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Subject: Manadates

Kim

I have asked the Hanover staff to recommend a top ten list for your committee to review. While many of these involve changes to current financial mandates there are a number of recommendations which would not have a negative budget impact on the Commonwealth of Virginia. We offer our assistance to you and the committee as the discussion unfolds. Please let us know how we can help.

Rhu

1. Aid to localities

Reverse the $120 million biennial reduction in aid to localities.

2. 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.

3. 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 re-benchmarking.

- 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.

4. 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.

5. Public Safety

Increase state funding for state prisoners housed in local jails. Since 2008, the state has closed eight adult correctional facilities and one juvenile facility. More than 3,000 prison beds, or about a tenth of the state capacity, have been eliminated. The state has lowered the per diem payment for state-responsible prisoners held in local jails. The state also has redefined the legal definition for state-responsible inmates so that going forward, state funding will drop even further.

6. Chesapeake Bay Act Related:

- Fully fund the WQIF so that all eligible projects can be fully funded at a 50% or greater match. Paying for upgrades to existing pollution treatment facilities to meet nutrient standards proposed by the Tributary Strategies, Chesapeake Bay TMDL, and WIP presents a hardship for the rate payers of utilities. Utility rate payers on central wastewater treatment plants have already paid for significant pollution treatment technology.
- Extend the implementation period for compliance with the Chesapeake Bay Tributary Strategies, Chesapeake Bay TMDL, and WIP over a longer period of time to allow for the phased implementation of improvements at WWTP's. Under the current general nutrient permit

wastewater facilities, taken together, must be in compliance with their WLA at this time. No other sector is required to be in full compliance with their load allocation at this time.

- The State should take over management and tracking of septic tank pump out programs from localities. The state permits and authorizes these facilities and should be responsible for managing their long term maintenance.
- Credit to localities running MS4 programs should be given. If these programs do not improve water quality, the state should minimize the requirement associated with MS4 permits to the minimum required to meet federal requirements. This is a state administered but federally mandated program.
- Delete local monitoring requirements in the Chesapeake Bay Preservation Act.
- Local governments subject to the Chesapeake Bay Preservation Act are required to review soil and water runoff control and water quality assessments prepared by all agricultural operations within their jurisdiction, and to take enforcement action when necessary. This function should appropriately be the responsibility of either the Virginia Department of Conservation and Recreation or the Virginia Department of Agriculture.

7. Stormwater:

- Consolidate the Stormwater Program, Chesapeake Bay Program, and Erosion and Sediment Control Programs into one coordinated program. Localities having to show compliance with these three separate but related programs is inefficient. The State managing these three separate but related programs is inefficient.
- Eliminate state inspections of construction site for E&S performance, in areas where E&S programs are administered by localities. VPDES inspections should only cover areas not covered by local programs. This is confusing and inefficient.

8. Work In Street Permits:

New VDOT permitting fees and requirements have made it significantly more expensive for local utilities to maintain facilities located in VDOT right-of-ways. A less expensive general permit would be helpful to localities that work in VDOT right-of-ways.

9. Records Retention Requirements:

Records retention requirements, as mandated by the State, are impossible to fully comply with, are expensive to partially comply with, and would be even more expensive to attempt to fully comply with. Requirements should be revisited in light of email, voice mail, other new technologies and real budget constraints.

10. Life Cycle Cost Analysis Statute:

New statute requiring life cycle cost analysis should be repealed. This cannot be reasonably implemented for several reasons:

a) actual prices are not known until projects are bid;
b) efficiencies of equipment constantly change;
c) energy costs are highly variable;

d) capabilities of owner/operator may make more expensive option the only viable option;

e) initial costs must be funded during a limited time period, maintenance costs over a longer time period so it might not be feasible to fund the lowest life cycle cost alternative;

f) different assumption can be used so multiple outcomes are reasonable.

Typically life cycle costs are looked at as part of the normal design process. This legislation makes the design/procurement process more complicated and expensive with little real benefit.