



# Hamilton County

## County Administrator

### BOARD OF COMMISSIONERS

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To: Board of County Commissioners  
Patrick Thompson, County Administrator

From: Christian Sigman, Assistant County Administrator *cmj*

Subject: Mandated Services

Date: June 20, 2008

Copy: Office of Budget and Strategic Initiatives

This memo reports on mandated services in the general fund budget as requested by the Commission at its April 21, 2008 staff meeting.

Attached to this memo is mandate information for each service within the general fund. Due to time constraints, this document and attachments have not been reviewed by the County Prosecutor's Office for interpretation of the Ohio Revised Code. To the extent that the Commission desires a greater level of detail on any of the services listed in Attachment A, the Prosecutor's Office will be consulted.

### Summary Findings

- 80.6% of the general fund expenditures are associated with mandated functions
- 91.4% of general fund revenues are collected within mandated functions
- 87.5% of general fund positions are associated with mandated functions
- 28.0% of non-mandated direct services are reimbursed or generate revenues
- 62.0% of non-mandated support services are reimbursed or recovered in some fashion.

Table I provides a summary of the mandated and non-mandated services and is followed by a narrative description of the categories above.

Table I – 2008 General Fund Mandated/Non-Mandated Services

	General Fund Expenditures	% of Total General Fund	General Fund Revenues	FTEs
1 Mandated - First Order Budget Authority	\$125,798,164	46.3%	\$45,005,296	1,586.11
2 Mandated - Second Order Budget Authority	\$93,029,793	34.3%	\$196,057,469	1,033.32
3 <i>Sub-total Mandated Services</i>	<i>\$218,827,957</i>	<i>80.6%</i>	<i>\$241,062,765</i>	<i>2,619.43</i>
4 Non-Mandated - Direct Services	\$29,118,666	10.7%	\$8,145,900	52.25
5 Non-Mandated - Support Services	\$23,618,047	8.7%	\$14,639,947	322.54
6 <i>Sub-total Non-Mandated Services</i>	<i>\$52,736,712</i>	<i>19.4%</i>	<i>\$22,785,847</i>	<i>374.79</i>
7 Total	\$271,564,669	100%	\$263,848,612	2,994.22

Note: 2008 expenditures exceed revenue by \$7.7 million because \$5.7 million in additional resources is associated with the transfer of funding from the 27<sup>th</sup> pay period reserve fund and \$2.0 million is associated with a transfer from the budget stabilization fund for increased workers compensation costs.

**Approach:**

Mandated services stem from legal requirements from another government entity. These include state and federal government agencies. Most mandates for Hamilton County stem from the state of Ohio via the Ohio Revised Code (ORC) and the state constitution. The individual department sheets included in Attachment A include the relative ORC citation.

*NOTE: In most cases, mandates concern the service not the level of service or method of delivery. For example, a record of court proceedings is mandated, but the use of manual reporting versus digital recording is not prescribed. This report does not determine/assess the level of service or the service delivery method.*

For the purposes of this report we have classified department budgets by mandated and non-mandated with additional sub-classifications. Within mandated services we have delineated services by first order budget authority versus second order budget authority. For non-mandated services we have delineated services by direct services versus support services. The sub-classification definitions follow.

*Mandated: First versus Second Order Budget Authority*

As with 87 of the 88 counties in Ohio, Hamilton County government does not have a chief executive to oversee the entire county government. In addition to the three County Commissioners, there are eight other independently elected officials and the elected judiciary. A vast majority of the functions provided by the offices of independently elected officials are mandated.

The ORC requires that the Commissioners adopt the annual budget; however, several county departments have the ability, either by statute or the Ohio Constitution, to determine the required level of funding to meet their needs. To challenge the budget submitted by these departments, the Board of County Commissioners would be required to demonstrate in court that the amount budgeted was unreasonable as

defined by the courts. We have labeled these mandated services first order budget authority. Mandated services with first order budget authority are found in the following agencies:

- Board of Elections
- County Prosecutor
- Court of Common Pleas
- Juvenile Court
- Probate Court
- Domestic Relations Court
- Court of Appeals
- Public Defender
- Probation
- Court Reporters
- Clerk of Courts
- Municipal Court

The mandated functions within these twelve departments and debt service account for \$125.8 million, or 46.3% of the 2008 approved general fund expenditure budget.

The remaining agencies managed by independently elected officials with mandated services have second order budget authority. These agencies can also petition the court concerning funding level, but it is their responsibility to demonstrate that the funding level is unreasonable. These agencies include:

- County Sheriff
- County Recorder
- County Coroner
- County Auditor
- County Treasurer
- County Engineer

Within the 2008 general fund expenditure budget the mandated functions within these departments and all other mandated services total \$93.0 million, or 34.3% of the total. Combined, all mandated services total \$218.8 million and 80.6% of the total 2008 general fund budget.

For additional information concerning budget authority of county departments, please see the attached legal opinion from the County Prosecutor (Attachment B).

Other county mandated functions include functions such as the required state match for Temporary Aid to Needy Families (TANF), indigent burials, veteran's commission, dog warden, etc. Please see Attachment C for a complete list of mandated services.

#### *Non-Mandated: Direct Versus Support Services*

Within non-mandated services, there is an important distinction between a direct service and a support service. For this report we have reviewed the non-mandated services and made a determination if it is a

direct service to the public or supporting another county agency. For example, the crime laboratory within the Coroner's Office is not a mandated service, but it provides a direct service to other jurisdictions. Examples of support services include personnel, facility management, budget, purchasing etc.

As detailed in Table I, \$29.1 million, or 10.7% of the general fund budget is for direct services not mandated. Non-mandated support services total \$23.6 million or 8.7% of the general fund budget. Attachment C provides a summary of the general fund non-mandated services by direct versus support services.

*NOTE: As with most large organizations, Hamilton County has several centralized support services to achieve economies of scale, consistency in policy implementation and greater depth of subject matter expertise. To the extent that a centralized non-mandated service is eliminated or substantially reduced, one can expect that departments will have to develop their own capability, in-house or contracted. The county has realized significant savings with consolidated support functions the past two years. For example, within facilities management, the Juvenile Court and Job and Family Services Department transferred this function to the County Facilities Department. This not only allows these departments to focus on their core mission, but also decreased facility management costs for all county departments with realized economies of scale.*

### **Revenues, Reimbursements, Indirect Costs Recovery**

Many county services in the general fund budget generate revenues and/or the cost of the service is reimbursed from another county fund.

The County Auditor generates by far the largest revenue via the responsibility to collect property and other taxes. The County Treasurer generates significant general fund revenues via interest earnings on the county's investment portfolio. Each of the county's courts generates revenues through the imposition of fines and fees. In total, the offices of the County Auditor, County treasurer, and courts generate \$214.6 million or 81.3% of general fund revenues in 2008.

Several county services are reimbursed, partially and up to 100%, from other funding sources. For example, the work the Facilities Department does for the Job and Family Services Department is 100% reimbursed from non-general fund resources. Within the Juvenile Court, mental health and substance abuse services are reimbursed from voted levy resources and within the Veteran's Commission a total of \$205,000 is reimbursed from the Senior Services levy. Based on the current reimbursement rates set by the state, 28% of the Public Defender's budget is recovered via state reimbursement revenue.

Attachment D provides a summary of all general fund revenue classified within the mandated and non-mandated categories previously noted.

In addition to direct reimbursements, the cost of many support functions is allocated to the non-general fund entities that receive support services. This allocation is detailed in the indirect cost plan prepared each year. For 2008, the general fund will receive \$12.9 million in revenues from non-general fund resources for these indirect costs.

## Findings

A vast majority of the general fund budget is associated with mandated functions. Within the mandated functions 57.5% associated with agencies which can petition the Court of Common Pleas directly for budget relief. The remaining 42.5% are statutorily mandated generally within the offices of independently elected officials. Budget control is a collaborative effort with these offices. For some services not mandated, there are associated revenues generated and/or the cost of the service is reimbursed or partially recovered from other funding sources.

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As the Commission approaches the 2009 budget process we can provide additional programmatic analysis for any specific service.