

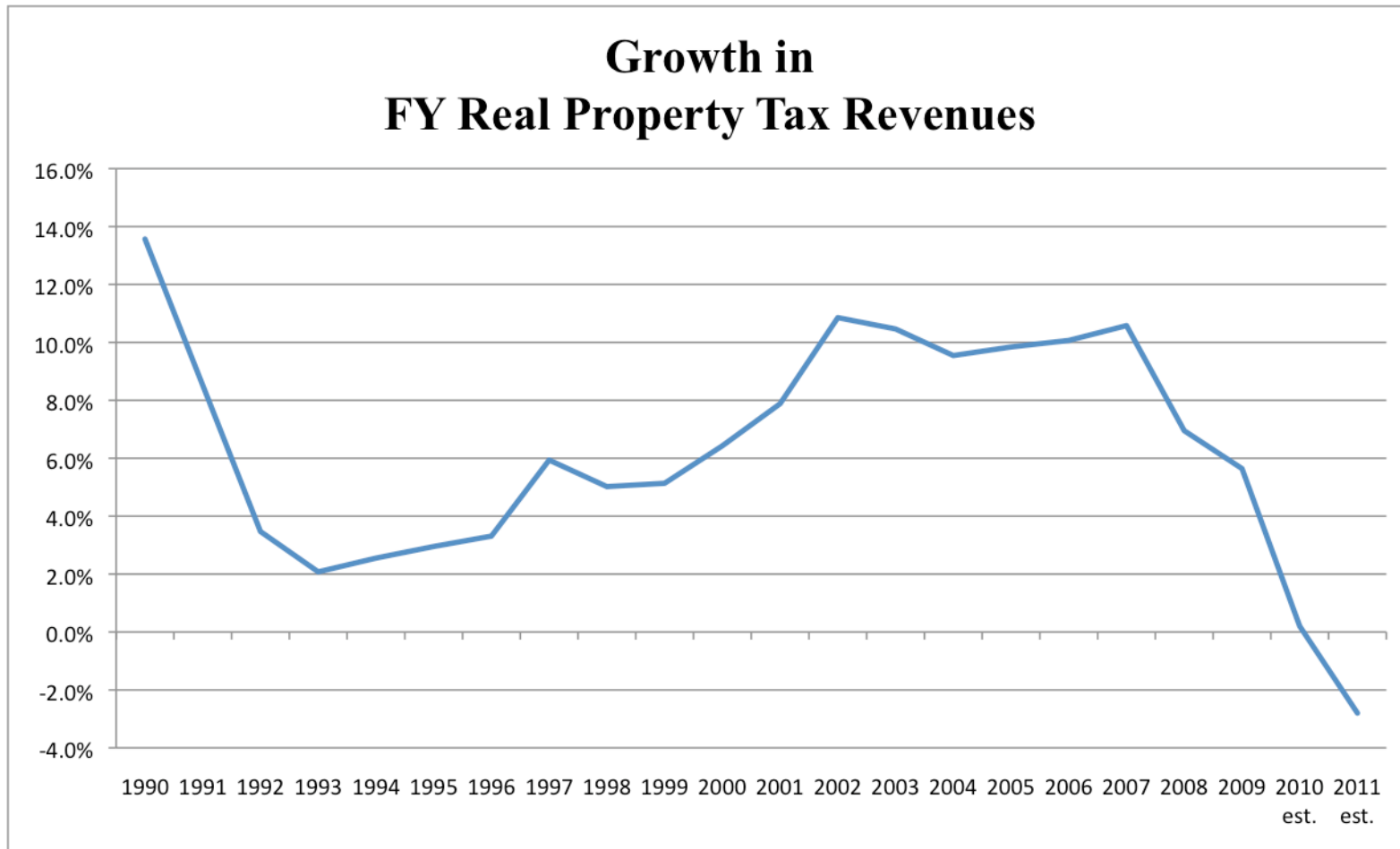
2010 Local Government Fiscal Survey Results

Virginia Municipal League Conference
October 2010

Localities Still Pessimistic

Meet its financial needs	Better	Same	Less Able
<i>All Localities(127):</i>			
FY 2010 as compared to FY 2009?	2.3%	29.0%	68.7%
FY 2011 as compared to FY 2010?	6.3	32.8	60.9
FY 2012 as compared to FY 2011?	2.4	39.4	58.3
<i>Cities (37):</i>			
FY 2010 as compared to FY 2009?	0.0%	23.7%	76.3%
FY 2011 as compared to FY 2010?	0.0	35.1	64.9
FY 2012 as compared to FY 2011?	2.7	45.9	51.4
<i>Counties (90):</i>			
FY 2010 as compared to FY 2009?	3.2%	31.2%	65.6%
FY 2011 as compared to FY 2010?	8.9	31.1	60.0
FY 2012 as compared to FY 2011?	2.2	36.0	61.8

Real Estate Assessments and Real Property Tax Revenues Are Now Declining

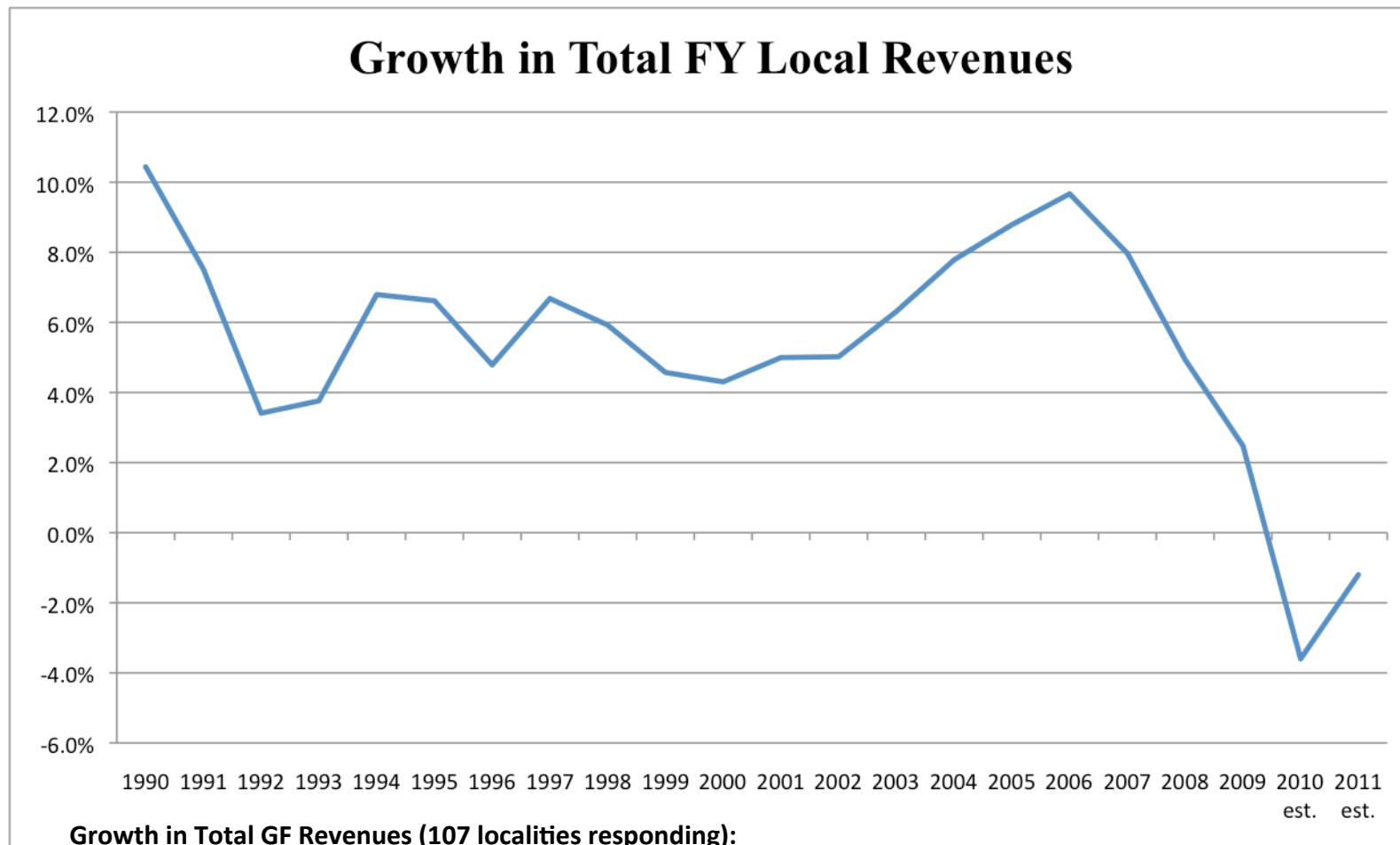


Growth in Total RE Assessed Values (106 localities responding):
2009 to 2010: -5.0%

Growth in Total RE Revenues (109 localities responding):
FY2009 to FY2010: 0.2%
FY2010 to budgeted FY2011: -2.8%

Source: 1990-2009, Auditor of Public Accounts

Total Local Revenues Expected to Decline for Two Years in a Row



FY2009 to FY2010: -3.6%
FY2010 to budgeted FY2011: -1.2%

Source: 1990-2009, Auditor of Public Accounts

Declining State Aid a Major Concern for Localities

Localities Citing Concern:	2009 Total	2010 Total
Declining personal property assessments	33	5
Declining real property values and taxes	48	33
Declining sales taxes	19	15
Other taxes and local revenue declining	78	15
Declining economic conditions	45	10
Declining state aid	72	73
Declining state aid to Education	11	16
Declining state aid to CSA /Social Services	1	5
Declining state aid to Comp Board	3	14
State mandates	9	13
Elimination of stimulus funds	13	5
Declining federal funds	0	8
Maintain level of services	3	2
Elimination of 599 Funds	2	0
Other	<u>16</u>	<u>11</u>
Total Concerns Expressed	353	246

Local Government Budgets Reduced by 2.7% and School Budgets by 3.3% in FY 2011 *

* 109 localities responding

In Top 3 Budget Balancing Actions

Delay or cancellation of capital outlay/infrastructure	40
Personnel layoffs- RIF	33
Increase tax rates	29
Targeted cuts in other services and programs	27
Draw down reserves	26
Targeted cuts in public education	25
Hiring freeze	18
Across the board service cut	16
Renegotiate debt	13
Delay of annual equip. replacement programs	12
Reduced contributions to civic/cultural	11
Reducing staff health care benefits	10
Fee increases	7
Replacing local general funds with special funds	6
Salary or wage reductions	6
Early retirement incentives	5
Targeted cuts in public safety services	5
Personnel furloughs	3
Other	16

Number of Localities Citing Budget Balancing Actions

Delay or cancellation of capital outlay/infrastructure projects for either local government or schools	79
Delay of annual equipment replacement programs (IT equipment or software, vehicles, etc.)	75
Reduced contributions to civic and cultural organizations	73
Targeted cuts in other services and programs (parks, libraries, street operations, leaf pick-up, etc.)	65
Hiring freeze	64
Fee Increases (new or existing)	53
Targeted cuts in public education	52
Increase tax rates	47
Personnel layoffs or Reductions-in-Force	45
Draw down reserves	43
Targeted cuts in public safety services (police, fire, EMS)	42
Across the board services cut	33

... Locality Budget Balancing Actions, Continued

Renegotiate debt	24
Early retirement incentives	17
Increasing use of inter-local and regional agreements to deliver services/share costs	15
Replacing local general funds with special funds	15
Increasing privatization/contracting out	14
Personnel furloughs	11
Sale of assets	10
Establishment of a new contingency fund	10
Reducing retiree benefits (such as health care credits, insurance and other post employment benefits)	6
Salary or wage reductions	4
Other	25

Continued Local Concern About Future Expenditures

<i>Localities Indicating Concern:</i>	<u>2009</u>	<u>2010</u>
Education	48	30
Capital outlay/ infrastructure	40	38
Personnel compensation	38	28
Personnel benefits	34	24
Public safety	26	21
Debt servicing	19	17
CSA	11	14
Unfunded mandates	9	7
VRS	7	10
Transportation	3	3
Compensation Board	n/a	7
Environmental/storm/waste water	n/a	6
Other	<u>33</u>	<u>18</u>
Total	268	223

FY 2010 VEC Reports

15,600 Local Government Jobs Lost

	June 2009 Employment	June 2010 Employment	Change	% Change
Total VA Nonfarm	3,678,000	3,674,400	(3,600)	-0.1%
Natural Resources and Mining	10,100	9,700	(400)	-4.0%
Construction	192,100	182,600	(9,500)	-4.9%
Manufacturing	238,300	231,800	(6,500)	-2.7%
Trade, Transportation, and Utilities	625,200	623,300	(1,900)	-0.3%
Information	81,800	74,700	(7,100)	-8.7%
Finance	181,800	178,300	(3,500)	-1.9%
Professional and Business Services	639,300	643,400	4,100	0.6%
Educational and Health Services	450,700	460,000	9,300	2.1%
Leisure and Hospitality	364,000	366,900	2,900	0.8%
Other Services	188,400	197,700	9,300	4.9%
Government	706,300	706,000	(300)	0.0%
<i>Federal</i>	166,200	180,600	14,400	8.7%
<i>State</i>	148,600	149,500	900	0.6%
<i>Local</i>	391,500	375,900	(15,600)	-4.0%

Local Gov't Job Losses by MSA

<u>MSA Region</u>	<u>June 2009 - June 2010 Job Changes</u>
Northern Virginia	(5,700)
Hampton Roads	(4,800)
Richmond	(3,600)
Roanoke-Blacksburg	(800)
Charlottesville	(500)
Danville	(200)
Harrisonburg	(100)
Lynchburg	200

82 Surveyed Localities Report Nearly 5,000 Eliminated or Unfunded Positions for FY 2011

	<u>Eliminated FY 2011</u>	<u>Unfunded FY 2011</u>
Education Instruction	1,826	196
Education Non-Instruction	1,011	62
Law Enforcement	169	100
Building Inspectors/planners	162	22
Public works	151	53
Parks & Recreation	146	26
Human/social services	138	13
Libraries	136	9
Fire/EMS	44	17
Other	<u>410</u>	<u>199</u>
 Total	 4,193	 697