

LOCAL GOVERNMENT FUND

AN INTRODUCTION TO LOCAL GOVERNMENT FUND AND RECOMMENDATIONS

Linda L. Fraley, Clermont County Auditor

June 13, 2018

INTRODUCTION

The State Local Government Fund (SLGF) is a fund in the state treasury from which distributions are made to certain municipalities and to County Undivided Local Government Funds where the County Budget Commission (CBC) distributes the funds pursuant to either a statutory or alternative formula.

Currently the alternative formula is utilized in Clermont County and has for many years; the current distribution expires at the end of 2018.

The Auditor is required to disburse Local Government funds to eligible subdivisions on a monthly basis (ORC 5748.50)

The Budget Commission, of which the Auditor is secretary, holds meetings with eligible subdivisions to determine the apportioning percentages. Once the percentages are agreed upon, eligible local governments and the Tax Commissioner are notified; the apportionment is published and certified.

HISTORY

Local Government Fund Origin – 1934

The Local Government Fund (LGF) is the main tax revenue sharing mechanism Ohio has with its local governments dating back to 1934 when the state first implemented its first sales tax, a bracketed 3% tax.

State Distribution of Local Government Funds

Counties redistributed the LGF's on the basis of municipal real, public utility and tangible personal property values during the previous five years.

The Formula involved:

Municipal Property Values by County ÷ Property Values of all property located in all Municipalities Statewide = %

None of the property values attributable to any unincorporated areas were included in the original formula.

County Budget Commission – Determining “Need”

Each CBC was directed to distribute the monies on the basis of “need” for revenue for current operating expenses.

The commission was to review all tax budgets and revenues from all sources and then determine each subdivision’s “need” to maintain services for “*essential local government purposes.*”

The CBC was granted a great deal of discretion.

Local Government Fund – Revenue Sources Expanded 1947

The General Assembly converted three state-collected intangibles taxes from being a state revenue source to a local government revenue source:

1. 2-mill tax paid by financial institutions on their deposits;
2. 2-mill tax on the shares and capital of financial institutions;
3. 5-mill tax on the shares and capital dealers in intangibles

The Legislature also established a County Undivided Local Government Fund (CULGF) minimum of \$25,000 per Year which remains current law.

Creation of Local Government Revenue Assistance Fund (LGRAF – HB 171)

In response to a legislative study, legislation was enacted in 1987 to form the Local Government Revenue Assistance Fund (LGRAF)

HB 171 also increased the percentage earmarked for the LGF from 2.5% to 4.5% (Feb 1988) and then to 4.6% in July 1989.

Two additional state revenue sources were added: Use Tax and Public Utility Excise Tax
The LGRAF was absorbed into the CULGF in 2008

Other Developments in LGF

2001: HB 94 Permanent Law Formulas were “temporarily” suspended

August 2001 – July 2003: LGF and LGRAF were frozen

2003: HB 95 “Freeze” continued and the GA reduced the LGF by an additional \$30M

FY 2006/2007: HB 66 Freeze Extended

FY2008/2009: HB 119 changed and revamped LGF law: Extended Freeze, Combined SLGRAF and SLGF, LGF reduced to 3.68% of all state general revenue tax sources, Distributions were to be in proportion to what was received by each county in CY 2007 and Municipal income rate adjustments were no longer considered

2011 State Budget Shortfall

HB 153 (Effective July 1, 2011) cut the LGF distributions by 50% over the two year state budget period.

Beginning January 2012, CULGF would no longer receive tax levied on dealers in intangibles; a source since 1948.

Any CULGF which received less than \$750,000 would not receive a reduction.

Any CULGF that would fall below \$750,000 as the result of a reduction would be held harmless. (Later, counties above the minimum were required to fund those below)

Returned the formula to a percentage of tax receipts beginning FY 14

2017 HB 49 Local Government Fund: Township and Village set-aside

Codified and made permanent a monthly \$1 million set-aside of LGF money for townships and smaller villages that was allowed in temporary law for FY 2016 and 2017.

\$1 million is paid each month to villages with population of less than 1,000 (16.6%) and to all townships (83.3%) based upon a road mile formula.

PROCESS

Law allows for two Methods of Distribution Statutory or Alternative

Statutory Formula Overview

The County Budget Commission follows strict statutory provisions to determine "need."

Lacks Transparency; Controversy over Budget Commission Discretion; Used by only 8 of 88 Counties and typically negatively affects smaller governments.

Statutory Method of LGF Distribution

Ohio Revised Code §5747.51 and 5747.52

Considerable discretion given to the CBC to determine "need"

The Statutory Method has resulted in contention and litigation between the subdivisions and the counties.

It was perceived that County Budget Commissioners were manipulating the term "need" in favor of County government.

"Claimed needs" specified in tax budgets may not reflect "actual need."

Alternative Formula

The Alternative Formula may include virtually any factor or factors desired locally provided that the formula must be approved by the County Commissioners, the legislative authority of the largest city and by a majority of the other subdivisions.

ORC Section 5747.53

Development of a locally-adopted Formula that is not as complex or tedious and is more transparent.

Allows a county to derive a specific formula for their own county, to determine each local subdivisions' share of the CULGF. Eliminated problems perceived under the statutory method and is utilized the majority of counties.

Alternative Formula – Required Approvals

In order to adopt an Alternative Formula the following approvals are required:

1. The Board of County Commissioners
2. The legislative authority of the city, located wholly or partially within the county with the greatest population residing in the county.
3. A majority of boards of township trustees and legislative authorities of municipal corporations in the county, except for the largest city

Alternative Formula – Presentation of Materials

The County Auditor is required to submit various materials to the CBC at its regular meeting to be held on the first Monday of August. These materials include the certification of estimated receipts for the next year to the CULGF from the Tax Commissioner, the tax budgets and estimates from all political subdivisions, and records from the last session of the CBC.

(ORC §5705.27, 5747.27, 5747.51 (B))

Alternative Formula – Completion of Allocation, Certification, Publication and Notification

The County Budget Commission must complete its work by the first Monday in September unless an extension is granted by the Tax Commissioner. (ORC §5705.27)

The County Auditor is required to certify to the Tax Commissioner the percentage shares of all subdivisions for the next year after completion of the work of the County Budget Commission. (ORC §5747.51(J))

Within 10 days of action by the CBC the County Auditor must publish a notice of both the amounts and percentages that each subdivision will receive during the next year

from the CULGF. The notice must be in a newspaper of countywide circulation and a copy must be sent to the Tax Commissioner. (ORC §5747.51)

After action by the CBC, the County Auditor must send a notice to the fiscal officer of each political subdivision which includes both its amount and percent of the allocation of the CULGF for the next year. (ORC §5747.51)

CLERMONT COUNTY CURRENT ALTERNATIVE FORMULA

In the past, the County's position with the Current Alternative Formula was that the County would receive no more and no less than originally allocated (currently at 48.545%), and minimize the effect on Townships/Villages/Cities

CURRENT FORMULA

If the total allocation received is equal to or less than the 2013 total allocation, all funds will be distributed based on the same percentages in the 2013 allocation.

If the total allocation exceeds the 2013 allocation, the funds will be distributed as follows:

- a. The County will receive the same percentage of funds it received in 2013.
- b. All municipalities and townships will receive an amount equal to the amount received in 2013.

The remaining amount of the funds after a. and b. will be distributed to the municipalities and townships on a per capita basis based on the United States Census, 2010 as published by the United States Census Bureau.

RECOMMENDATION

There have been no relevant changes to funding that would necessitate a change to the current formula. Therefore, maintain the Current Alternative formula while making adjustments for years 2021-2023 residual amounts (remaining funds after a. and b. above are distributed) to be distributed to the municipalities and townships on a per capita basis based on the United States Census, 2020 as published by the United States Census Bureau.

NEXT STEPS

Informational meeting on June 28th in the Engineer's conference room.

Meeting with selected subdivisions as needed

Resolutions passed by the Board of County Commissioners, the city with the greatest population located wholly or partially in the county and a majority of the townships and villages. These Resolutions or Ordinances must be passed prior to the Budget Commission annual regular session on August 6, 2018 pursuant to section 5705.27 of the Ohio revised Code.



Per-diem Payments to Foster Caregivers

Effective July 1, 2018

Traditional Foster Care

| Age | Level I | Level II | Level III |
|----------------------|---------|----------|-----------|
| 0-5 | 20.00 | 25.00 | 30.00 |
| 6-13 | 30.00 | 35.00 | 40.00 |
| 14-18 | 35.00 | 40.00 | 45.00 |
| Emergency Rate 0-5 | 35.00 | 35.00 | 35.00 |
| Emergency Rate 6-13 | 40.00 | 40.00 | 40.00 |
| Emergency Rate 14-18 | 45.00 | 45.00 | 45.00 |

Therapeutic Foster Care

| Age | Tier 1 | Tier 2 |
|------|--------|--------|
| 0-18 | 60.00 | 70.00 |

Special Circumstances

- 1) Level I – A child that presents with none or few emotional or behavioral management problems.

- 2) Level II - A child eligible for this level must present with moderate emotional or behavioral management problems, and/or have a physical condition determined by a physician which requires specialized care. The foster parent will be required to provide the required transportation for the child to the necessary professional appointments that the child does need on a regular basis (two or more per week, on a regular basis). The care and supervision that will be given by the caregiver of a special needs will include, but not be limited to:
 - A) Twenty-four-hour availability for supervision
 - B) Ability to meet the child’s basic needs

C) Ability to meet the child's treatment needs, including, but not limited to supervision or provision of prescribed care, such as preparation of special diets or assisting in a program of physical therapy.

- 3) Level III – This level will include foster care parents who are providing care for three or more Clermont County foster children.
- 4) Tier 1 – This tier includes licensed therapeutic foster parents who are providing care for a child/youth identified by the agency's level of care tool, as needing therapeutic foster care.
- 5) Tier 2 – This tier will include foster care parents who are providing care for three or more Clermont County foster children.

Emergency Placement

An Emergency Foster Home is provided between \$35.00-\$45.00 per diem to be available on an "emergency on-call basis", 24 hours a day. The emergency rate per diem will be effective for up to thirty days. If it is determined that the placement will be more long term, the reimbursement will adjust to the foster care per diem according to the child's age and placement level.

Clothing

- a) Initial Voucher up to \$300
- b) All other clothing is included in above per diem

| | |
|-------|------|
| 0-5 | 2.00 |
| 5-11 | 2.00 |
| 12-15 | 2.50 |
| 16-18 | 2.50 |

When a child is placed in substitute care, he or she receives an initial clothing voucher up to \$300.00. The child also receives clothing assistance in the per diem rate of \$2.00 or \$2.50, depending on the age of the child. The Department also seeks to obtain clothing from the child's home. If the child is moved from one substitute caregiver to another, a clothing inventory will be completed.

School Expenses

The Ohio Public School System is responsible for payment of the basic school fees of children placed in foster care. (This is accomplished by the child's worker supplying the appropriate documentation and submitting it on the child's behalf to the respective school system.) Additional expenses such as those noted below may be eligible for Department funding with prior approval. The foster caregiver should submit written summary containing information about the specific request and cost to the child's worker.

- Books, rentals, lab fees and uniforms;
- Class ring (minimal cost)
- High school senior pictures (minimal cost)



- School activities (band, prom, sports, etc.)
- Other extracurricular activities as deemed appropriate by Department staff

Travel

The mileage reimbursement is based on the POV per mile published rate listed on www.GSA.Gov. Mileage reimbursement is for transporting the child to approved appointments (medical, counseling sessions, & visitations). For reimbursement, the Department utilizes a form which is contained in the appendix. Mileage requests for a particular month should be received by the Department by the 5th day of the following month.

Child Care

Childcare, via an in-home provider or licensed facility, must be approved by the Department prior to any service being utilized. The **Alternate Care Agreement** (see appendix) must be also be approved and signed. A criminal background check and fingerprints are required for any individual providing childcare. Reimbursement of \$125.00 per week may be available to foster caregivers. The reimbursement form is located in the appendix of this document, and must be returned to the child's worker by the 5th day of the month following services.

Daycare/mileage reimbursements are due the 5th day of the following month. Forms turned in more than 60 days after the end of the month will not be reimbursed.