

UNCONTROLLABLES

2008

Why it's not always so easy to keep property taxes down

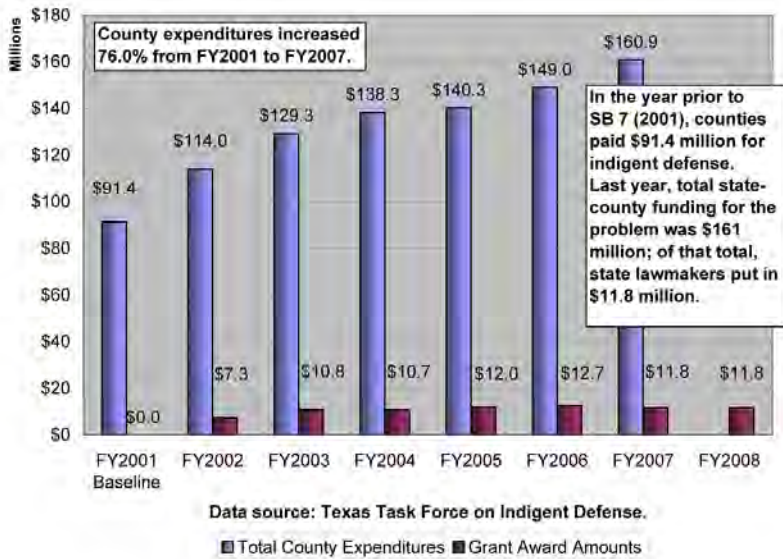
Every year the Texas Comptroller of Public Accounts collects information on local property taxes. That collection must wait until all local governments have finalized the tax rates and budgets. In addition, the process takes several months as the Comptroller slowly checks and verifies the information received. Thus the most recent property tax information available is from 2006.

A look through that data shows that of the 254 counties, 161 (63.4%) were able to lower their tax rates in 2006 while 52 (20.5%) were forced to increase their rates. And the remaining 41 (16.1%) maintained their existing rate, although many of those were above the effective tax rate. According to the Comptroller's

office, there was an 11.9 percent change in the dollar amount of taxes levied by counties between 2005 and 2006, but that includes much new construction in our high-growth state, as well as bond issues approved by voters.

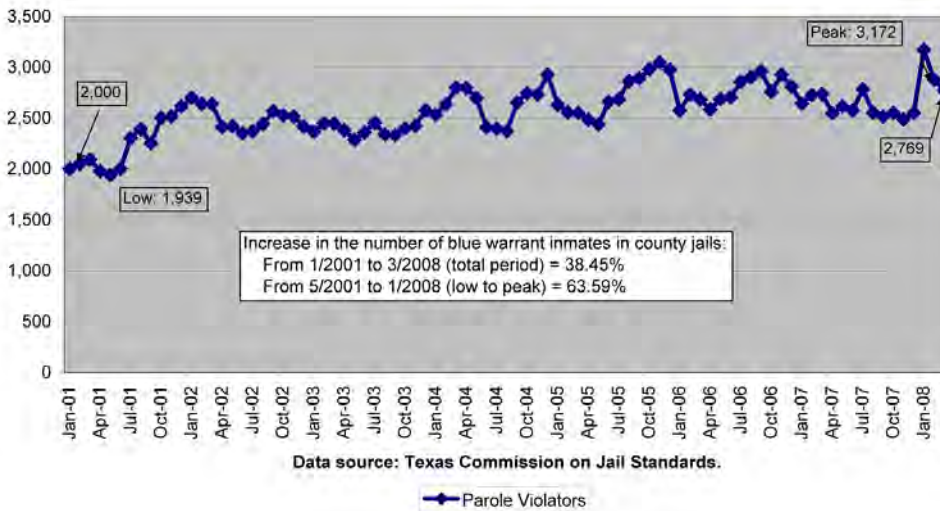
So why weren't all counties able to lower their tax rates? The economy was in good shape, and property values were generally increasing. Surely counties could have lowered their tax rates and still collected more taxes thanks to a combination of growth and inflation, right? Circumstances vary, of course, but there were a number of factors that could be described as "uncontrollables" that can drive budgets up faster than property values are increasing. Consider data prepared by the Texas Association of Counties' County Information Project:

**Indigent Defense Expenditures and Grant Awards FY2001 - FY2008
Not Adjusted for Inflation**



Indigent Defense: The Texas Fair Defense Act, passed in 2001, is a good example of an under-funded mandate from the state. Specifically, in the year before the new law took effect, counties spent \$91.4 million on legal defense for poor people. Last year, total state-county funding for the problem was \$161 million; of that total, state lawmakers put in \$11.8 million. (The 2008 expenditures are not yet available from the counties although the state’s grant award amount is included on the chart.)

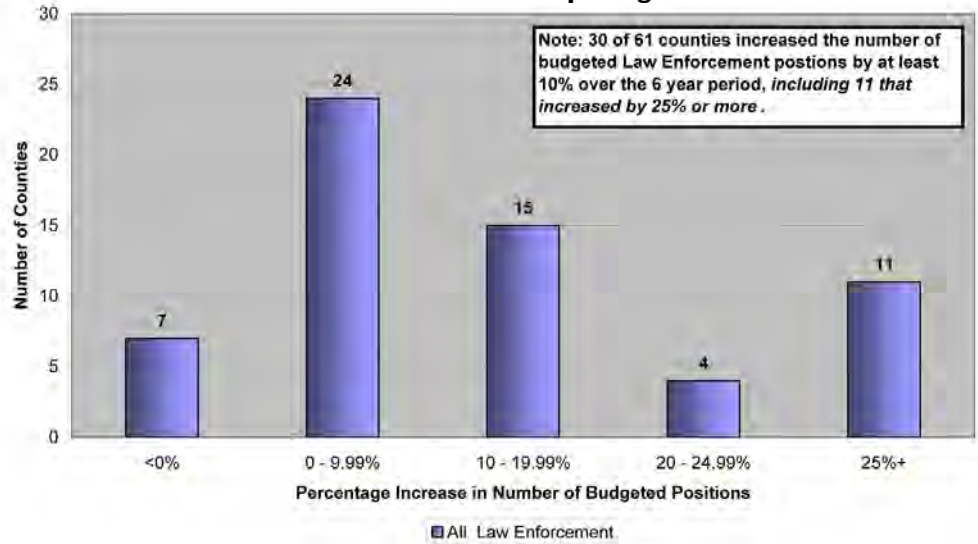
**Number of Blue Warrant Inmates in Texas County Jails on the First of Each Month
(Does not Reflect Length of Stay for Each Inmate)
01/2001 - 03/2008**



Blue Warrant Inmates: Blue warrant inmates are parolees from state prison who are charged by their parole officers with violations of the terms of their parole. Traditionally, the paper warrants were in a blue jacket – that’s why they’re called “blue warrants.” Often, the parolees may not have broken any criminal laws; the worst thing they may have done is fail to show up for an appointment with the parole officer or associated with others who have also broken the law. Sometimes, parole officers will say they need to put someone in the county jail a few days for what they call “jail therapy.” This expense fluctuates, but on the whole, it just keeps creeping up. Between January 2001 and March 2008, there was a 38 percent increase in the number of blue warrant inmates in Texas county jails on the first day of each month – from 2,000 inmates to 2,769 inmates. During this period the number of blue warrant inmates peaked at 3,172 in January 2008, up 64 percent from a low of 1,939 in May 2001.

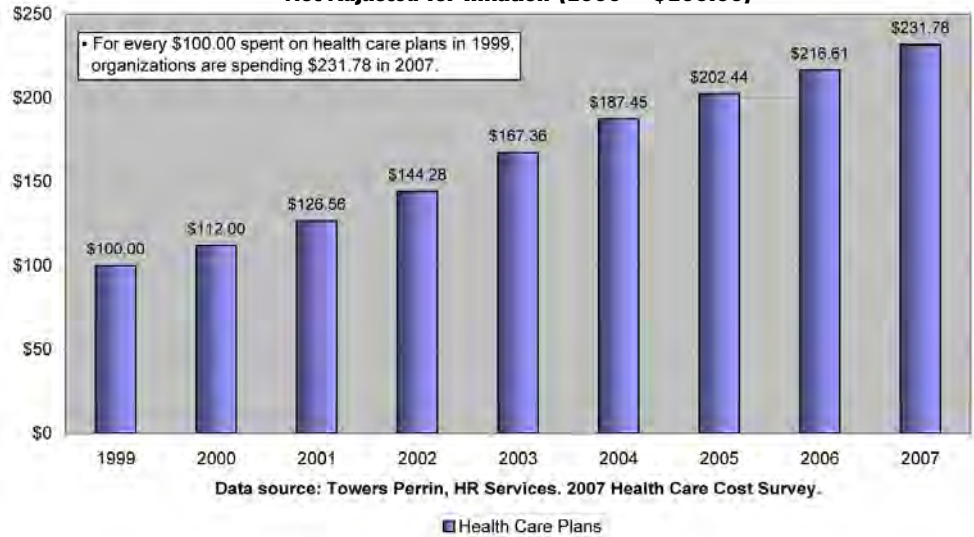
Number of Counties Increasing Law Enforcement Personnel FY2001 - F2007 61 Counties Responding

Law Enforcement Officers: County officials cannot control the crime rate, other than to provide the resources for patrol officers and jailers. But when crime goes up, citizens have a right to expect more protection. This chart with data from a 2007 survey provides an indication of the number of counties that felt compelled to increase law enforcement expenses. Note that 30 out of 61 responding counties increased their law enforcement personnel over the last 6 years by more than 10 percent and another 11 increased their personnel by 25 percent or more.



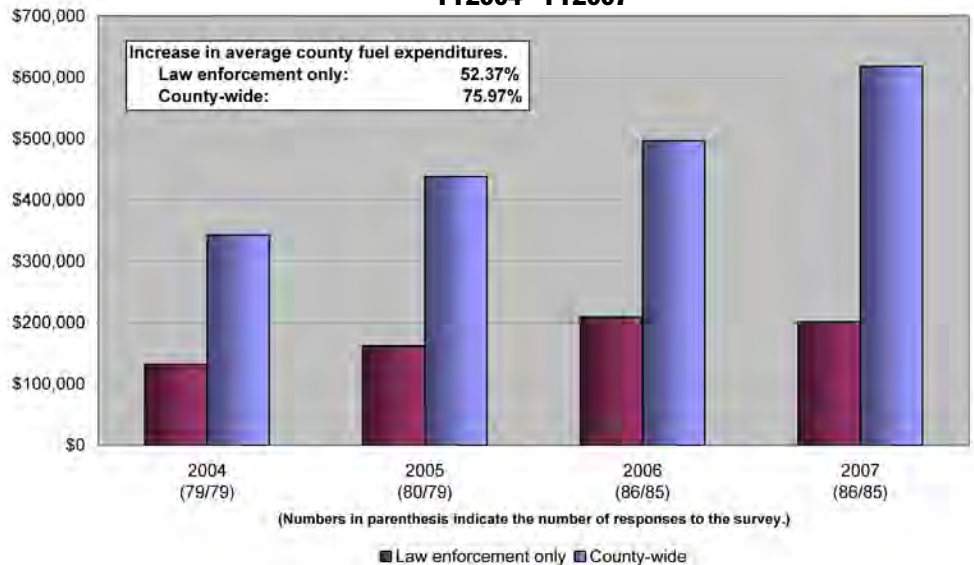
Employee Health Insurance: It costs money to keep quality employees providing county services – and not just salaries. To be competitive in the job market, counties must provide health insurance benefits. These are national figures that reflect the rate that health plans have increased in recent years. Between 1999 and 2007, the average cost of health care plans more than doubled. For every \$100 spent in 1999, organizations, including counties, are spending \$231.78 in 2007. During the last couple of years' budget considerations, many counties increased their employees' co-pay obligation or reduced the kinds of treatments covered by their insurance policies.

Increase in Average Cost of Health Care Plans Not Adjusted for Inflation (1999 = \$100.00)

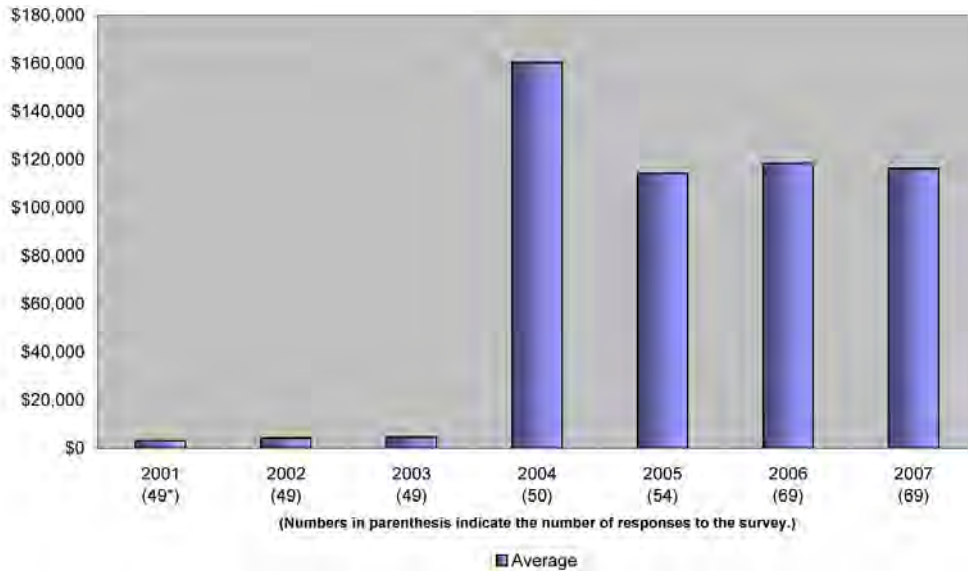


Fuel cost increases: For some county drivers, driving less is not an option. From fiscal year 2004 to fiscal year 2007, county budgets for fuel jumped 76 percent, including 52 percent for law enforcement. Patrol officers must burn fuel if they're going to cover the far reaches of the county and road crews can either stay in their precinct barns (garages) or they can burn gasoline to maintain your county roads. Other mandatory gasoline trips include hauling inmates to courts and transferring mental patients to state facilities.

Growth in Average County Fuel Costs FY2004 - FY2007

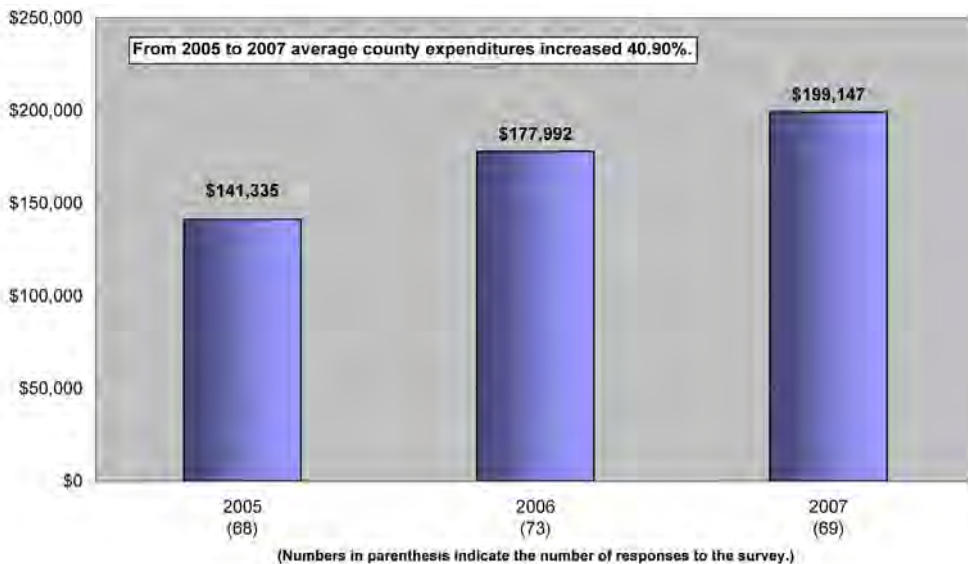


**Average Unreimbursed HAVA Expenditures
FY2001 to FY2007**



HAVA voting equipment: The number of counties that provided HAVA information to TAC varied by year (the amount in parenthesis is the number of counties). Reimbursements to those counties have evened out the costs of purchase and training on the machines in some cases. BUT, while Congress sent some funding, it was sometimes two or three years after the county purchased the equipment. That means counties basically loaned the money to the federal government, interest-free. And in the long-term, the reimbursement was primarily for buying the equipment, but no money was provided for storage and maintenance, not to mention the costly software programming that must be performed for each election. The chart shows the counties' average costs AFTER they were reimbursed.

**Average County Costs for Court Appointed Attorneys in Family Law Cases
FY2005 - FY2007**



Attorneys for indigent parents: Frequently the Legislature passes laws for worthy reasons but fail to provide any money. Consider a law passed in 2005 called Senate Bill 6, which requires counties to appoint attorneys for indigent parents who oppose temporary managing conservatorships of their children – not just when parental termination is sought, as in the past. This unfunded mandate was in part responsible for the 41 percent increase in the average costs for court appointed attorneys in family law cases in just two years!