Mandates:

Unfunded, Underfunded, and Always Well Intended

Randy Collins
Associate Director, Public Policy & Advocacy
Connecticut Conference of Municipalities

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What is a mandate?

A state mandate on towns and cities in Connecticut is a state-initiated constitutional, statutory, or executive action that requires a local government to establish, expand, or modify its activities, necessitating additional expenditures from local revenues.

This definition comes from Connecticut General Statutes Sec. 2-32b. <u>**It excludes court orders and legislation needed to comply with federal mandates**</u>.

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Unfunded Mandates

Unfunded mandates are state mandates lacking full state funding (or where funding is inadequate/ lapses), forcing towns to cover costs from local revenues like property taxes.

Even initially funded mandates can become unfunded or underfunded over time due to rising costs, inflation, or expired appropriations. Many of Connecticut’s mandates fall into this category or are only partially funded, contributing to higher local taxes and reduced discretionary spending.

Implications of Mandates

- Fiscal Pressure: They divert resources from local priorities and exacerbate Connecticut’s property tax reliance.
- Equity Issues: Impacts vary—smaller or lower-wealth towns and cities feel them more acutely.
- Policy Tension: States balance statewide goals against local control; municipalities advocate for funding or relief.

Direct Costs of Mandates

Mandates impose both direct (explicit, measurable) and indirect (hidden, secondary) costs. These add up significantly across 169 municipalities. These are immediate, out-of-pocket or budgeted expenses tied directly to compliance:

- Legal Notices: Requirements to publish notices in newspapers, post on websites, or mail to residents (e.g., for zoning changes, budgets, hearings, or tax assessments). Costs include printing, advertising fees, staff time for preparation/distribution, and potential legal review.
- Education reporting, environmental compliance filings, or public safety equipment/standards upgrades. Personnel costs for new or expanded positions (e.g., mandated coordinators) or contracted services.
- Property Tax Exemptions: PA24-26 Providing a Property Tax Exemption for Veterans with a Permanent and Total Service Disability Rating.

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Indirect Costs of Mandates

These are less visible ripple effects, often harder to quantify but substantial over time:

- Workers' Compensation Example: State mandates around workers' comp (e.g., coverage requirements, reporting, medical protocols) increase premiums, administrative overhead, and compliance efforts. Indirectly: lost productivity from injuries, training replacements, investigations, morale impacts, higher insurance rates due to claims history, and opportunity costs (staff time diverted from core services).

- Broader Examples: Staff time for monitoring multiple mandates (some towns have dedicated compliance roles); diverted resources from local initiatives; training and administrative burdens; reduced flexibility in budgeting/hiring; cumulative "death by a thousand cuts" from minor requirements.

Advisory Commission on Intergovernmental Relations

ACIR among other things reports on Mandates in Connecticut and maintains the authoritative count and details. The full *Compendium of Statutory and Regulatory Mandates on Municipalities* (last major one in 2024) lists hundreds of individual mandates across statutes and regulations, **categorized by type and impact (minor, moderate, major).**

- **Total Number: The Connecticut Conference of Municipalities consistently reports over 1,400 state mandates impacting towns and cities** (figures cited around 1,350–1,400+ in recent years). This reflects the broad accumulation in the ACIR compendium.
- Annual Changes: In 2024, 20 public/special acts included mandates (down from 37 in 2023, typical for even years). There are also mandate reductions. Numbers can be deceptive—one complex mandate outweighs many minor reporting ones.
- Additionally the ACIR tracks mandates that include statutes that impose mandates on all entities performing certain functions including, but not limited to, municipalities

For the latest, check the ACIR site (portal.ct.gov/ACIR) for the 2024 compendium and supplements.

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Minor to Major the Cost of Mandates Varies

The ACIR categorizes the cost of mandates into three categories:

- Minor: estimated to be less than 0.1% of the municipal operating budget
- Moderate: estimated to be 0.1 - 1% of the municipal operating budget
- Major: estimated to be more than 1% of the municipal operating budget

For instance, if a town budget is $20 million, a mandate would be identified as Major if the cost could exceed $200,000. A Moderate mandate would be anything that could cost between $20,000 and $200,000, and a mandate is considered Minor if it is estimated to cost less than $20,000. Those thresholds would be 10x higher if the municipal budget were 10x higher.