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# STATE MANDATES

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On Local Governments in Iowa

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1983

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The University of Iowa  
Institute of Public Affairs  
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STATE MANDATES  
ON LOCAL GOVERNMENTS IN IOWA

by  
Joyce L. Campana, Urban Affairs Specialist,  
with assistance from  
David A. Discher, Chief of Research

The Institute of Public Affairs  
The University of Iowa  
Iowa City, Iowa 52242  
1983

# The University of Iowa

Iowa City, Iowa 52242

Institute of Public Affairs

(319) 353-3270



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Dear Public Official:

A timely issue both nationally and within the State of Iowa is the question of mandates by one level of government upon those at a lower level. With the web of intergovernmental relations becoming more complex, so are federal and state mandates.

In Iowa, the time is ripe for government officials to closely scrutinize where we are and where we are going in intergovernmental relationships. This is particularly true between state government, cities, and counties. Recognizing and understanding the issues raised in this report on mandates is a first step in the process of sorting out which level of government should be providing and paying for various services.

The focus of this report is on state mandates and not federal mandates, because the state legislature and state agencies only have direct control over the state mandates they make into laws or rules. Our goal is to bring to light some issues and problems state, city, and county officials are having with state mandates and to discuss the more troublesome mandates. This was accomplished in part by holding three meetings with city, county, and state officials including state legislators. The following report includes a compilation and analysis of their thoughts.

The Institute staff believes this report will prove useful to legislators who are enacting state mandates as well as state agencies who are enforcing them. We think also that it will prompt local officials to suggest alternatives or improvements to certain mandates. Finally, being informed about these mandate issues is a good basis for a continuing flow of communications between federal, state, and local government officials.

Sincerely,

*Clayton L. Ringgenberg*  
Clayton L. Ringgenberg  
Director



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The views expressed here do not necessarily represent those of any particular one of these participants. Instead, these views are based upon a variety of conversations and comments from these people as well as other individuals not specifically mentioned because of space limitations.

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## INTRODUCTION AND PURPOSE

Over the years, intergovernmental relations have become characterized by a three-pronged partnership between the federal, state, and local governments. The development of this partnership was further strengthened by the great increase in the range and depth of all governmental services and programs in the past 30 years.

The direct flow of federal funds to local units of government has brought with it additional complications. This "expanded partnership" has meant an increase in the responsibilities of local governments. Three major factors have contributed to this increased pressure on local governments. These are:

- 1) Citizens demanding increased public services, while at the same time expecting local governments to protect the diversity of interests and the rights of the community,
- 2) Increased pressure from federal and state governments to enlarge the scope of local government services, and
- 3) Limited local revenues leading to an increased dependence on federal and state governments for resources.

The issues of what services to provide, which level of government should provide the service, and who will pay for the service have been long-standing ones. A result of this unresolved debate has been the advent of federal and state mandates. One level of government ordering another to provide a service is not a new development nor is it uncommon. What makes this an ever-growing issue of importance is the large number of mandates already in existence, plus new ones being enacted. This is just one symptom of the problems associated with multiple levels of governments delivering or being involved in the



delivery of given services to the public. It is no longer easy to compartmentalize federal, state, and local governments both functionally and fiscally. For example, in 1979 federal sources accounted for 19 percent of total state and local revenues, compared with 15 percent in 1970 and 12 percent in 1960. Local governments are no less entwined with state government with 32 percent of total local revenues (including education) coming from or through state channels in 1979 (compared to 30% in 1970 and 26% in 1960).[1] This co-mingling of funding and programs has made it very difficult to assign responsibility, yet very easy to point the finger of blame.

Because of the multitude of these problems, this publication will focus on one particular issue, mandates. However, the reader should keep in mind that this is only the tip of the iceberg of the larger picture of meeting citizens' demands for services.

In an effort to meet the public's demands for services, federal and state governments have created a myriad of mandates that in many instances are either administratively or financially oppressive for local governments to implement. In light of today's "New Federalism" this situation probably will not improve any. Instead, particularly local governments will feel increased pressures to perform new services or continue those existing ones. Cities and counties are hard pressed because they are subject to mandates from the federal and state governments. An increased dependence on outside sources of revenues, like grants-in-aid, have led local governments into greater conformity with external demands. Financing of local services in general and those mandated in particular has become a major area of concern for Iowa's cities and counties. This publication will focus primarily on the impact of Iowa's state mandates on cities and counties.

Several meetings were held with state and local government officials to discuss the issues of mandates and identify the more

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[1] Facts and Figures on Government Finance, 1981 edition, Tax Foundation, Inc.

bothersome state mandates. In addition to these meetings, individual conversations were held with staff members from the League of Iowa Municipalities and the Iowa State Association of Counties. Issues which will be explored include the following:

- 1) Efficiency - Do mandates allow local governments to perform a service in the most efficient way?
- 2) Needless regulation - Is the specific mandate absolutely necessary and does the state have a legitimate reason for implementing such a mandate?
- 3) Accountability - Who do the citizens hold responsible, their local official, the state legislature, or someone else?
- 4) Costs vs. benefits - Are the costs of a program exceeded by its benefits?
- 5) Financing - Who pays the cost of the mandate, the local government, the state, or some combination?
- 6) Displacement of local resources - Is the allocation of local resources distorted by mandates because there is a fixed amount of funds to be distributed?
- 7) Mismatch of mandates to community needs - Are mandates flexible enough to meet the specific needs of individual communities?
- 8) Spillovers - Who pays for those people who indirectly receive either positive or negative results from the mandated program?
- 9) Federal-state-local relationships - What role do mandates play in intergovernmental relations and determining which level of government provides what services?

The indepth discussions on these problems, issues, and potential solutions will provide information to the state legislature, state and local government officials, as well as the general public. This general knowledge of state mandates should lead to an increased understanding of their impacts on city and county governments in Iowa.

The remainder of this report will present definitions of mandates, the different types of mandates, the issues surrounding mandates with illustrative Iowa examples, and directions for the future. Much of the information on Iowa examples of mandates was obtained directly from discussions with city, county, and state officials.



## DEFINITIONS AND TYPES OF MANDATES

### General Considerations

Mandates can be costly to cities and counties in a variety of ways by requiring them to:

- 1) Spend money that they otherwise would not spend,
- 2) Spend more money for programs they would have partially supported,
- 3) Spend money for purposes for which they would ordinarily spend money, but without as much flexibility, and
- 4) Forgo tax revenues and receipts.

This does not imply that all mandates are either good or bad, but instead that each mandate must be judged on its own merits. Factors such as need, who will pay, and the goal, purpose, and necessity of the mandate must be considered before determining whether or not a mandate is good or bad. Initially, the reason for implementing most mandates is to provide a service, the delivery of which is delegated to another level of government for one reason or another. State mandates are in the form of a state constitutional, statutory, or administrative rule or action which requires a political subdivision of the state to establish, expand, or modify its activities in a manner which necessitates additional expenditures of local revenue. In short, any cost which must be made to comply with state regulation is a mandate. Financial mandates, without accompanying state reimbursements, are probably the most controversial mandates for cities and counties.

## Specific Types

Mandates usually direct local government operations by stating what services are to be provided, how to provide them, or prevent or limit what is provided. There are two major types of mandates: requirements and constraints. Requirements are either a direct order from another level of government or a condition of financial aid. Programmatic and procedural mandates are two major types of mandates. Programmatic mandates specify what activity or service local governments must provide to their citizens. These mandates are concerned with the end product or objective of a service or the performance of some function. Often, the quantity and quality of the action to be taken is prescribed. City police pension programs and library services provided by cities and counties are programmatic mandates because they specify a particular activity or service.

Procedural mandates stipulate how goals are to be reached, and may regulate the actual administration or delivery of local programs by directing the manner in which resources are organized, accounted for, and reported. This concern with how something is done can be mandated, even if the final result is not a mandated service or function. The types of activities and services that might be subject to procedural mandates are often similar to those involved in programmatic mandates. Civil service requirements and collective bargaining are examples of procedural mandates.

Both programmatic and procedural mandates are divided into subcategories. Subcategories included under programmatic mandates are:

- 1) Program,
- 2) Program quality, and
- 3) Program quantity.

While under procedural mandates there are:

- 1) Reporting,
- 2) Performance,
- 3) Fiscal,
- 4) Personnel,
- 5) Planning/evaluation, and
- 6) Record-keeping.

(See Appendix II for more detailed definitions.)

The other major classification of mandates is constraining mandates. These limit the amount and type of local resources or activities available to local governments, essentially telling what they may not do. Three types of constraints are: revenue, revenue rate, and expenditure limit mandates. (See Appendix II for more detailed definitions.)



## ISSUES AND EXAMPLES

The issues and problems presented here can be associated with some or all mandates and quite often more than one will apply to a particular mandate. The purpose here is not to say that all mandates are either good or bad, but instead to point out the many problems surrounding the whole area of mandates. Many mandates serve a useful purpose and are not even considered controversial. However, there are mandates which local governments feel are controversial for one or more of the following reasons:

- 1) There are not enough funds available to pay for the mandate.
- 2) The mandate does not meet local needs.
- 3) The mandate is inflexible and does not allow the local government to use the most efficient or effective means available.

Historically, state governments have cited three major reasons for the enactment of state mandates. These include:

- 1) The need for uniformity,
- 2) A federal mandate being passed on, and
- 3) A requirement of federal funds.

It is often felt that uniformity and administrative coordination are needed to achieve public policy goals. This argument further stresses that an important role of the state in local affairs is one of monitoring and implementing standards to prevent potential problems. Two examples of state mandates passed either because they are a condition of federal aid or federal mandates are: the 55 mph speed limit and environmental protection laws and standards.

The other side of this view, is the impact of state mandates on cities and counties. There are some problems and obstacles state mandates create for them. These are four main ways that local officials can be at a disadvantage in the present intergovernmental system of mandates:

- 1) The loss of control over priorities,
- 2) Unwanted responsibilities,
- 3) Lack of accountability, and
- 4) Inefficiency.

For example, many local officials argue that uniformity gets in the way of tailoring solutions to local problems. A more detailed discussion on this problem and others like intergovernmental relations, control and accountability, inefficiency, distortion of local budgets, and financing of mandates is necessary to fully realize the problems involved.

#### Intergovernmental Relations

Underlying the issues surrounding state mandates are the roles of state and local governments, as well as the federal government. The increased number of programs being delivered and this "expanded partnership" have further complicated the identification of service delivery roles. In Iowa, the passage of home rule for cities and counties has granted them authority to act unless specifically prohibited or limited by the state. In essence, local governments have been given more discretion over local matters. The intent behind home rule may become distorted with the passage of mandates. If strict scrutiny is not applied to determine whether or not the benefits of the mandate outweigh the state becoming involved in local affairs, the spirit of home rule may be violated.

## Control and Accountability

The passage of state mandates can either add to or lessen local control and accountability for local government officials. Many local officials feel that mandates originating at the state level often cause a loss of control over local issues. They believe that local people know best what types of programs and services are needed to solve local matters. In many instances, mandates do not permit enough flexibility to meet individual community needs. Transit service mandates for accommodating handicapped individuals have been viewed as both inflexible and not meeting community needs. This is especially true where implementing the requirements means substantial cost increases, yet no handicapped people use the services.

When there are problems with a program, citizens can become confused about where to go to register their complaints. Often, local officials experience frustration because their hands are tied by state law and yet they may receive the wrath of angry citizens. Local officials experienced some negative reactions to switching housing inspections from being performed on a complaint basis to a regular basis. Sometimes it is not just citizens who experience frustration but also those administering or directly involved in certain programs.

Because mandates may involve various levels of government or cut across different agencies finding one person to hold responsible is further complicated. This overlapping of authority may be necessary and beneficial in some instances, but in others it may be a result of an oversight on the part of those preparing the mandate. The Iowa Department of Transportation often finds itself in a situation where because many of the state requirements are passed on from the federal government it has little or no flexibility in enforcing and administering mandates. The Department of Environmental Quality (DEQ) also experiences these same frustrations. One instance where a department is totally locked in is the Resource Recovery and Conservation Act. The DEQ cannot be any less strict than federal standards of the Environmental Protection Agency (EPA), yet the Iowa legislature said they could not be any more strict. As far as hazardous wastes in Iowa are concerned, the DEQ is left with no program



flexibility to fit Iowa's particular needs. Other problems caused by this are:

- 1) A delay of 6-12 months to change DEQ's rules to agree with EPA's because of administrative problems,
- 2) Confusion in which laws to interpret and which are in effect,
- 3) The lack of any state flexibility for handling hazardous waste problems which may have not been addressed by EPA.

The opposite side of this coin is a situation where control and accountability may actually be concentrated and strengthened in one local jurisdiction. Granting beer and liquor licenses is an example of a state mandate which invests authority in local governments. A similar example can be found in Chapter 601J of the Iowa Code which grants political subdivisions the authority to review and consolidate transportation programs. This philosophy of returning programs to local governments runs throughout the concept of "New Federalism". However, you should remember that the issue of financing the mandate is not really addressed. These two extreme cases of increased or decreased control and accountability represent these situations that do not occur with all mandates.

A third aspect of control and accountability in the realm of intergovernmental relations is the role of the state legislature. If control and accountability are increased for local governments, does this mean that the control and accountability of the state legislature is decreased by an equal amount? The answer is "not necessarily." Depending upon whether the function is a "proper" one for the state to assume, the legislature may want to relinquish responsibility to other levels of government. Determining in advance which level of government will deliver what services makes answering the above question easier.

### Inefficiency

Closely tied to the issues of control and accountability is that of inefficiency. Quite often there exists more than one way of providing a service or program. As long as the desired end result is achieved, should the means be mandated too? Prescribing one way for all local governments may not be the most efficient in dollars, time, and effort. A variety of creative and innovative approaches may exist for achieving the mandated result. However, most mandates do not have the flexibility to allow for this. It may even mean that a local government can run a quality program of its own for less money than if it got involved with the state's program. One county in the state found it cheaper to set up its own substance abuse program and receive no state money than to comply with state requirements for state funds.

### Distortion of Local Budgets

Mandates that are not accompanied by appropriations to cover 100 percent of the costs essentially leave cities and counties with no alternatives but to pay. Therefore, these become "fixed" costs for city and county budgets. After financing mandated programs, local officials have a smaller amount of the financial "pie" to devote to locally determined needs, often leading to a reordering of priorities. Local officials feel that priorities are distorted particularly when they are mandated to assume programs which there is not a great demand for at the local level, particularly regulatory controls. Furthermore, they feel that if funds did not have to be spent on an unwanted program they would be better able to fund programs where citizen demand is greater.

Estimating the costs of providing some mandated programs is another problem that local officials may be faced with during budget preparation time. Even though these costs are "fixed," they may vary in actual dollar amounts because of factors like the number of clients served. The court system and mental health services are two examples where the number of clients served have a direct bearing on the cost to the county.

### Financing of Mandates

Today, more than ever before cities and counties are finding themselves to be financially hard pressed. Sources of federal and state aid are becoming scarce, in addition to increased difficulty in raising local revenues. For example, in fiscal year 1982, 40 percent of all Iowa cities were at their maximum levy rate for the general fund.[2]

Limited resources in combination with mandated costs place an additional strain on local government budgets. The issue of who will pay for mandates is at the heart of this controversy. Should the state appropriate funds to pay for the costs of mandates it imposes? Should the state pay only when all citizens benefit? Should state and local governments split the costs? All of these questions imply that the states can no longer automatically assume that cities and counties will be able to raise the resources needed to finance mandates. The whole issue of cost should be decided and made known before passage of a mandate so that all the parties are aware of those attached costs. Furthermore, the timing for implementing mandates can have an impact on local budgets. If local governments have to go through the budget amendment process, this represents a costly additional expense or reallocation to them.

Further complicating the issue of financing the costs of mandates is the problem of determining who receives the benefits of the given service or program. Should people who benefit that are not included in the originally targeted group have to pay? Or, should that particular level or unit of government pay for this additional benefit? It is not always easy to identify these groups or measure the amount of benefit they are receiving and how much it costs. Similarly, these difficulties occur if there are negative impacts. An example where people who benefit may not be paying, is the funding of the court system. Everyone can benefit by prosecuting criminals, yet the individual counties bear this cost instead of the state.

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[2] "City Tax Levies in Iowa Fiscal Years 1978 to 1982," February 1982, Institute of Public Affairs, The University of Iowa.



## POTENTIAL SOLUTIONS

As states continue to mandate activities, local governments have the choice of doing several things in order to finance them. These are: seek new local sources of revenue including user charges, decrease other service levels, request state funding for mandated programs, or impose an additional burden on the existing property tax base. Local governments and the state must work together to adopt policies to offset the negative impacts of mandates. These policy changes can be categorized into four major groupings: legal, fiscal, informational, or reorganizational. Not all of these strategies are exclusive of each other. In fact, a combination of different strategies may be the best approach.

### Legal Remedies

Among the remedies suggested in this group for dealing with the drawbacks of mandates are those rules aimed at making the legislature give greater consideration to what is being mandated. The goal of establishing a stricter legislative process is that closer scrutiny would be given to the content, impact, and cost of mandates. (See Appendix III, Checklist of Questions to Be Asked Before Enacting Mandates.) Some practices being used in other states include the following:

- 1) Requiring a larger than simple majority of the legislature in order to pass mandates,
- 2) Placing constitutional restrictions on a state's ability to enact mandates,
- 3) Requiring the attachment of "fair play" notices to proposed mandates with a significant financial impact on local governments, and
- 4) Being more selective about passing mandates in the first place.



The legislature may even want to consider writing waiver procedures into mandated legislation. For example, the federal government makes use of these "waivers" in some of the social services programs that states must provide. Qualifying reasons for such waivers include:

- 1) A better and more innovative program than the one mandated,
- 2) A more cost-effective program, or
- 3) An undue hardship or burden.

### Fiscal Remedies

These ideas are designed to ease the financial burdens on local governments. The most common ones are statutory or constitutional reimbursement provisions relating to mandated costs. Other methods of funding mandates are:

- 1) State legislatures grant local governments the authority to levy a local option tax.
- 2) For some services, user fees and charges can be used to finance mandates. Although this is akin to charging a tax, it is favored by many because it is considered to be fair in that only those using the services pay.
- 3) The easing of existing constraints on revenue sources by the creation of funds with no legal limit for specific types of expenditures. (In Iowa, cities have debt service, trust and agency, and tort liability funds with no tax rate limit imposed.)
- 4) When mandates are passed, the legislature establishes local funding thresholds, beyond which point the state pays the cost of the mandate.

- 5) The state appropriates money to pay for the mandate at the same time the mandate is passed. Guidelines for who pays for what and when can be established. Based upon proposed ACIR model legislation the following is one set of criteria for this.[3]
- a) The state should reimburse local governments for mandates when:
- it is a federal or state program for which there might be some initial funding,
  - local governments suffer a loss in revenue resulting from a tax exemption mandate, or
  - the mandate deals with personnel matters.
- b) The state would not reimburse local governments for the following types of mandates:
- those mandates that were at the request of local governments,
  - those that result in no new duties,
  - those that impose no or nominal additional costs,
  - those where the costs are recovered from other sources of revenue, or
  - interlocal equity, service, due process, political subdivision organization, and structure mandates.

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[3] "In Brief - State Mandating of Local Expenditures," U.S. Advisory Commission on Intergovernmental Relations, Washington, D.C., August 1978.

### Informational Remedies

These strategies involve requirements for the review and reconsideration of mandates by the state legislature in order to update or delete obsolete ones. A variety of different approaches lead to this goal of reevaluating mandates, a few of which are listed below.

- 1) "Sunset" legislation aimed at uncovering misapplied or outdated regulations provides for the expiration of a program or agency under an automatic termination provision unless reauthorized or reestablished by the legislature.
- 2) Fiscal notes are attached to pending legislation to aid in the estimation of the costs and benefits to localities of mandates under consideration.

### Reorganizational Remedies

These reform efforts are centered around the administrative aspects of the system through which mandates are implemented. Ways to simplify and improve the system in the case of requirements that cut across many different areas in local government are:

- 1) Program standardization of things such as auditing and reporting standards;
- 2) Program consolidation to reduce the number of mandates needed;
- 3) Transfer of program funding to a higher level of government, while administration remains at the local level to increase the efficiency and decrease the cost of the state's oversight role; and
- 4) Grant simplification and consolidation at the local level.

## General Remedies

These suggestions are based upon comments received during several meetings around the state with governmental officials.

- 1) Better Communications - In light of New Federalism, better working relationships and communication between the state and local governments will become an essential ingredient of intergovernmental cooperation and service delivery. One derived benefit from working more closely together would be an improved flow of information. A dialogue between these two levels of government would increase the understanding of what mandates are needed and why.
- 2) Local Option Sales Tax - This financial strategy would provide cities and counties with another source of revenue. Implementing such a measure on a countywide basis would give every city within that county an equal financial advantage.
- 3) Prescribe End Results - This suggestion is directed toward the legislature for thought when they are considering mandates. The main thrust of this idea is that the state should be less concerned with how the end results are achieved.
- 4) Governor's Line Item Veto - This legal strategy would expand the governor's authority to use the line item veto. This would allow for certain parts of a mandate to be vetoed. However, this authority could also be applied to other allowable legislation as well.
- 5) Consider refusing to accept any more federal programs without adequate accompanying funds. Furthermore, perhaps some existing programs should be returned to the federal government.
- 6) Let local governments have the option of whether to be involved with programs directly. For example, Linn and Polk counties administer the air quality programs for their counties instead of the Department of Environmental Quality.



The legal, fiscal, informational, reorganizational, and general remedies just discussed were based upon practices being used in other states, as well as suggestions made during meetings with state and local government officials. No one remedy will cure all the ills attached to a given mandate. Perhaps a combination of these suggestions and others will alleviate some difficulties. With certain mandates and problems it is possible that none of these will be suitable.

One remedy that has been repeated throughout the three meetings is the necessity for clear and direct communication. This seems to be especially true once a mandate has been passed and an agency is responsible for enforcement. Many DEQ regulations appear to be judged too harshly by local government officials who may not fully understand the underlying rationale for the mandate. Sanitary landfill regulations are one example where safeguarding the quality of ground water necessitates some state mandates. Many times state agencies feel that the channels of direct communication are limited. Such limitations make the job of the state agencies and local government officials more difficult. Both parties need to improve communication in troublesome areas.

Another remedy suggested here is proposed legislation. Passage of the county finance bill would address the issues of fund structure and the state appeals board. This is not to suggest that all problems would be solved by the passage of this legislation, but at least it would start addressing areas of concern to many county officials.

Other steps aimed at dealing with specific mandates include task forces and committees. For example, the governor's task force committee on transportation has an upcoming report to be released in December 1982 that deals with issues like overweight truck fines (discussed later in this report). The committee's recommendations were not available at the time this report was being written. Quite often through the efforts of committees and task forces successful recommendations are made for dealing with mandates or uncovering issues and problems.

## FUTURE DIRECTIONS

The growth and increasing complexity of mandates imposed upon local governments has been parallel to the great increases in federal and state grants-in-aid over the last twenty-five years. The pass-through of federal grant-in-aid dollars from federal to state to local governments has brought a concurrent pass-through of mandates adding significantly to the number of state mandates already imposed. This area represents just one facet of a much larger need for role clarification in the intergovernmental system.

The decade of the 1980s is signaling a major departure from the grant-in-aid trends of the previous two decades. This "New Federalism" marks significant reductions in financial aid to state and local governments and the promise of "regulatory relief" or a reduction of federally imposed mandates. The need for fewer mandates to accompany reductions in financial aid is only too clear to local government officials.

As part of the effort to determine which level of government is appropriate to deliver which services, now is the time to address the issue of mandates. The acceleration of problems related to mandates is reaching hazardous proportions. With the newly created Iowa Advisory Commission on Intergovernmental Relations (IACIR), a great opportunity for further analyzing this area presents itself. Two things which might be useful would be:

- 1) A catalogue of state mandates, and
- 2) Guidelines for passing future mandates.

This catalogue would give officials the historical background of Iowa's present structure of mandates, while the guidelines would provide a basis for the structure of future mandates. Further, an analysis and

review of mandates would be made easier by the availability of this information in one source.

The U.S. Advisory Commission on Intergovernmental Relations (ACIR) has recommended that states enact a policy of restraint as far as mandates are concerned.[4] This policy may provide a starting point for the state ACIR. The U.S. ACIR policy consists of the following recommendations for states:

- 1) An inventory of existing mandates to ascertain whether they meet a statewide interest test;
- 2) A review procedure for weeding out unnecessary mandates;
- 3) A statewide policy objective statement to accompany all proposed state mandates;
- 4) Full state reimbursement for state mandates if state-imposed tax lids seriously constrict local revenue-raising ability;
- 5) A partial reimbursement procedure to compensate local governments for those state mandates that prescribe program enhancement in areas of benefit spillovers such as education, highways, health, hospitals, and welfare;
- 6) Full state reimbursement for mandates affecting local employee retirement benefits;
- 7) Full state reimbursement to minimize state intrusion into matters of essentially local concern, including employee compensation, hours, and working conditions; and

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[4] "In Brief - State Mandating of Local Expenditures," U.S. Advisory Commission on Intergovernmental Relations, Washington, D.C., August 1978.



- 8) Procedural safeguards for the reimbursement process such as use of a fiscal note, strict interpretation of state-initiated mandates, or an appeal and adjustment provision to a designated state agency for local governments whose claims to state payments are in dispute.

#### A Few Observations from the Author

In the course of discussing this topic with a variety of people one essential element for reaching solutions keeps arising, that is better communication. This appears to be the linchpin to understanding the rationale for mandates and the problems associated with them. In the process of being well informed, government officials run the risk of being bombarded by information. This overabundance can quite often make it difficult to keep track of legislative changes which have been made to correct problems in previous legislation.

A final note about some of the onerous mandates mentioned by local government officials. The first example involves a case where legislation was passed at a later date to supplement earlier legislation. House File 874 (passed in the 1981 Second Special Session) allows the state to collect railroad property taxes that have been delinquent for more than 60 days. House File 2334 (passed in the 1982 Regular Session) says that property of bankrupt railroads or railroads in bankruptcy proceedings are not calculated in the county's tax base. Few railroads that are delinquent in their taxes are not bankrupt. Therefore, there are very few instances where the property is calculated in the tax base, and the county is not eligible for the revenue. This is an example where because a period of time has passed people may have forgotten to consider the impact of these two pieces of legislation taken together.

Second, many people mentioned a frustration with the number of financial reports that must be submitted to the state. The state is making an attempt not to duplicate efforts. However, there exists a legitimate need to gather a variety of information for projections and future planning that may not be included in audits and other reporting documents.



Third, some county officials said the administrative costs of handling motor vehicle licenses are not completely covered by the fee charged. However, the counties do receive some "in-kind" computer services from the State Department of Transportation to help defray this cost to them.

Even with open channels of communication, there will still be instances where hard questions need to be asked and more importantly answered. There are two ways in which problems of mandates can be approached. The first is a haphazard manner where a mandate is examined for a specific reason. The second approach is a periodic review of a group of mandates which are examined for their validity and necessity on a continuing basis. Perhaps groups of mandates with similar substance or administration should be studied. Examples of such groups from the list of onerous mandates in Appendix III would be: budgetary requirements, the cost of pensions, transit costs, jails, courts, and mental health and institutions.

The other obstacles to delivering these services like the financing of mandates will not disappear overnight or be easily resolved. However, an effort must be made to start meeting these problems since relations between the state and local governments will become even more complicated with time.

APPENDIX I  
TYPES OF MANDATES

<u>REQUIREMENTS</u>		<u>CONSTRAINTS</u>
<u>Programmatic</u>	<u>Procedural</u>	
Program	Reporting	Revenue Base
Program Quality	Performance	Revenue Rate
Program Quantity	Fiscal	Expenditure Limit
	Personnel	
	Planning/ Evaluation	
	Record-keeping	

APPENDIX II [5]  
DEFINITIONS OF MANDATES

- I. Programmatic - Requirements that result from orders or conditions which state what should be done. Such mandates specify the output required of a jurisdiction. The mandates are the end product or objective of a service program, or of the performance of some function. Three types are program, program quality, and program quantity.
- A. Program - This type of mandate imposes an activity, responsibility, service, function, or the like, but does not specify the quality or quantity. Examples: library services provided by cities and counties, substance abuse programs, and solid waste facilities provided by counties.
- B. Program Quality - These mandates specify the conditions and characteristics of each unit of goods or services (i.e., output) that is delivered. It might also specify the conditions of those receiving the goods or services. Examples: standards for closing and maintaining roads and DEQ waste water, solid waste, and air quality standards.

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[5] These definitions are based upon two sources: "Living with Mandates A Guide for Elected Officials," 1980, National Association of Counties Research, Inc. and "Federal and State Mandating on Local Governments: An Exploration of Issues and Impacts," June 20, 1979, Graduate School of Administration, University of California, Riverside.

C. Program Quantity - Such mandates specify the number of times a given unit of a good or service is produced, or the potential number of recipients for some good or service by the enumeration of eligibility requirements. Examples: specifying the number of parking spaces to be set aside for handicapped people, inspections of mental health facilities and jails, and determining county salaries as a percentage of an elected official's salary.

II. Procedural - Procedural mandates require the provision of some activity, good, or service as inputs to the production of public service outputs, regardless of whether or not the outputs are mandated. The kinds of activities, goods, and services that might be subject to procedural mandates are often similar to those involved in programmatic mandates. Procedural mandates include the following types: reporting, fiscal, personnel, planning/evaluation, record-keeping.

A. Reporting - These require the transportation, dissemination, or communication of any kind of information from the jurisdiction at which the mandate is directed or to some other jurisdiction, person, agency, or department, regardless of what level of government is involved. Examples: state requirements for budget forms, financial reports and audits; voter registration reports and requirements for counties.

B. Performance - Any nonfiscal requirements that are antecedent to a program quality or quantity goal. These mandates are meant to contribute to or facilitate the attainment of some quality or quantity goal, even when such goals are not specified. Mandates or specifications regarding how evaluations are to be conducted or how planning is to occur are examples of performance mandates. Examples: requiring PE



certification when the job could be done by staff personnel (e.g., county engineer doing drainage districts and public works director doing small projects), election process that counties must follow, open meetings law, housing code enforcement, and public hearing and notification process for zoning.

- C. Fiscal - These requirements specify the way in which the fiscal resources related to particular programs or grants must be organized, accounted for, monitored, or reported. They may also specify how such fiscal resources are to be spent. These mandates should not be confused with "constraints." Examples of fiscal mandates are: requirements to conduct audits, to adopt standard accounting procedures, to restrict equipment purchases, or to limit the amount of funds that can be spent on administration or overhead. Examples: city and county financial structures.
- D. Personnel - These specify how individuals employed in programs or in administering other mandates must be recruited, what their qualifications should be, what the fringe benefits are, and similar provisions. Examples: complying with the federal requirement of the Davis Bacon Act when constructing public buildings in order to be eligible for federal money, and the federal mandate that local governments have a pay plan and personnel policies for public health nurses in order to receive federal money. If they do not, the state's policies and plan apply which may end up costing the local government more in salaries.
- E. Planning/Evaluation - Planning mandates require that activities be coordinated with an overall program plan, of a jurisdiction, or of some separate entity or jurisdiction, often requiring that the plan be

reviewed by an outside agency. Evaluation mandates require that the entity administering the mandate must review or assess the degree to which it is accomplishing either program, program quality, or program quantity goals. It might also involve assessment procedures, practices, and routines in a program, in order to ascertain which are most successful. Examples: transit regional development plans, evaluation criteria for grants-in-aid.

- F. Record-keeping - These are any requirements for the retention of information or data, excluding those fiscal aspects of the activity.

III. Constraint - Such mandates limit the amount and kind of locally derived resources that can be used to support the public service, or limit the amount of money that can be spent on a given activity or service. Three types of constraints are: revenue base, revenue rate, and expenditure limit mandates.

- A. Revenue Base - These limit the kinds of fiscal resources that can be drawn upon to finance public services. They do not specify how much of a base or source can be employed. Examples are requirements that revenue bonds are the only way in which certain capital improvements can be financed or exclusions of certain types of property from the property tax base or limits on the deployment of user fees to finance certain public services. Example: property tax rollback.
- B. Revenue Rate - These involve limits on the proportion of any particular kind of revenue base, often expressed as the percentage of the total value of some base, that can be employed. When the total value of such a

base cannot be determined, the limit might be expressed as a constraining percentage of the total budget. Examples of such mandates are prohibitions against property increases when reaching certain levels or limits on a jurisdiction's total bonded indebtedness. Example: limitation on debt.

- C. Expenditure Limit - Limitations are placed on how or what proportion of locally generated resources might be spent in total or for various functions or programs. Requirements that the budget must be balanced, or that certain expenditure commitments must be made to the retirement of local debt, limits on the use of general funds for capital improvements, or limits on how much per family can be spent on services are examples of expenditure limits. Examples: \$8.10 levy limit on general fund for cities, limiting cities to paying no more than what the state does for travel reimbursement, limiting expenditures to the amount on the budget and appropriated.

APPENDIX III  
CHECKLIST OF QUESTIONS  
TO BE ASKED BEFORE ENACTING MANDATES

1. Does the mandate violate the intent of home rule?
2. Is the mandate absolutely necessary?
3. How will the mandate be financed?
4. Do local governments have enough revenue sources to pay for the mandate?
5. Is the appropriate level of government responsible for delivering this service?
6. Is there enough flexibility so the end result can be achieved in a variety of ways?
7. Are there any mechanisms for allowing local governments to use other alternatives which may be cheaper and better suited for their local needs?
8. What level of government will be held responsible and accountable for the mandated activity?
9. Can the state justify the mandate as meeting compelling statewide policy objectives?
10. What are the sources of funding for the mandate?
11. Does local financing of the mandated service diminish the jurisdiction's funds available for nonmandated services?
12. Will the local government suffer a loss of local revenues as a result of the mandate? If yes, is there going to be a reimbursement equal to the loss?
13. Is there a provision for review of this mandate after a specified period of time?
14. Does this mandate originate with the federal government?



APPENDIX IV  
EXAMPLES OF ONEROUS MANDATES OBTAINED  
FROM MEETINGS WITH GOVERNMENT OFFICIALS

The mandates listed here were considered to be troublesome by the officials who met with us. The items listed underneath represent specific problems with the mandates that were discussed. We did not have time to thoroughly research the technical accuracy of all the comments.

Cities

Administrative

1. Calendar vs. fiscal years
  - State mandated fiscal year for cities
  - Commerce commission requires a calendar year in their reports on municipal utilities
  - State should be consistent with what it mandates for cities
  - Duplication of efforts in order to comply with state reporting requirements
2. Planning and zoning procedural requirements are not needed. Should follow regular municipal requirements
3. Housing code enforcement with regular inspections (switching inspections from complaint basis to regular)
4. Costs of printing council procedures and claims

Environmental

1. Department of Environmental Quality Regulations
  - Problems with interpreting state law via administrative rules
  - Inflexible
  - Strict disposal regulations for sludge from sewage plants

Financial

1. Refund procedures for motor fuel and sales taxes -- paperwork and time
2. Multiple financial reports required by the state should be condensed into one single audit report.
3. State regulation of interest rates for local public bodies
4. Limitations on fines for cities (\$100 and 30 days maximum are no longer adequate)
5. Fund structures and financial systems need to be reviewed.
6. Authority of state appeals board on local budgets
7. Road use tax - maintenance of effort
8. Budgetary requirements
  - Costs of publishing budget notices
  - Specifications for budget forms
  - \$8.10 levy limit for general fund
  - Valuation rollback
  - Budget amendment process
9. Distribution of overweight truck fines should go to the highway fund instead of school districts.

Miscellaneous

1. Proposed legislation that counties must offer equipment and materials for bid
  - Contrary to home rule
  - Special interest group legislation (i.e., contractors)

- Inflexible because in some cases there are not enough suppliers to solicit bids. There are times that by writing strict specifications for bids you eliminate certain participants that may have a good product to offer.
2. Emergency medical services
    - Requirements for training and equipment becoming too restrictive
    - If these services had to be paid for, the cost of increasingly sophisticated services could become prohibitive.
  3. Library services - Is it necessary to mandate this for all cities and counties? In some cases, it places a financial burden on the city or county.
  4. Prohibition against cities levying specially for self insuring fund
  5. State building codes
    - Handicap access - inflexible and costly
    - Mobile home tie-down
    - Energy code
    - Public buildings
  6. Police appearances in court for OMVI cases costly in overtime

#### Personnel

1. Costs of police pensions
  - Difficult to get out of even though the city's population may drop below the required level of 8,000 population
  - Difficult to transfer credit from police pension to IPERS (inflexible)
  - Costly (Example: \$25,000 more for 12 people than it would cost if covered under IPERS)
2. Collective bargaining

3. Employee certification - police and waste water operators
  - Differences in city population sizes and pay
  - Small cities are the training place for these people who move on to larger, better paying communities
4. Unemployment compensation
5. Civil service requirements
6. IPERS - increased employer's contribution
7. Pension/retirement - maintaining actuarially sound pension/retirement funds as required by Chapter 411.
8. Civil rights, Affirmative Action, EEOC
  - Too many local variables to have uniform state mandates
  - Unnecessary mandates because federal regulations exist to protect many of these same rights

#### Roads/Transportation

1. Mass transit requirement for starting up new programs - disincentive for maintaining present program and operating in most efficient way



CountiesAdministrative/Reporting

1. Voter registration - update lists every two weeks
  - Costly/consuming in staff time
  - Costs of maintaining full-time contact with Des Moines
  - Inflexible - updates can be done on the local level because these people are known. This would mean that updates could be done less frequently.
2. Election costs and process
3. Administrative rule requiring county supervisors to count cash the last day of the year
4. Required audit of counties by state auditor
5. Costs of administering dog licenses and domestic animal control
6. Administrative costs of county treasurer handling motor vehicle licenses
7. Multiple financial reports required by the state should be condensed into one single audit report.

Courts

1. Jail standards - too stiff for what is needed. Given some preliminary funding; then funds are later cut off to complete the job.
2. Courts
  - Impossible to budget for costs of major cases especially in smaller counties. Costs difficult to estimate include: court appointed attorneys, jurors, recorders, witnesses, and juvenile probation officers.
  - Expenses should be assumed by the state because of statewide benefit and uniformity.

3. Juvenile Justice Courts
  - Appointed attorney
  - Foster care and treatment
  - Standards for detention facilities
4. Victim Restitution - state mandates administrative funding from county general fund without providing state reimbursement

#### Environmental

1. Sanitary landfills - some regulations are so strict that it is becoming very difficult to find and operate landfills.
2. Land Use Bill
  - No state appropriations
  - Special interest legislation
  - Too inflexible in stipulating committee composition
  - Does not consider activities already being implemented
  - Cities could use more representation; could lose development areas
3. County Engineers
  - Should be determined at the local level whether or not county engineer can handle a drainage district. State should not mandate that outside help must be sought when the engineer may be qualified to do the job.
  - Need more flexibility to handle water lines, etc., at the local level if expertise is already available. PE certification should not be required for smaller projects.
4. Corps of engineers, environmental quality, and natural resources
  - Inflexible and unrealistic requirements
  - Requirements for quality of discharges into rivers are sometimes unrealistic because there are instances where what is being discharged is more pure than the body of water in which it is being dumped.
  - One hundred years flow standards may result in "overbuilding."

Financial

1. Property taxes
  - Stipulates what must be done, but provides no alternatives for making up the difference in lost revenues on tax credits
  - Levy limits
  - Valuations
  - State regulation of assessed values
2. Special assessments deferral for agricultural land
3. Tort liability - should not allow punitive damages against counties
4. Road use tax: allocation of tax to counties
5. Structure of county funds
6. Transfers for care facilities to the poor fund
  - Artificially inflates figures
  - Poor bookkeeping
7. State regulation of interest rates for local public bodies
8. Railroad Recovery Bill - Taxes delinquent for more than 60 days are collected by the state and not the county.
9. Authority of state appeals board on county budget

Human Services

1. County public health care
  - Federal and state requirements of accountability and paperwork are too numerous. (Example: excessive professional time spent doing paperwork)
  - Cumbersome administration
  - Lose sight of the main point of helping people

2. Mental health and institutions
  - More input from counties in delivery of mental health and retardation services is needed
  - Mandates regarding inspection of facilities need to be changed
3. County's payment of 25 percent of substance abuse costs plus screening for voluntary commitment
4. ADC work experience - DSS contracts with county to solicit jobs for unemployed parents, however, there are no appropriations for the additional administrative costs.
5. Handicapped access - inflexible and costly especially if there are not any handicapped individuals around

#### Miscellaneous

1. Library services
  - Is it necessary to mandate this for all cities and counties? In some cases, it places a financial burden on the city or county.

#### Personnel

1. Setting county salaries
  - Impact on local budgets
  - Appointed officials' and employees' salaries should be set by the Board of Supervisors instead of Compensation Board.
2. Collective bargaining
3. Unemployment compensation
4. Pensions - fire, police, and deputy sheriffs
5. Civil service requirements
6. IPERS - increased employer's contribution



Roads/Transportation

1. Uniform traffic signs - Iowa adopted federal practices by reference without knowing fully what costs were involved.
2. Secondary Roads (cities/counties)
  - Problems with distribution of road use tax
  - Standards for federal aid for counties - The money received almost isn't enough to pay for the administrative costs of meeting the requirements.
3. Transit services
  - Inflexible; may require more sophisticated services than wanted or needed locally
  - Some places must incur increased costs to accommodate handicapped people, yet no requests for transportation are received from them.
4. Department of Transportation mandate that snow be removed from all county roads is too inflexible and costly. It is possible to plow only select roads and still have access available to everyone. (Example: Locally a plan was drawn up not to plow all the roads, yet still have access for everyone. County would have been able to save a significant amount of money by not plowing 200 miles of road. DOT said this couldn't be done.)
5. Proposed DOT legislation making local governments responsible for highways passing through their town
6. Roads and bridges
  - Maximum levy for road use fund
  - Difficulty in closing roads

Institute of Public Affairs  
The University of Iowa  
Iowa City, IA 52242  
(319) 353-3270

