

# **2010 Thomas Jefferson Planning District Legislative Program**

**Representing the Local Governments of:**

**Albemarle County  
City of Charlottesville  
Fluvanna County  
Greene County  
Louisa County  
Nelson County**

**FIRST DRAFT  
September 2009**

**Carl Schmitt, Chairman  
Steve Williams, Executive Director  
David Blount, Legislative Liaison**

# ACTION ITEMS

## LOCAL and STATE FUNDING OBLIGATIONS

*Legislative Position of TJPDC, Charlottesville,  
and the Counties of Albemarle, Fluvanna, Greene, Louisa and Nelson*

**The Planning District localities urge the governor and legislature to honor their funding obligations to services provided in cities and counties by their local government partners, and to resist shifting costs or expanding requirements for these programs to localities.**

Revisions to the state general fund budget for FY09/FY10 approved by the 2009 General Assembly produced a \$2.8 billion reduction over the previous plan. A continuing decline in state revenue collections has driven the gap in the current fiscal year to an estimated \$1.5 billion, and it could go higher. FY10 state general fund revenues likely will be \$750 million below FY06 state general fund revenues. The gloomy budget outlook likely will extend into 2011 and 2012 as well, as projections call for only modest revenue growth over the period. All this spells bad news for state aid to localities. There will be additional reductions in state aid at the same time cost pressures continue to build. This causes great concern for local governments, especially in the areas of public education, public safety and health/human services. We believe state funding reductions for state-required services/programs should be accompanied by relaxation of the state requirement or flexibility for the locality to meet the requirement.

Local governments, which are overly dependent on the real estate tax that continues to produce less revenue due to the sluggish housing market, cannot continue to pick up the slack when the state retreats from its obligations. Unfunded and underfunded state mandates/commitments and “cost shifting” by the state reduce the ability, especially in our rural localities, to meet local needs, and force our citizens to bear local tax and fee increases to pay for programs and services. Service cuts will have a direct and harmful effect on the lives and well-being of our citizens who expect, rely and need programs in critical areas such as education, safety and human services. In addition, increased demand for services primarily funded at the local level present unique challenges to rural, urban and fast-growing localities alike (all present in our region).

We believe that any changes to Virginia’s tax code should not reduce local government revenues or restrict local taxing authority. The legislature should broaden the revenue sources available to local governments, rather than capping, removing or restricting them. The state should refrain from establishing local tax policy at the state level and allow local governments to retain authority over decisions that determine the equity of local taxation policy, if governing bodies are to provide cost-effective services. This includes the processes for setting real estate tax rates and developing and approving budgets, which are integrated processes that are effective in involving the public and ensuring efficient tax administration.

# PUBLIC EDUCATION FUNDING

*Legislative Position of TJPDC, Charlottesville,  
and the Counties of Albemarle, Fluvanna, Greene, Louisa and Nelson*

**The Planning District localities urge the legislature to fully fund the state share of the realistic costs of rebenchmarking the Standards of Quality (SOQ) without making formula changes that shift the burden of funding to localities.**

The state spends roughly \$6 billion/year on public education, about one-third of its general fund budget. This funding was reduced by more than \$600 million (from \$6.3 billion to \$5.7 billion) during the past legislative session, and despite increased cost pressures, public education funding is a prime target for cutting again. Stimulus dollars that helped offset some education reductions this past session again will be plugged into the FY11 budget (about \$365 million), but will not be available in FY12. Meanwhile, local governments are shoring up education funding by spending \$3 billion more per year than required by the state.

The state should resist changes during the upcoming rebenchmarking of education costs that would require localities to fund a greater share of K-12 education costs. This includes continuing the cap on state funding for education support personnel that was enacted for FY10, as well as proposals that would recalculate personnel salaries by recognizing only state (and not also local) costs, that increase the federal revenue deduction (which saves the state money increases required local costs), and that reduce the current 55% state share of SOQ costs. State funding should be realistic and recognize actual educational needs, practices and costs. Otherwise, more of the education funding burden will fall on local real estate taxes. We also support establishment of a mechanism for local appeal of the calculated Local Composite Index (LCI) to the state; changes to the LCI that negatively impact a locality also drive up local taxes.

The state budgeted teacher salary figure (on which it bases its share of teacher costs) trails the statewide and national averages. Teacher pay comprises the majority of K-12 expenditures, and local market conditions dictate the level of pay required to recruit and retain quality teachers. Localities in our region should be included in the “Cost of Competing Adjustment” now available only to various localities primarily in Northern Virginia. This would help our localities to reach and maintain competitive compensation to help recruit, develop and retain a highly qualified and diverse teacher workforce.

Regarding school capital needs, we continue to urge state financial assistance with school construction and renovation needs, including funding for the Literary Loan and interest rate subsidy programs. The state should resist its customary seizing of dollars from the Literary Fund to pay state costs for teacher retirement. We also support an increase in the maximum amount of Literary Fund loans from the current \$7.5 million.

## **LAND USE and GROWTH MANAGEMENT**

*Legislative Position of TJPDC, Charlottesville,  
and the Counties of Albemarle, Fluvanna, Greene, Louisa and Nelson*

**The Planning District localities encourage the state to provide local governments with additional tools to manage growth, without preempting or circumventing existing authorities.**

Recent years have seen an increase in both mandated and optional land use provisions applicable to local governments to address growth issues. Still, current land use authority often is inadequate to allow local governments to provide for balanced, sustainable growth in a manner that protects and improves quality of life.

The Joint Subcommittee Studying Development and Land Use Tools has renewed discussion of two concepts that garnered great attention the past several years. The group is taking another stab at crafting legislation to replace cash proffers with impact fees for roads, schools and public safety facilities. Two years ago, amidst opposition from local governments, the General Assembly defeated a measure to repeal local authority to accept voluntary cash proffers from new residential projects, while revising existing impact fee authority and capping the amount of impact fees a locality could impose. The group also has debated revising the existing urban development area (UDA) provisions adopted two years ago as part of the 2007 Transportation Act, proposing to establish separate tiers, by population, of UDA requirements.

We support efforts to have impact fee and proffer systems that are workable and meaningful for various parties, but we oppose attempts to weaken our current proffer authority. Rather, the road impact fee authority adopted in 2007 should be revised to include additional localities and to provide: 1) a fair allocation of the costs of new growth on public facilities; 2) facility costs that include various transportation modes, schools, public safety, libraries and parks; 3) effective implementation and reasonable administrative requirements; and 4) no caps or limits on locality impact fee updates.

Further, to enhance our ability to pay for infrastructure costs and to support services associated with new developments, we endorse the following:

- Authority for local ordinances for determining whether public facilities are adequate (“adequate public facility,” or APF ordinances)
- Optional cluster development as a land use tool for local governments.

We support 1) dedicated funding through the Virginia Land Conservation Foundation for acquiring, preserving and maintaining open space, 2) full authority to generate local dollars for such efforts, and 3) additional incentives for citizens to create conservation easements. We request the state, on a local option basis, increase from five years, the roll-back taxes assessed against property under land use taxation that changes to a non-qualifying use to an amount equal to the sum of the deferred tax for each of the 10 most recent complete tax years. Finally, we support authority for localities to enact scenic protection and tourist enhancement districts.

# TRANSPORTATION FUNDING

*Legislative Position of TJPDC, Charlottesville,  
and the Counties of Albemarle, Fluvanna, Greene, Louisa and Nelson*

**The Planning District localities urge the state to establish separate, dedicated and permanent state revenue streams for our transportation infrastructure. The state also should not shift road maintenance and construction responsibilities to localities.**

The need to fund a declining transportation infrastructure is dire and state dollars remain inadequate. Local governments need sustainable, dedicated, non-general funds from the state to support our transportation network. Absent such an investment, Virginia faces a congestion and mobility crisis that will stifle economic growth and negatively affect the quality of life of our residents.

This past summer, the Commonwealth Transportation Board approved a six-year improvement program for FY10-15 that includes \$5.5 billion for highway construction and \$2 billion for rail and public transportation, for a total package of \$7.5 billion. Compared to the program adopted two years ago (the FY08-13 plan), the highway construction budget for FY10-15 is \$3.1 billion or 36% less. State formula distributions for unpaved roads and primary/urban/secondary construction have been eliminated. Hundreds of millions of dollars continue to be transferred from construction to maintenance to cover the maintenance shortfall, a figure that will grow as revenues coming into the state's transportation coffers continue to slow. Uncertainty about federal transportation revenue and the federal transportation reauthorization; declining state revenues; and the ability of the state to match federal funds and to float bonds for road projects loom as big question marks for the future.

The state should direct its funding efforts at all transportation modes both statewide and regionally, targeting investments toward solutions that put money to work on new ideas and in tandem with leveraging private investment. It should account for urban area needs where public transportation is important, the increasing traffic demands placed on fast-growing localities and ongoing improvements necessary on rural, secondary roads. These improvements are vital to our region's ability to respond to local and regional congestion and economic development issues.

We support ongoing state and local efforts to coordinate transportation and land use planning, without eroding local land use authority, and state incentives for localities that do so. We urge VDOT to be mindful of local comprehensive, land use and trail/bicycle plans, as well as regional transportation plans, when planning transportation systems within a locality. Finally, we support changes to the Code to allow unpaved secondary road funds to be allocated for other secondary projects without penalizing the locality by reducing the amount of such funds in future years.

# COMPREHENSIVE SERVICES ACT

*Legislative Position of TJPDC, Charlottesville,  
and the Counties of Albemarle, Fluvanna, Greene, Louisa and Nelson*

**The Planning District localities urge the state to be partners in containing costs of the Comprehensive Services Act (CSA) and to better balance CSA responsibilities between state and local government.**

Since the inception of the Comprehensive Services Act in the early 1990's, there has been pressure to hold down costs, to cap state costs for serving mandated children, to increase local match levels and to make the program more uniform by attempting to control how localities run their programs. State and local costs of residential and non-residential mandated services continued to increase; from 2007 to 2008, CSA pool expenditures for state and local governments rose 11% (from \$342 million to \$380 million). Costs also have been difficult to forecast because of factors beyond state and local control (number of mandated children in a community, severity of problems, service rates, and availability of alternative funding). Further, localities pay the overwhelming majority (90%) of costs to administer CSA. Over the last decade, the state has increased administrative responsibilities, but not administrative funding dollars to localities.

We support the following: 1) full funding of the state pool for CSA, with allocations based on realistic anticipated levels of need; 2) a state cap on local expenditures in order to combat higher local costs for serving mandated children, costs which often are driven by unanticipated placements in a locality; and 3) increased state funding for CSA administrative costs. The state also should be proactive in making residential facilities and service providers available, especially in rural areas.

In a further effort to help contain costs and provide some relief to local governments, we recommend that the state establish contracts with CSA providers to provide for a uniform contract management process, improve vendor accountability and control costs. We encourage the state to consider penalties for individuals who have had children removed from their care due to abuse or neglect. We also support local and regional efforts to address areas of cost sharing among localities by procuring services through group negotiation.

The FY09/FY10 modified the local share of funding for community and residential services on a "phased-in" basis, by lowering the local share for community-based services as an incentive to serve children who can be appropriately cared for in the community, and then increasing the local share for residential services. Unfortunately, the approved service definitions do not include some services provided in the community as such, and therefore they will not qualify for a lower local match. Local governments are concerned that the changes could have an increasing local fiscal impact.