

**HOUSE COMMITTEE ON COUNTY AFFAIRS
TEXAS HOUSE OF REPRESENTATIVES
INTERIM REPORT 2000**

**A REPORT TO THE
HOUSE OF REPRESENTATIVES
77TH TEXAS LEGISLATURE**

**TOM RAMSAY
CHAIRMAN**

**COMMITTEE CLERK
MISSY WARREN**



Committee On
COUNTY AFFAIRS

October 13, 2000

TOM RAMSAY
Chairman

P.O. Box 2910
Austin, Texas 78768-2910

The Honorable James E. "Pete" Laney
Speaker, Texas House of Representatives
Members of the Texas House of Representatives
Texas State Capitol, Rm. 2W.13
Austin, Texas 78701

Dear Mr. Speaker and Fellow Members:

The Committee on County Affairs of the Seventy-Sixth Legislature hereby submits its interim report including recommendations for consideration by the Seventy-Seventh Legislature.

Respectfully submitted,

Tom Ramsay, Chairman

Glenn Lewis, Vice Chairman

Betty Brown

Warren Chisum

David Farabee

Harvey Hilderbran

Mike Krusee

Ignacio Salinas, Jr.

David Swinford

Glenn Lewis
Vice-Chairman

Betty Brown, Warren Chisum, David Farabee, Harvey Hilderbran, Mike Krusee, Ignacio Salinas, Jr, David Swinford

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INTRODUCTION

At the beginning of the 76th Legislature, House Speaker James E. "Pete" Laney appointed nine members to the County Affairs Committee. The committee membership includes the following:

Chairman Tom Ramsay

Vice Chairman Glenn Lewis

Representative Betty Brown

Representative Warren Chisum

Representative David Farabee

Representative Harvey Hilderbran

Representative Mike Krusee

Representative Ignacio Salinas, Jr.

Representative David Swinford

Pursuant to House Rule 3, Section 7, the County Affairs Committee has jurisdiction over all matters pertaining to (1) counties, including their organization, creation, boundaries, government, and finance and the compensation and duties of their officers and employees; (2) establishing districts for the election of governing bodies of counties; (3) regional councils of governments; (4) multi-county boards or commissions; (5) relationships or contracts between counties; (6) other units of local government; and (7) the Texas Commission on Jail Standards.

During the interim, Speaker Laney assigned the committee the following five interim charges:

1. Review the cost of statutory county duties, including federal mandates, and the ability of county tax bases and fees to support such duties.
2. Examine areas in which the state might beneficially devolve authority and programs to county governments. Assess the interest and ability of county governments to accept more authority.
3. Examine ways that county governments, educational institutions, service organizations and local state agency offices may coordinate their efforts to address the problems of at-risk youth at the local level. Report on successful programs that might serve as models for others.

4. Examine the extent to which city and county governments have voluntarily consolidated and streamlined operations through interlocal agreements. Determine the impediments to greater use of such agreements, and assess whether voluntary consolidation of operations should be a first step before any further consolidation is permitted.

5. Conduct active oversight of the agencies under the committee's jurisdiction.

The committee has completed its hearings on the charges and has adopted the committee recommendations which are included in the final report to the Speaker and full House of Representatives.

The committee members would like to thank the citizens, county officials and organizations who testified at the hearings for their time and expertise on behalf of the committee, including: The Texas Association of Counties with special thanks to Stan Reid, Project Director of the County Information Project, Richard Von Hatten with the Texas Legislative Council, Thomas Chapmond of the Texas Department of Protective and Regulatory Services, Wesley Shackelford and Vicki Spriggs of the Texas Juvenile Probation Commission, Dr. Tracy Levins of the Texas Youth Commission, the County Judges and Commissioners Association of Texas and their General Counsel Jim Allison, Don Lee with the Conference of Urban Counties, County and District Clerks Association of Texas, Texas Association of County Auditors, Justices of the Peace and Constables Association, the County Treasurers Association of Texas, Greg Hudson of Barney Knight and Associates, Barbara Pearce of the Georgetown Project, and the United Way of Texas.

CHARGE #1

Review the cost of statutory county duties, including federal mandates, and the ability of county tax bases and fees to support such duties.

COMMITTEE HEARING SUMMARY

In August, the County Affairs Committee met to hear testimony regarding the interim charge on “the cost of statutory county duties, including federal mandates, and the ability of the county tax bases and fees to support such duties.” Due to the complexity of this charge, this interim report should only be regarded as a first step towards analyzing the impact of statutory duties and mandates on county government.

In order to get workable data on this issue, the County Affairs Committee requested assistance from the Texas Association of Counties to help collect financial data information from Texas counties on a voluntary basis. The committee would like to acknowledge the County Information Project and its director Stan Reid, without whose assistance, we would not have this valuable data available. Additionally, the committee would like to thank Richard von Hatten from the Texas Legislative Council for his assistance in collecting a comprehensive list of federal mandates on state and local government.

The main problem the committee encountered in analyzing county mandates, federal as well as state mandates, is the lack of any central data base of comprehensive county financial data information. Although each of the 254 counties has this information available in the individual county offices across the state, financial data information is not collected in a way that is easy to locate, to compare county to county, or to analyze on a statewide basis. Counties utilize a number of different accounting methods, systems, and fiscal years which continue to prevent meaningful

detailed analyses and, the State of Texas uses a different fiscal year than do counties and the federal government. This lack of “apples-to-apples” comparison of financial data makes it even more difficult to review the cost to the individual counties of carrying out these statutory mandates.

The County Information Project has taken a first step in the way of compiling this data in one single source. A survey was sent to all 254 counties asking them for their assistance in collecting this data. To date, 63 counties have responded and elected to participate in this study. It is based on these figures voluntarily submitted by participating counties from which the County Information Project derived the numbers. The committee realizes there will be unintended omissions in the data, but it is a good starting point, and gives a good indication of the problems counties face financially in implementing state and federal mandates imposed on them, often as an unfunded mandate. This report is divided into two parts:

A. The Cost of County Duties and;

B. Ability of the County Tax Bases and Fees to Support County Duties

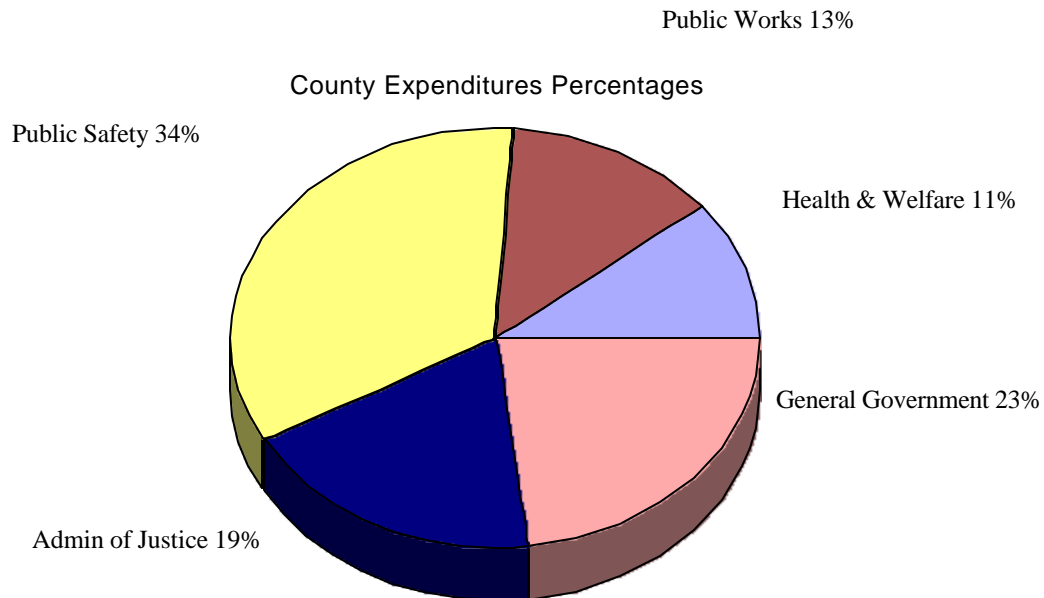
A. Cost of County Duties

This section addresses statutory county duties and the costs incurred in performing these duties. Generally, the county government in Texas exercises its powers and duties in the following major areas:

< Operation and support of the court system

- < Provision of law enforcement and operation and maintenance of jails
- < Provision of roads and bridges
- < Maintenance of official records
- < Conduct of elections
- < Indigent health care and other care for the poor
- < Enforcement of certain state regulatory activities
- < Limited local regulatory authority

As to the costs of particular duties, counties do not generally allocate costs of functions with departments or between departments. This makes it virtually impossible to assign discrete costs to individual duties. In addition, duties frequently cross several functional areas and programs making cost allocations difficult. The following chart shows the average allocation of county expenditures.



B. Ability of the County Tax Bases and Fees to Support County Duties

The ability for counties to pay for statutory duties is, to a large degree, subjective. For example, a county may have the capability to raise sufficient revenue to fully fund its functions, but be limited by local political situations, roll-back, and tax burdens imposed by other taxing entities. In addition, a county's ability to levy taxes on property is limited by the Texas Constitution. Citizens' "acceptance" of additional taxation is further strained by the "competition" among the other taxing entities in the counties. These include numerous special districts, cities and the largest consumer of property taxes - school districts. The following chart shows counties' share of the total property tax levied in 1985 and 1998. The chart indicates the trend for school districts to expand their share of the total property tax levied, whereas the counties' share of the total property tax revenue is decreasing.