

# Update

November 13, 2009

The newsletter of the  
Virginia Municipal League

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**February 11**

## EDUCATION FUNDING

### State cap on support positions looks likely to remain in place

The state will not have enough general fund revenue to eliminate the cap on support positions for the upcoming 2010-2012 biennium, according to a staff report submitted at the Nov. 9 meeting of the joint legislative committee studying education funding.

The staff report appears to be a signal that the Senate will drop its opposition to the cap, which is included in the current year budget. Sen. Edd Houck, a committee co-chair, said that accepting the report did not mean that the members endorsed the findings and recommendations, but there is nothing in the report to offer much hope that the legislature will revisit the cap issue.

The report's finding does not support

a decision by the Board of Education a month ago to oppose a cap on support positions. The current cap on funding support positions, first proposed in December 2008 by Gov. Tim Kaine as part of a budget reduction plan, eliminates state funding for about 13,500 support positions for a savings to the state of about \$350 million a year. The Board of Education declined to endorse an across-the-board ratio after a consultant's report showed that some of the funding under the "support" category is actually used to pay salaries for teachers. Instead of endorsing a single cap, therefore, the board said it would study ratios for individual positions.

The budget for FY10 contains the cap

*Continued on page 2*



### Composite indexes jump in 97 localities

A memorandum from the Superintendent of Public Instruction detailing the ability of local governments to pay for education in the 2010-2012 biennium shows that 97 local governments that operate school systems will have to cope with increases in their composite index.

More detailed information, including comparisons for the individual data elements that factor into the computation of the composite index, is available by following the link to Composite Index Calculation and Trend Analysis posted at <http://www.doe.virginia.gov/VDOE/Finance/Budget/composite.html>. Attachment A to the memorandum contains the listing of the composite indexes.

The index increased in 97 localities.

Essex County had the largest increase, with the composite index going up from 0.4071 to 0.4869. Richmond had the largest increase of any city, with the index going up from 0.4272 to 0.4945. The higher the composite index, the more money a local government will need to match state dollars.

The local composite index decreased in 31 localities. Loudoun County saw the largest decrease, from 0.6708 to 0.5854. Manassas had the largest decrease of any of the cities, with the index going down from 0.4618 to 0.4005.

The composite index for the four cities and four counties that have an index capped at 0.8000 did not change. ❖

## FROM THE CAPITOL

### State cap on support positions continued ...

on support positions, but it replaces some of the money with one-time federal stimulus dollars. The budget also directs the Department of Education to update the calculation of what the state recognizes as the cost of educating K-12 students for the 2010-2012 budget (rebenchmarking) using two processes: one with the cap and one without. The preliminary cost to rebenchmark with the cap in place is about \$138.6 million for the biennium; it is \$892.9 million if the cap is removed.

Mary Jo Fields, speaking during the public comment period on behalf of VML and the Virginia Association of Counties, urged the committee to look for state mandates that could be suspended or deferred. Fields explained that the state should not reduce funding under the Standards of Quality without also suspending, deferring or easing the requirements under the Standards

of Accreditation and other state regulations that drive the cost of delivering public education services.

Continuing the state funding cap on support positions is likely to put local governments under increased pressure to make up for those reductions in state funding by increasing real estate tax rates.

The staff report also recommended that localities pay the entire costs of any state-designed and approved early retirement incentive program. The recommendation ignores the fact that there would be no savings for localities, although the state could reap financial benefits.

The committee did not even recommend an actuarial study of a state health insurance plan for teachers – the major item under consideration that held out the promise of efficiency savings. Instead, the report recommends

“future consideration” of the development of a statewide health insurance plan for teachers, and possibly for local employees, if money is available to pay for the study and plan.

The committee took a pass on other thorny issues by not making any substantive recommendations on changing the triennial census used to distribute the state sales tax dedicated to education and on making changes to the composite index of local ability to pay.

Finally, the staff report did not recommend any alternative adjustments to the current procedure for deducting federal revenues.

The report is available on-line at <http://hac.state.va.us/> or <http://sfc.state.va.us/>. Follow the links to the Joint Subcommittee on Elementary and Secondary Education Funding. ❖

### Reports shed light on state budget growth

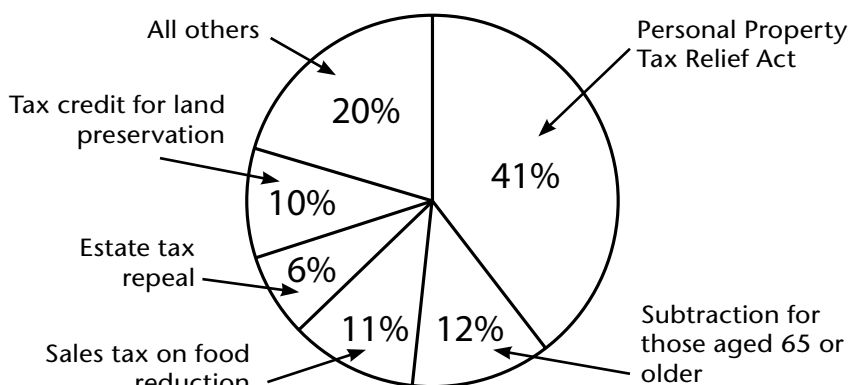
The Joint Legislative Audit and Review Commission (JLARC) and the Commonwealth Institute released separate reports this week on state spending. The JLARC report noted that over the past decade, state general fund appropriations increased by 46 percent. Non-general fund appropriations soared 103 percent. Taken together, Virginia’s operating budget grew by 73 percent.

However, adjusting for the effects of inflation and population growth, the state budget increased by 28 percent over 10 years or 2.8 percent per year.

General fund budget growth was dominated by a few large agencies, reflecting policy decisions and initiatives advocated by the governor and the General Assembly during the period from 1999 to 2009. For example, the state promulgated new standards or programs for elementary resource teachers, planning periods for secondary teachers, and at-risk preschool children. In addition, the governor and General Assembly approved initiatives to increase the enrollment in children’s health insurance programs. And, the car tax relief program increased from almost \$400 million per year in FY00 to \$950 million per year by FY07. These policy choices are examples of general fund spending that were driven by factors other than inflation and workload increases.

The report issued by the Commonwealth Institute also focuses on choices made by the General Assembly in terms of tax policy. Tax expenditures are reductions in state revenue that occur

#### 5 Recent Tax Expenditures Account for 80 percent of Total Cost in FY09



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## FROM THE CAPITOL

## State budget growth continued ...

as a result of tax exemption, exclusion, deferral, credit, or preferential rates. The report identifies more than 60 tax expenditure programs that have been created or amended in recent years, claiming recently enacted changes cost state government at least \$2.5 billion a year. This is a 40 percent increase in four years.

The institute does not recommend the elimination of any tax expenditure. Instead, the report's authors advocate that the merits of each tax expenditure be

evaluated – the costs should be paired with information on each program's objectives and key performance measures. Tax expenditures, unlike budget appropriations, operate like entitlements, and are not subject to annual review by the governor or General Assembly. In light of the state's difficult revenue situation, the institute wants to subject both tax expenditures and government spending to rigorous review. ❖

## Social services caseloads jump as result of recession

To no one's surprise, local social services agencies have seen a marked increase in traffic and applications for benefits since the economy took a nosedive last year. Food stamps, energy assistance, Medicaid and Temporary Assistance to Needy Families (TANF) are among the programs that have seen increases in the past year. At the same time, local social services offices continue to be understaffed due to lack of state funding, and as a result, not surprisingly, error rates are rising.

A snapshot of the local social services situation was presented by the Virginia League of Social Services Executives (VLSSE) to the Senate Finance Health and Human Resources Subcom-

mittee on Oct. 22. A copy of the report may be found on the Senate Finance website, <http://sfc.state.va.us/> under subcommittee reports.

After seeing a large drop in child poverty rates in Virginia in the late 1990s with the lower level recorded in 2001, Virginia is seeing the rates creep back up to more than 13 percent. The food stamp program, now called SNAP, saw an increase from fewer than 250,000 cases in 2008 to about 325,000 cases this year. Communities with major increases in SNAP cases since July 2008 included Rappahannock County with a 53 percent increase, Manassas with a 49 percent increase, Henrico with a 45 percent increase, and Lou-

doun and Winchester with 43 percent increases.

Since 2006, SNAP error rates have grown above the national average. There are two types of errors – payment errors and negative errors. The negative errors come about when someone is denied or loses access to food stamps when they actually qualify for them. The national average for payment errors is about three percent; Virginia's rate as of April 30 was about 5 percent. The national average for negative errors is about 2 percent; Virginia's rate as of April 30 was 12 percent. In the early 1990s, Virginia came under court order to decrease its error rates in this program, which could happen again. ❖

## Localities grow anxious over revenue projections

Most of Virginia's local governments have begun the process of developing budgets for FY11. Cities, towns and counties are keeping a sharp eye on revenue collections and forecasts. Here is the latest in a series of snapshots showing some of what is going on across the Commonwealth.

In a meeting with its General Assembly delegation, **Henrico County** officials expressed concern over receiving \$10.7 million less in state aid in FY10 under Gov. Tim Kaine's budget cuts. But, the county is even more worried about how the state's financial situation will affect the county's FY11 budget, particularly in the areas of retirement contributions for teachers and prescriptions for mentally ill residents. Henrico already expects falling real estate values

to result in a \$20 million reduction in local tax revenue.

**Goochland County** schools will have to cut staff because of budget reductions. The cuts are in response to the county's projected revenue shortfall of \$2.5 million this year and \$5.4 million next year. The county informed the school board that local funding for schools will be cut by 15 percent in FY11. The county is also asking the schools to cut \$650,000 from this year's budget.

The **City of Bristol** reports that tax collections in nearly every category are tracking below projections. In a joint meeting of the City Council and School Board, the school superintendent warned about the difficulties to be faced without federal stimulus dollars and a

state funding formula that trims spending for school support workers.

In **Alexandria**, school officials told the school board that the FY11 budget gap could range from \$10.9 million to as high as \$17.5 million. With expected decreases in revenue from state sources, even a 2 percent increase in funding from the city, which provides more than 80 percent of the schools' operating budget, would leave the schools \$11 million short for the upcoming school year. The shortfall is equivalent to 254 full-time support staff positions, 116 full-time teachers or 76 administrative staff members. School officials are worried over required contributions to the state employee retirement fund, escalating health care costs, and an increasing

*Continued on page 4*

## FROM THE CAPITOL

### Revenue projections continued ...

school population.

The *Washington Post* quotes **Arlington County** officials saying that “residents and employees should prepare for significant changes in services and programs, as well as a tax increase, as the county tries to close a potential budget gap caused by the economy.”

The FY11 budget gap is estimated at between \$80 million and \$100 million, and is made up of revenue shortfalls and additional county and school expenses. Arlington projects a reduction in real estate revenue of up to 9.2 percent.

In **Chesapeake**, 23 city employees lost their jobs due to a \$2 million shortage in this year’s approved budget. The city’s budget woes have been compounded by lower revenues from

real estate taxes, sales tax and other local income. An increase in tipping fees paid to the Southeastern Public Service Authority and a reduction of \$3.2 million in state aid also contributed to the city’s fiscal problems.

The **Poquoson** city manager told city council that the FY11 budget is a calamity on the horizon. The Tidewater city already faces a \$200,000 shortfall for next year. Earlier this year, the city laid off workers in order to close a \$1 million budget gap.

The **Town of Rocky Mount** reports that meals tax collections continue to fall below last year’s levels. The meals tax is the town’s largest source of local tax revenue. Collections of other local taxes are also running below FY09

levels, including local sales taxes and lodging taxes.

The Board of Supervisors in **Loudoun County** debated, but could not resolve, the issue of having county employees pay for a portion of the retirement contributions made to the Virginia Retirement System (VRS). The board could not develop a consensus on this controversial issue. The chairman of the board of supervisors summed up the predicament – a tax rate of \$1.49 per \$100 of assessed value would be needed to fund the budget. The board, however, is not interested in approving a rate above \$1.37. The current rate is \$1.25 per \$100 of assessed value. ❖

## New pollution load targets established for bay cleanup

The Chesapeake Bay Program’s principal staff committee (consisting of federal and state officials) has reached tentative agreement on nitrogen and phosphorus limits for each of the seven Chesapeake Bay jurisdictions.

These draft target loads for Virginia, Maryland, Pennsylvania, New York, West Virginia, Delaware and the District of Columbia are “allowable loads,” meaning the amount of nitrogen or phosphorus that can enter each major river basin each year. These targets will be utilized by Virginia and the other bay jurisdictions in developing specific cleanup plans designed to remove the Chesapeake Bay and its network of waterways from the national “impaired” waters list.

For the Chesapeake Bay tributary basins in Virginia (James, York, Rappahannock, Potomac/Shenandoah and the Eastern Shore), the annual working target load for nitrogen is 59.22 million pounds and 7.05 million pounds for phosphorus. These targets for Virginia are higher than previously set in Virginia’s January 2005 Tributary Strategy. This is due to the development of a new, more sophisticated bay model used by the Chesapeake Bay Program. The comparison is as follows:

Pollutant	2005 target load	New target load
Nitrogen	51.4 million lbs.	59.22 million lbs.
Phosphorous	6 million lbs.	7.05 million lbs.

What this ultimately means for Virginia’s efforts to reduce nitrogen and phosphorous pollution remains to be seen. It is anticipated that these loads will change as additional information is gathered by EPA, the states and stakeholders over the coming months.

It is, however, relevant to the ongoing regulatory process to establish new stormwater regulations. Specifically, the new regulations set a standard for phosphorus based upon the 2005 target load. Given that the new target load is significantly higher (17.5 percent) it raises the question as to going forward with a more stringent standard based upon an outdated model.

The Chesapeake Bay Program will update these working target loads by April 30. ❖

## FROM THE CAPITOL

## EPA to hold 4 public meetings in Va. to discuss bay cleanup

The Environmental Protection Agency has announced a series of meetings to be held in Chesapeake Bay watershed states to discuss the details and timeline for developing new cleanup plans for the Chesapeake Bay and its tributaries. Over seven weeks, 13 meetings will be held in six states and the District of Columbia. The meetings started Nov. 4 in Martinsburg, W.Va.,

and end Dec. 17 in Fredericksburg.

In Virginia the meetings listed below follow-up on EPA's Oct. 2 TMDL (Total Maximum Daily Load) orientation meeting. Here is the schedule for the Virginia meetings, all of which will run two hours beginning at 6:30 p.m.:

**Dec. 14:** Falls Church High School, Little Theater, 7521 Jaguar Trail, Falls Church, VA 22042.

**Dec. 15:** 2007 Legacy Hall, 4301 New Town Ave., Williamsburg, VA 23188.

**Dec. 16:** Spotswood High School, 368 Blazer Drive, Rockingham County, VA 22846.

**Dec. 17:** Wingate Inn, 20 Sanford Drive, Fredericksburg, VA 22406.

Staff Contact: Joe Lerch / jlerch@vml.org. ❖

## Courthouse construction fee changes proposed

The \$3 fee that localities may impose for courthouse construction and renovation may be unduly restrictive, according to findings in a Joint Legislative Audit and Review Commission report on operational and capital funding for district and circuit courts released Nov. 9.

The fee – assessed in certain civil actions in Circuit Court and certain criminal actions in General District Court – may only be imposed for courthouses that are certified by the Department of General Services as non-complaint with safety and security guidelines. JLARC recommends that the General Assembly allow localities to adopt an ordinance implementing the \$3 fee without the requirement of DGS certification.

Currently, 11 courthouses are certified as out of compliance. JLARC suggests that more localities could use the fee, but are hesitant to have their courthouses qualified as non-compliant due to the message it sends to citizens. If all localities imposed the \$3 fee, an average of \$46,000 per locality would be raised

per year. Courthouse construction costs are 30-40 percent higher per square foot than standard commercial buildings. Cities and counties are responsible for paying for courthouse construction, and pay most of the operating costs of the circuit and district courts as well, according to the report.

The state spends about \$200 million a year more on court operations than it collects in fees and fines. The state pays for all of the costs of the Supreme Court and the Court of Appeals, and pays some of the operating costs for district and circuit courts. The discrepancy between what the state pays and what it collects led some commission members to complain about fines for violations of local ordinances going to localities instead of to the state.

In another key finding of the report, localities spent at least \$10.6 million more in court expenses (not including capital spending) than they received in fee and fine revenue in FY08. JLARC recommends that the Judicial Council of Virginia review court fees and recom-

mend adjustments to allow for a greater portion of the costs to be recouped. Local governments came under attack here as well, as some localities collect more in fines and fees than they spend on operating expenses.

“Cities and towns have found a way to fatten their budgets using state resources,” said Del. Bud Phillips, a commission member.

Cities and counties are funding a greater portion of the costs of the offices for court clerks. According to the report, 30 localities provided supplements for court clerks in 2000, but 74 did so in 2008.

The report also recommends that the General Assembly amend the code to require consultation with judges and clerks when preparing a capital improvement program, based on findings that courthouse needs are not always identified during the local planning process.

The report is available on-line under the November meeting materials at <http://jlarc.state.va.us/>. ❖

## ETCETERA

### Online resource aids local governments in expanding solar energy use

Through its Solar America Cities program ([www.solaramericacities.energy.gov](http://www.solaramericacities.energy.gov)), the U.S. Department of Energy is working to increase rapidly the use and integration of solar energy in communities across the country.

DOE launched a new online resource Oct. 15 for local governments that assists community leaders and local stakeholders in building sustainable local solar markets. The online publication, *Solar Powering Your Community: A*

*Guide for Local Governments*, provides proven best practices enabling cities, towns and counties to drive economic development, support clean energy jobs, and reduce carbon emissions by building a robust local solar market.

The publication outlines best practices and lessons learned from 25 Solar America Cities and other local governments across the nation that have successfully increased solar energy use

*Continued on page 6*

**ETCETERA****Solar energy resource continued ...**

in their communities. It also describes the country's most innovative solar programs and policies, explains the benefits, provides implementation tips, and includes brief case studies.

The best practices have been designed to meet the needs of local governments of all sizes. Topics in the guide include: strategies for solar initiatives, incentives, updating and enforcing local

rules and regulations, engaging utilities, creative solar jobs and supporting economic development, outreach and education, and leading by example by installing solar on government buildings. The guide is available at [www.solaramericacities.energy.gov/resources/guide\\_for\\_local\\_governments/](http://www.solaramericacities.energy.gov/resources/guide_for_local_governments/).

Staff contact: Joe Lerch / [jlerch@vml.org](mailto:jlerch@vml.org). ❖

**REGULATIONS****Final Regulation**

**Economic Development Access Fund Policy.** The Department of Transportation has proposed amendments to increase the maximum unmatched allocation of economic development access funds to a limit of \$500,000 that

may be allocated in any fiscal year in any county, city or town that receives highway maintenance payments under § 33.1-41.1 of the Code of Virginia. The amendment limits the maximum eligibility of unmatched funds to 20 percent of the capital outlay of the designated eligible establishments. The limit on supplemental economic access

development funds over and above the unmatched eligibility is increased to 20 percent. For more information, contact William Dandridge, Department of Transportation, at 804/786-2743 or email him at [William.dandridge@vdot.virginia.gov](mailto:William.dandridge@vdot.virginia.gov). ❖

**POSITIONS****Longer version of job ads posted at [www.vml.org](http://www.vml.org)**

Because of the number of requests it receives to publish job advertisements, VML reduces the length of the position descriptions in Update. A full version of the entire job listings published here for the past two months appears on VML's Web site at [www.vml.org](http://www.vml.org). Visit the VML site and click on "Marketplace" to read the complete descriptions.

**New Construction Supervisor (Plumbing and Mechanical) / New Construction Supervisor (Electrical) – 2 positions, Alexandria**

SALARY: DOQ/DOE (+) benefits. Exercises supervision over the work of subordinate new construction code inspectors who are responsible for performing inspections for compliance with applicable state and city building construction related codes; exercises daily supervision and assignment of field inspection staff, code and process related training, and maintain training and certification records for assigned staff. In addition, performs related administrative functions and conducts field inspections as dictated by daily work load and staffing levels. Supervisory functions include re-

sponsibility for planning, scheduling, organizing and coordinating inspection work, administering various personnel matters, and exercising technical responsibility in the field regarding interpretation of the administrative and technical requirements Virginia Uniform Statewide Building Code and general policies. For full job description and to apply, visit [www.alexandriava.gov/jobs](http://www.alexandriava.gov/jobs). Deadline: Nov. 12. Open until filled.

**Other positions**

NOTICE: The following positions also are listed on VML's Web site at [www.vml.org](http://www.vml.org).

**Controller, City of Richmond**

SALARY: \$68,696-\$123,971 (+) benefits. Open until filled.

**Director of Parks and Recreation, Chesapeake**

SALARY: \$83,058-\$128,740 DOQ (+) benefits. Open until filled.

**Superintendent, Middle Peninsula Regional Security Center**

SALARY: DOQ/DOE (+) benefits, including VRS. Open until filled.

**Public Safety Director, Campbell County**

SALARY: DOQ/DOE (+) benefits. Open until filled.

**Principal Planner, Suffolk**

SALARY: \$55,892-\$71,263 DOQ/DOE (+) benefits. Open until filled.

**Human Resources Director, Winchester**

SALARY: \$70,000-\$100,000 (+) benefits. Open until filled.

**Contract Manager, Falls Church**

SALARY: \$65,000 (+) benefits. Open until filled.

**County Attorney (part-time), Prince George**

SALARY: Negotiable w/prorated benefits. Open until filled.

**DEADLINE:** *The deadline for placing a job advertisement in the next issue of Update is Friday, Nov. 20. Submit ads via e-mail to David Parsons at [dparsons@vml.org](mailto:dparsons@vml.org). VML publishes job advertisements at no cost to its local government members. Non-members are charged a flat rate of \$25 per ad per issue, which includes posting on VML's Web site and publication in Virginia Town & City (deadlines permitting). VML edits position descriptions in printed publications because of space limitations.*



# VML, VACo co-sponsor Legislative Day Feb. 11

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## Richmond Marriott

The Virginia Municipal League and the Virginia Association of Counties will sponsor Legislative Day on Thursday, Feb. 11, at the Richmond Marriott, located at 500 E. Broad St. in downtown. VML and VACo staff will report on legislation affecting local governments, then local officials are encouraged to participate in committee meetings and lobby state legislators at the Capitol. Local officials are strongly encouraged to take their legislators to dinner. Please invite them soon.

To register, mail this form and a check (payable to VML) for \$40 per person to:  
VML, P.O. Box 12164, Richmond, VA 23241. Fax (804) 343-3758.

Officials who need to stay overnight at the nearby Richmond Marriott Hotel can get a special rate of \$123 for a single or double room. Call the hotel at 800-228-9290 and use the special code VACO/VMLLEGDAY.

**Deadline for hotel reservations is Jan. 29.**

For more details, call VML at (804) 649-8471, fax (804) 343-3758 or e-mail@vml.org.

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### PROGRAM SCHEDULE

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- 9:30 a.m.            VML Executive Committee meeting
- 11 a.m.             Registration
- Noon                VML and VACo staff legislative briefings (box lunch provided)
- Afternoon          Visits to state Capitol
- 5:30 - 6:30 p.m.    Cash bar reception for local officials
- Evening             Make plans now to take your state legislators to dinner!

Enclosed is a check (\$40 per person) payable to VML for the following people to attend:  
*VML does not take credit cards.*

Name \_\_\_\_\_ Name \_\_\_\_\_

Title \_\_\_\_\_ Title \_\_\_\_\_

Name \_\_\_\_\_ Name \_\_\_\_\_

Title \_\_\_\_\_ Title \_\_\_\_\_

County/City/Town/Organization \_\_\_\_\_

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Phone \_\_\_\_\_ Special Accommodations \_\_\_\_\_

*(If necessary, attach a list of additional names with titles.)*

# Update

The newsletter of the  
Virginia Municipal League

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