



TOWNSHIPS TODAY

A QUARTERLY NEWSLETTER
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Is This the Beginning of the End for Budget-Draining Unfunded Mandates?

Costly Practice Eats Up Your Local Tax Dollars

Unfunded mandates. This probably isn't a phrase you hear every day, but they have a big impact on our township and an even bigger impact on your taxes and services.

So what exactly is an unfunded mandate? In a nutshell, it's an often costly requirement that state and federal governments pass along to their local counterparts — your township supervisors — with little or no funding.

Suppose the township supervisors passed an ordinance that required you to paint your house every year at your own expense or face a fine. That would be an unfunded mandate. Or maybe the supervisors mandated that every resident over 18 buy and carry a \$25 "residency card" each year. That would be an unfunded mandate, too.

Not fair?

Well, you're right, and fortunately, it's unlikely that any municipality would ever enact one of these outrageous what-ifs. But guess what? The above scenarios do give you a good idea of what our township is up against.

From implementing a new statewide earned income tax collection system to keeping up with an ever-changing and arbitrary menu of federal clean-water requirements, our community and



For years, townships have felt like they are throwing tax dollars down the drain to comply with state and federal unfunded mandates. The goal of a new study, however, is to reverse existing requirements and put an end to future ones.

others face a range of budget-draining unfunded mandates.

But before you brush this off as something you don't need to worry about, consider this:

It's your tax dollars that have to pay for these unfunded mandates.

And every time our township is socked with another one, we have to find the money to pay for it from a limited list of not-so-great options. We might have to divert funding from a local project (*maybe repairing your road*), cut other services, or increase taxes (*as a last resort*).

With any luck, however, a newly released state study signals the beginning of the end for unfunded mandates.

'A major problem'

A collaborative effort between the Pennsylvania Local Government Commission, lawmakers, the state's local government associations, state agencies, and a team of academic advisers, the report is the first to document the problem with unfunded mandates and spell out solutions. It took two years to complete.

And what the study found is that Pennsylvania's municipalities and counties have had 6,500 unfunded mandates imposed on them since 1982, the year that the state began collecting this data. Of those, some 800 directly impact townships.

The study's ultimate goal is to reverse these existing mandates and stop future ones.

"Unfunded mandates are a major problem, and the distress is growing," says Sen. John Eichelberger, a former county commissioner whose Senate Resolution 323 paved the way for the research. "It's getting to be a crisis situation."

Indeed, the report provides a valuable snapshot of the most troublesome mandates facing Pennsylvania's local governments today. Interestingly, of the 23 outlined, several mandates emerged as common problems among all municipalities — townships, boroughs, and cities. They are:

- **the prevailing wage**, which establishes wages for workers on certain public projects and can inflate costs by as much as 30 percent;
- **collective bargaining and arbitration**, a lopsided negotiation process that places a lot of power in the hands of third-party arbitrators who are not required to consider a municipality's financial situation when determining awards;
- **federal stormwater management guidelines** aimed at reducing pollution in the Chesapeake Bay and beyond;
- **earned income tax collection**, which requires municipalities to ante up funding to cover the administrative costs of the newly consolidated system; and
- **municipal legal advertising and bidding requirements**.

"The study confirms what we've known all along: State and federal governments and agen-

cies — because they can — have been pushing too many mandates down to local governments," says David M. Sanko, executive director of the Pennsylvania State Association of Township Supervisors. "It's a vicious cycle that often forces municipal leaders to either cut services or raise taxes to cover these unwanted and, in some cases, unnecessary requirements. It also makes them economically uncompetitive.

"And now we're learning that they've done it 6,500 times? That's not right," he adds. "Some states don't allow unfunded mandates; neither should Pennsylvania."

Eichelberger agrees: "There are 27 states that have laws that prohibit unfunded and underfunded mandates, and Pennsylvania has no restrictions at all. We have to do something about that."

Common-sense solutions

Fortunately, the SR 323 report looks beyond the problems. In fact, it offers specific, common-sense solutions, many of which would result in no cost to the state but would translate into significant savings for municipalities like ours and you, our taxpayers.

For starters, the task force is recommending that lawmakers amend a number of existing laws and regulations governing such things as the prevailing wage, collective bargaining, legal advertising, and public records requests to ease the financial burden on townships and other municipalities.

In addition, the task force wants the state to establish protocols for reviewing and reducing the impact of future mandates.

Namely, the group is supporting the creation of a State Mandate Task Force that would carry out the report's recommendations, conduct follow-up studies, and evaluate any new local government mandates at least every five years.

But most important, the SR 323 Task Force is suggesting that the General Assembly begin attaching fiscal impact statements to bills so lawmakers understand the potential costs to municipalities; require the state to share the costs of mandates or anticipate them; and place sunset provisions in legislation that would require lawmakers to revisit and restudy particular statutes within five or 10 years.

Since its release, the report has been presented to state lawmakers for review. The hope is that they will begin introducing legislation to address the recommendations when they return to Harrisburg in January.

"Is this the beginning of the end for unfunded mandates? Only time will tell," Sanko says, "but it's time we take this burden off of Pennsylvania's municipalities and their taxpayers."

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