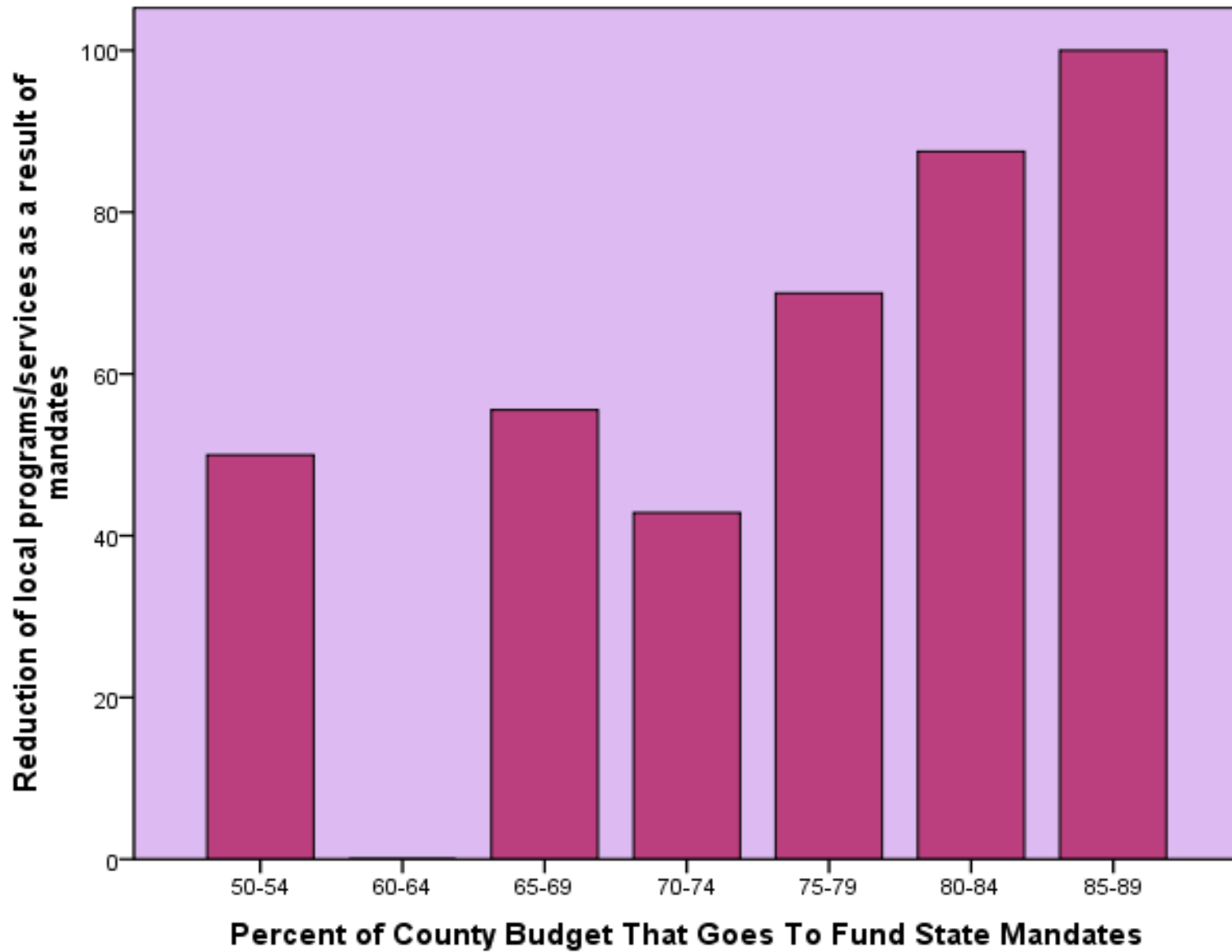
Units of Analysis: The 87 Counties in Minnesota

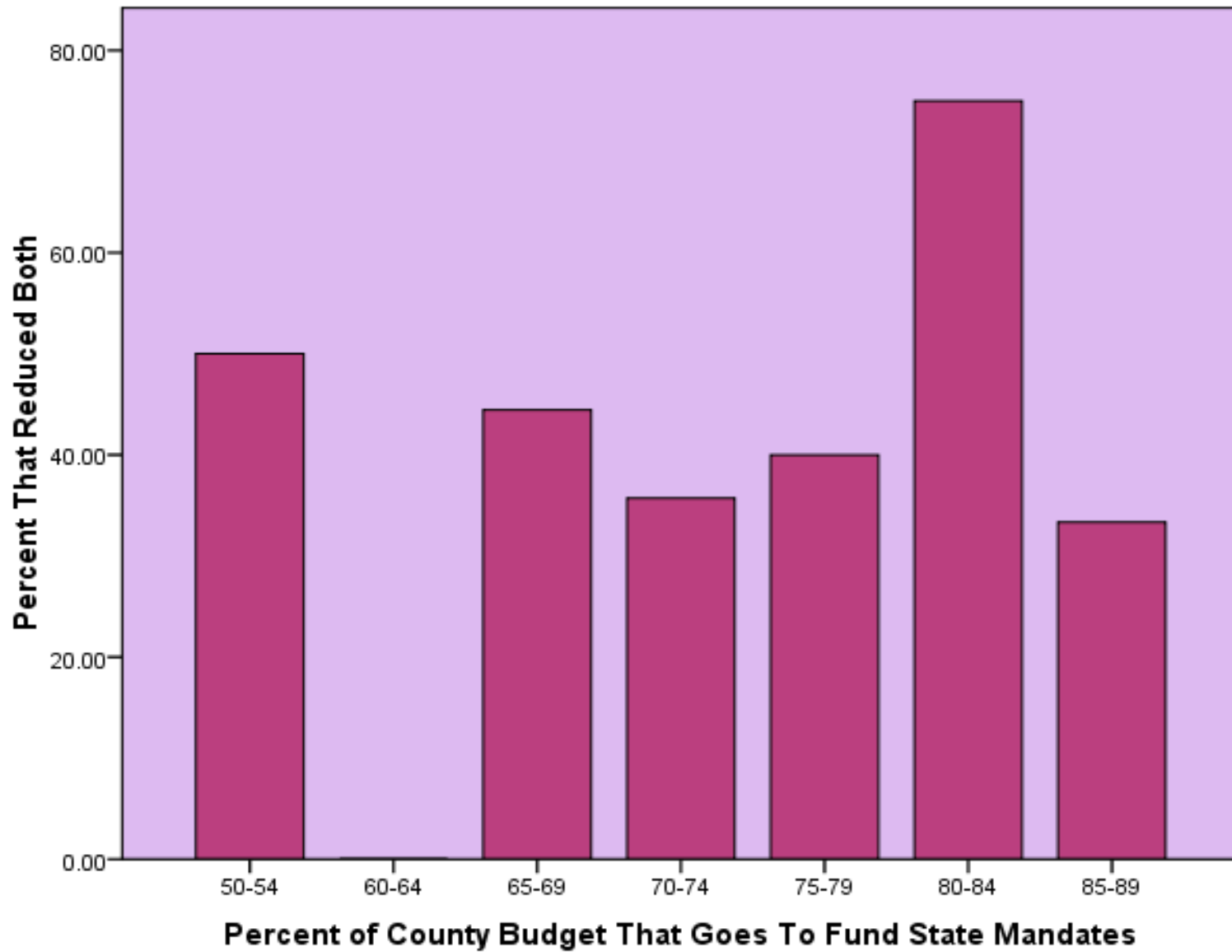
Data Sources:

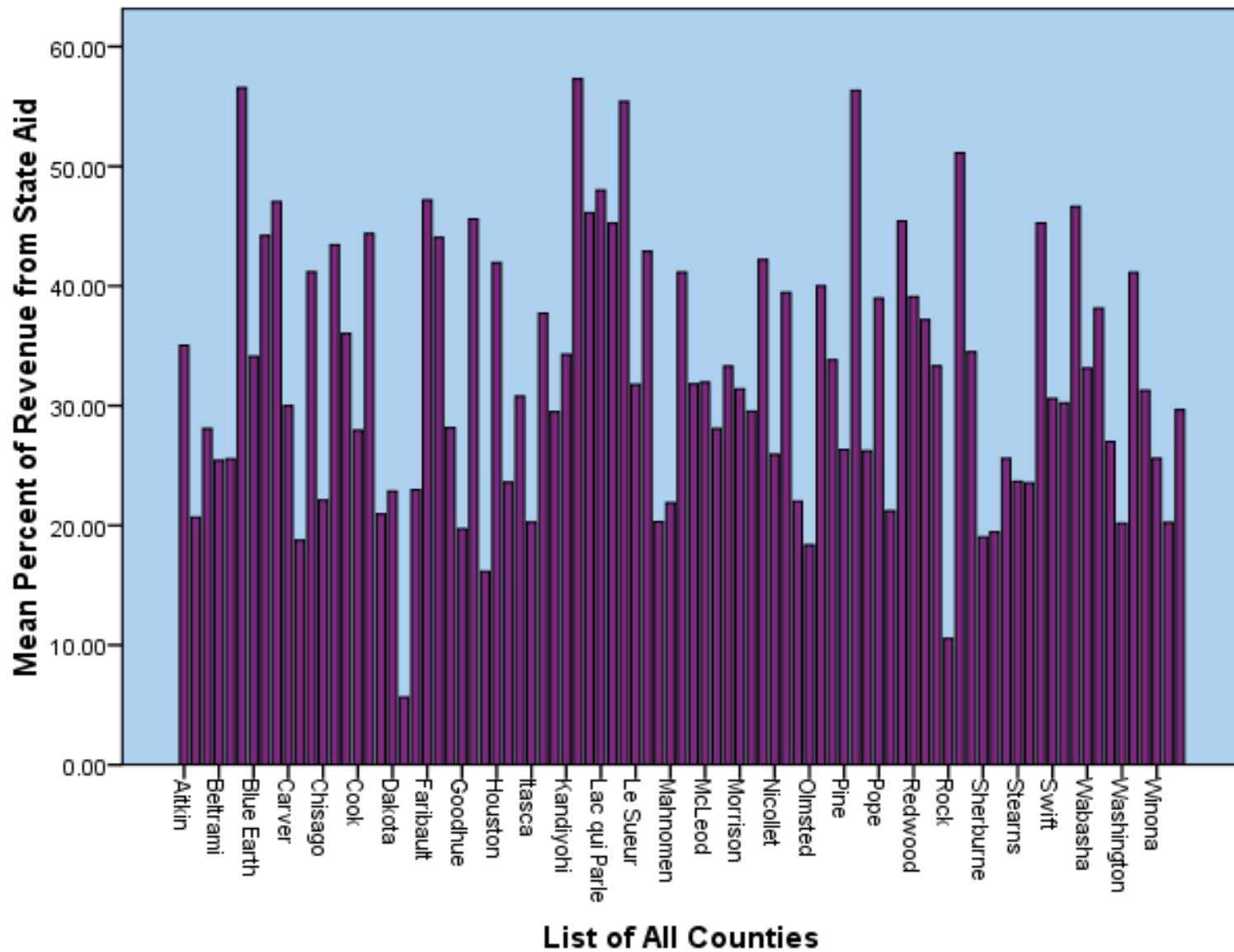
- County demographic data from the County and City Book 2007 (U.S. Census Bureau)
- County Budget data from 2005 and 2006 (Minnesota Office of State Auditor)
- County Survey : N=61



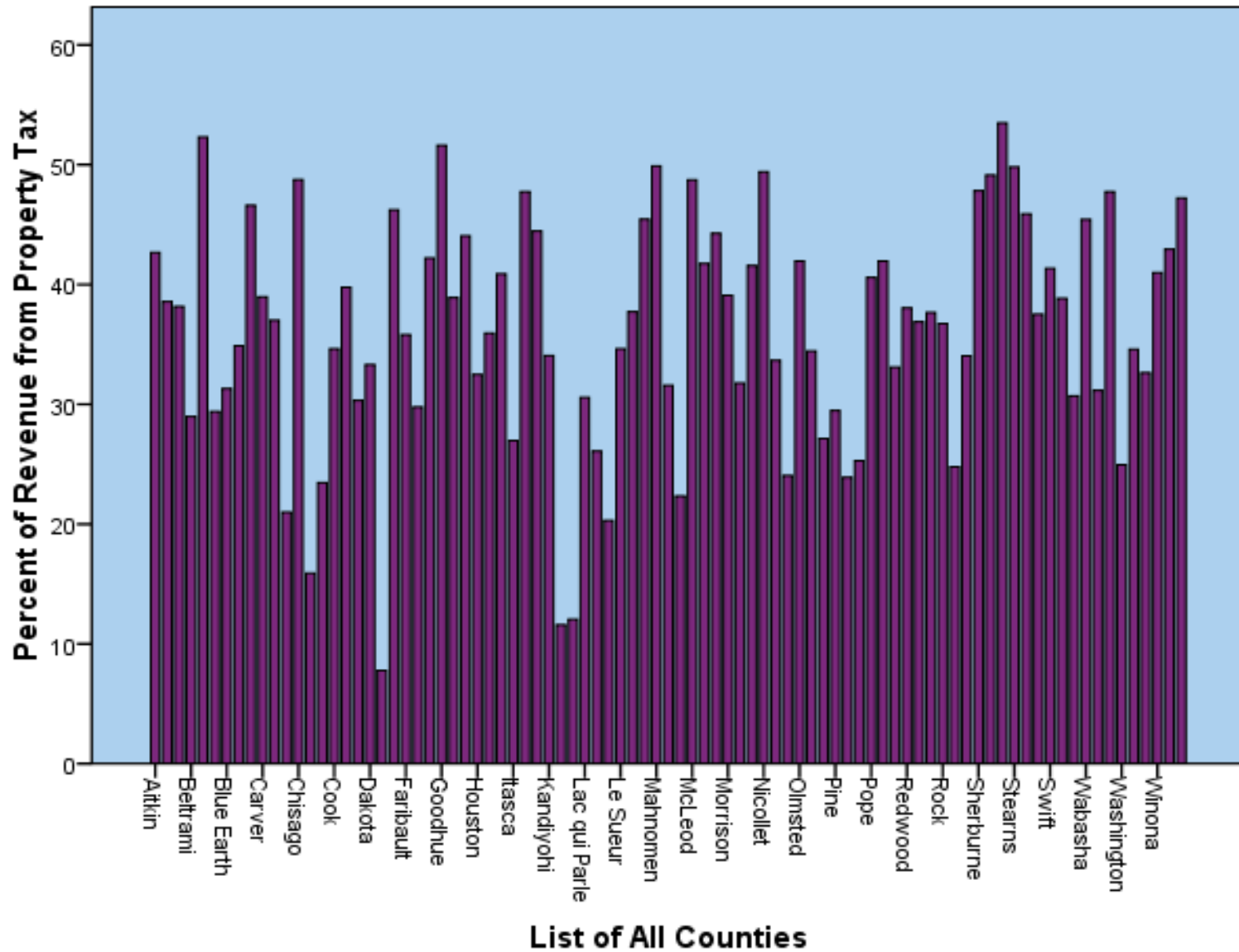








6%-57% of revenue comes from state aid



8%-53% of revenue comes from property tax

“Three-quarters of the respondents indicated that the problems were caused by the cumulative impact of state requirements rather than one or more specific mandates.”

Table 2:

Correlation of County Demographic Data, Budget Data, and Reasonability of State Mandates

	<u>Reasonability Index</u>
<u>Demographics:</u>	
High School or Higher	-.083
% White	-.031
% Black	-.228
Number of Murders	-.157
% Republican	.199
% Democrat	-.205
<u>Budget:</u>	
Human Services	-.123
Health Services	-.142
Economic Services	-.069
Recreation	-.226
Public Safety	-.111
General Government	-.200
State Aid '06	-.122
Property Tax Revenue '06	-.179
Expenditures '06	-.160
Percent of Revenue from State Aid	.096
Percent of Revenue from Property Taxes	-.084

Significant at .05 *

Significant at .01**

Table 1: Correlation of County Demographic Data, Budget Data, and Reasonability of State Mandates

	General Government Mandates	Public Safety Mandates	Environment Mandates	Recreation Mandates	Human Service Mandates	Health Service Mandates	Economic Mandates
<u>Demographics:</u>							
High School or Higher	.043	-.168	-.018	-.190	-.292*	-.199	.292*
% of Pop (White)	-.086	.064	-.005	-.131	.094	-.034	-.022
% of Pop (Black)	-.084	-.203	-.059	-.148	-.234	-.206	.058
% of Pop (Asian)	-.110	-.241	.021	-.032	-.302**	-.080	.097
Amount of Murders	-.227	-.312**	.150	.060	-.390**	-.150	.045
% of Pop (Democrat)	-.139	-.052	-.140	-.161	-.083	.058	-.157
% of Pop (Republican)	.136	.045	.140	.161	.077	.051	.164
<u>Budget:</u>							
Human Services	-.103	-.261*	.090	-.056	-.367**	-.142	.114
Natural Resources	.022	.110	.096	.095	.073	.180	-.043
Health Services	-.014	-.243	-.069	.067	-.301*	-.059	-.042
Economic Services	-.005	-.127	.004	.072	-.223	-.009	.000
Recreation	-.145	-.331**	.072	-.002	-.421**	-.224	.036
Public Safety	-.069	-.198	.014	-.012	-.332**	-.073	.101
General Government	-.074	-.312*	-.025	-.023	-.390**	-.141	.018
Total State Aid (2006)	-.099	-.276*	.113	.000	-.385**	-.122	.069
Total Property Tax Revenue (2006)	-.060	-.279*	-.028	-.037	-.377**	-.137	.047
Expenditures (2006)	-.086	-.300*	.060	-.010	-.477**	-.224	-.036
Percent from State Aid	-.051	.166	.202	.150	.082	.242	-.154
Percent from Property Taxes	.125	-.041	-.065	-.201	.021	-.236	.080
Significant at .05* (Two-Tailed)							
Significant at .01** (Two-Tailed)							

CONCLUSION

- ◉ Reduce local priorities/programs
- ◉ Increase fees/taxes
- ◉ More flexibility with mandates, but not elimination of services
- ◉ My results show reasonability determined by area of mandate, not increases in property taxes, amount of state aid received, or demographic data
- ◉ Solutions?:
- ◉ Innovative thinking and reform in the implementation of mandates