



CITY OF GALAX

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MEMORANDUM

To: Susan Williams, Mandate Relief Task Force
From: Keith E. Barker, City Manager
Date: October 24, 2011
Subject: Unfunded Mandated

Dear Ms.

This memorandum is sent in reference to Governor McDonnell's request for possible elimination of unfunded mandates at the local level. This list is mainly of items that affect the City of Galax and our operations, both on the revenue and expenditure side. I have compiled these items both from previous lists submitted by other state agencies and also from staff within the City of Galax.

Items of Concern:

Aid to localities

Reverse the reduction in aid to localities. These funds are basically reductions for us in everything from libraries to police protection. While the State of Virginia declared a surplus in revenue, this included passing along these budget cuts to localities.

Line of Duty Act

Delete local funding requirement for Line of Duty benefit. The 2010 General Assembly included budget language transitioning the Line of Duty benefit in FY 2012 from a fully state funded program to one paid by local governments and state agencies. The program is administered by the state with little to no information regarding claims or investigations provided to the localities that must bear this cost. If there is no desire by the State to assume this cost again, at the very least the program should be modified to exclude lifetime health insurance benefits for spouses, clarification of how volunteers are affected, etc.

Public Education

Review the Standards of Learning, the Standards of Accreditation and other administrative regulations to bring them into sync with the current Standards of Quality. If the state cannot afford its standards, then it needs to develop standards that it can afford instead of simply passing those costs onto local governments. Fully fund rebenchmarking.

Delete state educational mandates that exceed federal requirements:

-Currently, the state mandates all students in grades 3-8 be tested in not only reading and math, but also in social studies and history, and that students in high school take additional end of course tests. The federal No Child Left Behind (NCLB) only requires students be tested in reading and math as well as in science once while in elementary, middle and high school.

-Virginia exceeds the federal requirements under the Individuals with Disabilities Education Act (IDEA), however, in over 175 areas. When Virginia's regulations exceed the federal requirements, those regulations impose significant additional costs on the state and, most importantly, local governments.

Comprehensive Services Act (CSA)

Make the CSA program subject to the Administrative Process Act. Local governments pay more than 80 percent of the administrative costs of this "shared" program. The state share of administrative costs has not been increased in more than a decade. At the same time, the administrative burdens on local governments have increased in data collection and reporting requirements. The APA ensures adequate public notice about, and input into proposed rules and regulations that affect all taxpayers in the Commonwealth.

Return local CSA service rates to the FY 2006 level. The Commonwealth has increased mandatory local participation percentages for the provision of services funded through the Comprehensive Services Act. Mandates increasing local rates for residential and foster care related services should be abolished and returned to the FY 2006 level.

Increase state match for certain youth programs in CSA. Local governments pay a healthy portion of the state's Medicaid match for certain youth in this program. The portion paid by local governments has increased over the life of this program, which began in the early 1990s. The state pays the Medicaid match for other service areas and should do so for this program. Establish financial incentives for local governments that foster regional contracting for provider services. Local governments who participate in regional contracts should provide local fund match at the lowest rate of the participating local governments.

Constitutional Officers

Fund fully the state's obligations for mandated constitutional officers. A full fiscal and program analysis should determine state and local responsibilities and whether state funding responsibilities are sufficient. Additionally, the study should examine jail issues including staffing, funding, construction, per diems, operational costs, and benefits. Currently, the state pays for our Registrar and Commissioner of Revenue only with minimal other costs covered. This is even though we provide additional staff, pay for state and federal election coverage, cover offices expenses, etc.

Public Safety

Provide funding for local police departments on the same scale as sheriff's offices. Galax received less than \$300,000 for our police department this year under the 599 funds, a small portion of our \$1.6MM operating budget. 599 funds were established to compensate cities for

the moratorium prohibiting them from annexing. Realize the need for additional revenue in this vital service that provides for police protection for the majority of Virginia's citizens..

Election Administration

Increase state funding for the local election administration. The state budget contains \$13.8 million in FY11 and \$12.8 million in FY12 for election administration. Of that amount, \$5.8 million a year is designated for electoral services, primarily to pay a portion of salaries for general registrars, and for the salaries and limited expenses for local electoral boards. Localities, however, spent \$40.8 million on election administration in FY09. Thus, localities pay the tab for not only local elections, but also primaries, state and federal elections.

Courthouse Construction

Remove the mandate for localities to build and maintain court facilities. State law requires localities to assume the mandated cost to construct and maintain court facilities. If, in the sole opinion of the local circuit court, localities do not meet those requirements, the court can order to build a new courthouse without regard to the fiscal condition of the local government. Additionally, the state has not established incentives for court officials to foster regional facilities. While this mandate has been temporarily suspended by the General Assembly, it remains a threat of significant unplanned expenditures to all cities and counties. As Galax is a city of the second class (we do not have a circuit court) we are obligated to pay a shared services cost to our two adjoining counties for debt service in regards to courthouse costs, commonwealth attorney, sheriff's offices, etc. These are costs that we have no way to restrict, modify or perhaps control through effective budgeting.

Environmental Protection

Have DEQ follow the same requirements and guidelines of all other state agencies when rules and regulations are changed or modified. We have seen numerous times when monitoring limits, regulations, inspection requirements, permit fees, etc are changed internally with no notification of the affected localities.

Board of Equalization Appeals Process

Repeal new regulations requiring the locality to bear the burden of proof in a reassessment and appeal. If a local government has hired an outside consultant to perform their reassessment, we should not bear the burden of proof required in a challenge to the Board of Equalization.

Moratorium Prohibiting Annexation by Cities

Please consider rejecting the bill and moratorium that prohibits a City from annexing. Towns enjoy this ability yet have far less program obligations than cities (schools, department of social services). This effectively restricts our ability to grow as a locality and community.

Primary and Secondary Road Funding

As a city, we receive funds under the VDOT Urban Allocation Program. These funds are not keeping up with inflation in regards to maintenance of roads, paving costs, snow removal, etc. With discussions at the legislative level of passing along costs for secondary road costs to local governments, the state is effectively mandating local governments to recover this revenue from another source such as our citizens. Proposed reductions for FY13 are approximately 20% of our total allocation.