

MCCA Long Term Finance Committee Report

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I. Committee's Task and Process – *Norm will fill in. pg 2*

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II. Value of MCCA to Members

A. Strategic Plan Goals

1. Strengthen the role of county government by maintaining a comprehensive advocacy role in the state and federal legislative, administrative and regulatory process.
2. Enhance management of county government by providing quality member services for all Maine Counties.
3. Provide programming, services, information and education that supports members in...(providing)...comprehensive, effective and efficient service delivery.

B. Most Beneficial Services MCCA Currently Offers

1. One voice for County interest like MMA (power in numbers)
2. Forum for 15 Member Counties to get together monthly to share ideas and best practices
3. One focal point at State level for County Information, data or inquires
4. Lobbying Legislature and Governor
 - a. \$18.3 million Jail funding
 - b. Testifying on bills which impact Counties Saving an Estimated \$3 Million in Additional County Costs
 - c. Impact on Legislative bills detriment to Counties that never see light of day due to MCCA efforts
 - d. Visibility with the Legislature and Governor's Office
5. Self-Insurance with Risk Pool for liability, property etc. for the 15 Counties keeping cost reasonable and governed by membership of the Counties
6. Voice at Federal level through NACo
7. Yearly Convention that brings in expertise on various topics beneficial to all Counties
8. Organize education opportunities and forums for elected officials
9. Forum for the various County groups like Probate, Registry of Deeds etc. can have dialogue with the County Commissioners on the State level

C. Improvements to Increase Value of Services

1. *Lobbying*
 - a. Become proactive in identifying, drafting and submitting legislation pertaining to counties. One way this can be achieved is by having the LPC continue to meet monthly (or

more often) when the legislature is not in session to identify issues about which the counties may wish to submit legislation (no additional cost).

b.) Improve communications and information to LPC regarding pending legislation. One way to assist with this might be to contract for a part-time legislative analyst during the first year of each biennial session (additional cost).

c.) Increase involvement by MCCA members in legislative activities such as attending hearings, drafting and submitting testimony, communicating with legislative delegations. Assign a different county on a rotating basis each week the Legislature is in session. One way to achieve this is to host a legislative breakfast/luncheon at the MCCA for each County and provide a uniform format, handouts, etc. that can be easily followed and presented (meal to be funded primarily by the county, although some additional cost to MCCA may be involved). Counties holding additional legislative events in their county should be encouraged to share this information with the LPC. Also, advise Counties when legislation specific to their interests is presented and task them with taking the lead to provide legislative responses and attendance.

2. Insurance Pools

a.) Examine the possibility of providing other pooled insurance services such as workers compensation and health insurance. This might be accomplished by establishing a committee to examine other pooled insurance opportunities with a deadline to report back to the group (initially, no additional cost).

3. Purchasing

a.) Facilitate cooperative purchasing opportunities among county jail services such as paper supplies, electronic equipment, bedding, food, and medical services. Or, coordinate county office bulk purchasing to realize a cost savings, perhaps vehicles (at no additional cost).

4. Education

a.) Expand training opportunities by encouraging greater participation by affiliates. MCCA members should work with their registrars, sheriffs, etc. to identify and develop trainings that would be mutually beneficial (no additional cost).

b.) Explore the possibility of offering training session(s) at the MMA Annual Convention that are specifically towards county/municipal relationships and services (additional cost minimal).

c.) Increase training opportunities offered by MCCA. One option might be to bring in speakers to address various topics during “after lunch” short sessions at MCCA meetings (minimal cost to pay expenses of speakers).

d.) Charge staff with increasing educational opportunities (no additional cost).

III. Funding

A.) Current budgetary shortfall – ***Norm will provide this section*** (loss of MainePERS and surplus; amount needed just to meet current expenses with no increases in operating costs; requirements for maintaining surplus and current amount, etc.)

B.) Options

1. *Do nothing*. This will likely result in the need to dissolve MCCA, with implications for the Risk Pool and other benefits.

2. *Cut expenses*. Restructuring or eliminating staff positions would severely impair MCCA's ability to provide services. Also, most operating expenses are either fixed or would have minimal impact on the total shortfall if reduced or eliminated.

3. *Increase funding*. MCCA will continue to explore other revenue sources such as those generated by advertising and the annual convention; however, dues will continue to be the primary funding source and the only one that can be reliably budgeted.

C.) Funding necessary to meet the budgetary shortfall, replenish surplus and improve services.

1. *Model formulas*. ***Norm will provide this section*** (discuss the formulas used by MMA, counties in other states to fund their organizations; describe the various combinations used in the models we generated)

2. *Moving forward*. A long-term funding strategy should be developed that will enable MCCA to continue to meet annual increases in operating and personnel costs, fund unanticipated contingencies, increase its surplus, and enhance its value to members.

IV. Committee Recommendations

A.) The Committee believes that the value of the benefits/services MCCA provides greatly outweigh any financial savings to the counties if MCCA did not exist. Therefore, the Committee recommends that the necessary monetary investment be made to create and maintain a fiscally sustainable organization.

B.) Formula. The Committee recommends that the following funding formula be considered for the upcoming fiscal year (**EXAMPLE, FOR DISCUSSION PURPOSES ONLY**):

MCCA Dues Formula #1											
Based on \$186,690 as the Total Amount of Membership Dues Plus the Percentage of Valuation and Population for Each County											
COUNTY	MUNICIPALITY VALUE	UNORGANIZED VALUE	TOTAL	% of Total Value	Pop	% of Total Pop	Cost Per Person	Total Dues			
								\$186,690	VALUE	POP	TOTAL
								75.53%	12.24%	12.24%	100.00%
								\$141,007	\$22,841.52	\$22,841.52	\$186,690
ANDROSCOGGIN	\$8,191,950,000		\$8,191,950,000	4.77%	107,679	8.23%	\$ 0.115	\$9,400	\$1,089.01	\$1,880	\$12,369
AROOSTOOK	\$4,503,600,000	\$776,300,000	\$5,279,900,000	3.07%	67,111	5.13%	\$ 0.168	\$9,400	\$701.89	\$1,172	\$11,274
CUMBERLAND	\$46,892,350,000		\$46,892,350,000	27.29%	293,557	22.43%	\$ 0.071	\$9,400	\$6,233.69	\$5,124	\$20,759
HANCOCK	\$13,093,000,000	\$246,200,000	\$13,339,200,000	7.76%	54,811	4.19%	\$ 0.221	\$9,400	\$1,773.26	\$957	\$12,131
KENNEBEC	\$10,636,100,000	\$7,100,000	\$10,643,200,000	6.19%	122,083	9.33%	\$ 0.106	\$9,400	\$1,414.87	\$2,131	\$12,946
KNOX	\$7,450,400,000	\$19,800,000	\$7,470,200,000	4.35%	39,771	3.04%	\$ 0.279	\$9,400	\$993.06	\$694	\$11,088
LINCOLN	\$7,534,750,000	\$15,450,000	\$7,550,200,000	4.39%	34,342	2.62%	\$ 0.320	\$9,400	\$1,003.70	\$599	\$11,004
OXFORD	\$6,888,850,000	\$290,450,000	\$7,179,300,000	4.18%	57,618	4.40%	\$ 0.197	\$9,400	\$954.39	\$1,006	\$11,361
PENOBSCOT	\$10,779,450,000	\$355,100,000	\$11,134,550,000	6.48%	151,096	11.55%	\$ 0.089	\$9,400	\$1,480.19	\$2,638	\$13,518
PISCATAQUIS	\$1,750,000,000	\$870,350,000	\$2,620,350,000	1.53%	16,800	1.28%	\$ 0.598	\$9,400	\$348.34	\$293	\$10,042
SAGadahoc	\$4,671,500,000		\$4,671,500,000	2.72%	35,634	2.72%	\$ 0.299	\$9,400	\$621.01	\$622	\$10,644
SOMERSET	\$4,418,200,000	\$897,050,000	\$5,315,250,000	3.09%	50,592	3.87%	\$ 0.217	\$9,400	\$706.59	\$883	\$10,990
WALDO	\$4,417,750,000	\$2,100,000	\$4,419,850,000	2.57%	39,694	3.03%	\$ 0.269	\$9,400	\$587.56	\$693	\$10,681
WASHINGTON	\$3,247,200,000	\$377,300,000	\$3,624,500,000	2.11%	31,490	2.41%	\$ 0.331	\$9,400	\$481.83	\$550	\$10,432
YORK	\$33,490,850,000		\$33,490,850,000	19.49%	206,229	15.76%	\$ 0.085	\$9,400	\$4,452.15	\$3,600	\$17,453
Totals	\$167,965,950,000	\$3,857,200,000	\$171,823,150,000	100%	1,308,507	100%	\$ 0.22	\$141,007	\$22,842	\$22,842	\$186,690

Total Dues

This formula maintains a base funding of \$9,400 for each County (\$141,000) and then utilizes a combination of valuation and population to generate the balance needed to fill the existing shortfall (\$37,985), as well as an additional \$7,705 to fund operating increases in the coming year, begin to rebuild the surplus, and add value to benefits. The total amount to be raised using this formula would be \$186,690.

The Committee recognizes that the use of this formula will result in significant increases for the larger counties, and further recommends that any County contributing \$16,000 or more annually have its vote on the MCCA Board count twice.

C.) Sample Three-Year Plan. The following is a very conservative example of what might be needed to achieve on-going financial stability over the next three years. Please keep in mind that this is for illustrative purposes only, as many variable factors, such as changes in payroll/benefit/operating costs and increases in non-dues revenues will influence the actual amount that needs to be generated in future years. It is important to stress, however, that it will be essential to make a “philosophical” commitment to increasing dues each year if the organization is to become – and remain - fiscally sound.

- 2020: Formula 1, as outlined above, will generate an additional \$7,705 above the current budgetary needs. Of this, approximately \$5,030 will be used to offset increases of roughly 3% in payroll/benefits in 2020, leaving a one-year excess of \$2,678.
- 2021: Adjustments to the formula (base dues and/or valuation, population) to generate an additional \$10,000 (5.4%). This will cover an increase of approximately 3% for payroll/benefits, leaving an excess balance of \$7,500 for two years.
- 2022: Adjustments to the formula (base dues and/or valuation, population) to generate an additional \$10,000 (5.1%). After allowing 3% for payroll/benefits increases, the excess balance for three years will be approximately \$12,465. This will leave a reserve from which resources are available if MCCA wishes to begin to fund any value enhancements, such as a contracting for a part-time legislative analyst, in 2023.

Attach formula spreadsheets showing cost to each County for 2021, 2022.

Appendix 1: Funding Research and Formulas.

Appendix 2: Committee Meeting Minutes.

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