

DRAFT MINUTES
Governor McDonnell's Task Force for
Local Government Mandate Review
March 13, 2013 at 10:00 AM
Main Street Centre
12th Floor North Conference Room
600 East Main Street
Richmond, Virginia 23219

Members Present

The Honorable Pat Herrity, Chair
The Honorable Bob Dyer
The Honorable Shaun Kenney
Kimball Payne

Members Absent

The Honorable Joan Wodiska

Government Reform Commission

Liaisons to the Task Force Present

The Honorable Suzy Kelly

Government Reform Commission

Liaisons to the Task Force Absent

The Honorable Alicia Hughes

I. Call to Order

Mr. Herrity called the meeting to order at 10:31 a.m. on March 13, 2013, in the 12th Floor North Conference Room at the Main Street Centre Building in Richmond, Virginia.

II. Approval of Minutes of Task Force Meeting on December 13, 2012

Mr. Payne made a motion, which was seconded by Mr. Kenney, to approve the draft minutes of the Task Force's December 13, 2012 meeting, as presented. Such motion passed unanimously.

III. Approval of Draft Agenda

Mr. Herrity presented the draft agenda for consideration. Mr. Kenney made a motion, which was seconded by Mr. Dyer, to approve the draft agenda. Such motion passed unanimously.

IV. 2013 General Assembly Session Overview

Mr. Robbins presented two documents, Bills with Potential Positive Impacts on Local Governments and Bills with Potential Negative Impacts on Local Governments, which were produced by the Commission on Local Government staff and contain all enrolled bills identified as having a potential local government impact. He noted that the lists contain 73 "positive" and 45 "negative" measures, though the total number of bills is greater, due to identical bills being introduced in both houses. Mr. Robbins added that the lists are categorized by subject area, with the largest negative measure categories being: Education, with 36%; Community Development, with 18%, and Public Safety, with 11%. With respect to the positive bills, the top categories were Public Safety, with 23%; Education, with 18%; and Community Development, with 15%. He then reviewed several of the bills on the lists for their impacts on local governments.

Mr. Dyer noted that the requirement for localities to take over stormwater permitting will have a significant impact on the City of Virginia Beach.

Mr. Payne remarked that it is likely that the positive bills do not completely offset the impact of the negative bills, adding that he would like to recognize the Governor for his efforts to repeal the local aid to the commonwealth from the budget.

Mr. Lanza reviewed legislation referred to the Commission on Local Government for local fiscal impact analysis during the 2013 General Assembly session. He opened by indicating that the Code of Virginia requires the Commission to determine whether bills referred for local fiscal impact analysis impose either a net increase in expenditure or a net reduction in revenue on localities. Next, he stated that the Commission solicits volunteers for this process, noting that, for this session, the Commission received volunteers from 15 counties, 10 cities, five towns and four school divisions. Mr. Lanza indicated that ten bills were referred to the Commission for local fiscal impact analysis, which was less than the 30 bills that were referred in 2012. Next, he said that, of the ten bills referred to the Commission, six failed, three were amended to reduce the fiscal burden on localities, and one passed outright. Finally, he indicated that response rates from localities on the bills ranged from 43% to 70% participation.

Mr. Herrity noted that several of the bills on the negative impact bill list clearly have a fiscal impact, yet they were not included in the fiscal impact review process. Ms. Williams stated that is most likely caused by the elimination of the requirement to introduce local impact bills on or before the first day of the General Assembly session, and as such there is not a structure in place to identify those bills while they are being drafted. She stated that VACo and VML

requests to the Division of Legislative Services were the trigger for all but one of the bills that the Commission reviewed this year.

Ms. Williams noted that the Governor's introduced budget included \$250 million in support for local government endeavors, most notably the elimination of local aid to the Commonwealth, but also including additional funding for Commonwealth Attorneys, BRAC, and water quality.

Ms. Williams reported that SB 810 (Garrett) would have prohibited any General Assembly committee from reporting a bill that impacted localities that would have a fiscal impact on localities; however, the bill was stricken at the patron's request.

Ms. Williams then provided an overview of the 2013 budget amendments as passed by the General Assembly, and she complimented VML on its comprehensive budget summary. She highlighted several budget items of interest, including:

- A new task force is proposed, to be convened by the Commission on Local Government, to recommend improvements to the local fiscal impact analysis process. A report would be due to House Appropriations and Senate Finance Committees by December 1, 2013.
- Additional funding for salary supplements for Commonwealth's Attorneys and their assistants and deputies.
- Funding to local registrars to pay for equipment used in implementing the new Voter ID requirements.
- Raises for several state supported-local positions.
- Funding for a study to determine the feasibility of permitting local governments and school divisions to participate in the state health insurance pool.
- Raises for school divisions, contingent on local matching.
- Funds for strategic compensation grant initiatives for school divisions.
- Funds for a new school security grant program, which will assist local school divisions in purchasing security equipment.
- Requires a JLARC study to analyze the state incentives provided for local government and school divisions to consolidate. The Commission on Local Government is required to assist in this study, and the report is due October 1, 2014.
- Funds health insurance credits for local social services employees.
- Provides funding for a school resource officer grant program for schools that currently do not have an officer.

Ms. Williams stated that another task force will be convened this year to study town and county powers, and is due November 1, 2013. This was initiated via a letter from the Chair of the House Counties, Cities, and Towns Committee and will involve Commission on Local Government staff.

V. Task Force's Second Interim Report to Governor McDonnell (Draft)

Mr. Herrity provided an overview of the report and noted that slight amendments had been made since the Task Force's December meeting. He reviewed the progress that had been made on four of the five recommendations in the report, noting that little advancement had been made toward creating a legislative moratorium on new mandates, aside from the aforementioned SB 810.

At Mr. Herrity's request, Mr. Payne assumed the role of chair at this point in the meeting.

Mr. Herrity made a motion, which was seconded by Mr. Kenney, to approve the draft report. Such motion passed unanimously.

Mr. Herrity resumed the role of chair.

VI. Establishing a Framework for a Standing Discussion between Local Governments and State Agencies/Piloting of Intergovernmental Roundtables

Mr. Herrity invited representatives from several departments to the table to discuss their intergovernmental efforts with localities. Mr. Herrity asked participants to introduce themselves:

- Charles Pyle, Director of Communications, Virginia Department of Education (VDOE)
- Anne Wescott, Asst. Superintendent of Policy and Communications, DOE
- Jennifer Debruhl, Director of Local Assistance, Virginia Department of Transportation (VDOT)
- Jo Anne Maxwell, Director of Policy, VDOT
- John Metz, Director of Archives and Collections, Library of Virginia
- Margaret Schultze, Acting Commissioner of the Virginia Department of Social Services (DSS)

Each Task Force member then introduced themselves and the jurisdiction which they represent.

Mr. Payne provided an overview of the intergovernmental roundtable initiative, noting that the Task Force had discovered that many jurisdictions were performing some activities under the inaccurate belief that such activity was mandated by the state, and that ongoing communication about service delivery between agencies and localities could be beneficial. He stated that the four agencies that were currently before the Task Force were found to be already responsive to the needs of localities and had formed some line of communication with localities. He followed by explaining the Task Force's desire to establish permanent intergovernmental roundtable discussions, that he would like feedback from the agencies on how to proceed, and to discuss what the agencies are already doing.

Ms. Debruhl stated that in VDOT's case there is an ongoing relationship with VML and VACo, along with stakeholder groups focusing on specific topics. She said that her division is currently trying to establish a standing statewide advisory group with about 20 members to get feedback on how processes and policies are executed, which is targeted to begin this summer. Mr. Payne said that he would like if the new group would be open to reviewing lists of comments that had been submitted by the localities.

Mr. Payne asked how the new local comprehensive plan – state transportation plan compliance requirement would be implemented. Ms. Maxwell stated that the requirement originated through the Governor's transportation legislative agenda last year, that the process of implementation is beginning, and that small legislative tweaks were made in the 2013 session. Ms. Maxwell stated that another division at VDOT would be working on the implementation of that requirement and that division should be involved in the roundtable discussions.

Mr. Payne said now that transportation construction funding will be flowing again and allocated via formula, localities should be involved early on to help them plan for construction improvements, and be given advice on how to initiate a construction project. Ms. Maxwell said that after the meeting she will discuss the issue with the VDOT Planning Division.

Mr. Payne remarked that the permanent nature of these discussion groups is important. Ms. Kelly stated that she hoped VDOT could help "champion" federal bureaucracy, citing an example involving the U.S. Corps of Engineers' regulations delaying a transportation project in her jurisdiction.

Mr. Metz said that the Library of Virginia has convened a local government records workgroup, and they foresee the group being a permanent partnership with local governments. The group identified needs for training, additional communication, and revising the records retention schedules. Several products of the workgroup have been the utilization of an email listserv to improve communication, creation of "quick tip sheets" for use in records management, web training modules, and sample records management policies for localities to use.

Ms. Schultze said that in Virginia, social services are unique in that the services are locally delivered with state supervision. She said, last year, local directors of social services convened with leaders from DSS to discuss how to improve communications. Since that time, DSS's regional directors have met with local officials and departments. Ms. Schultze said that the group has recommended that the state's planning district commissions host the roundtable discussions. Ms. Schultze added that VML and VACo normally participate and provide input on regulatory changes through the Administrative Process Act.

Ms. Schultze advised the Task Force that in the report that was adopted this morning, in Appendix 3, Item 14 – Local administration of FAMIS – would be returned to being a state responsibility as the eligibility system is modernized in the near future.

Mr. Pyle provided an overview of how the Board of Education and VDOE communicate with stakeholders. He said that the superintendent regularly sends out memos but also meets monthly with representatives of the Superintendent's Leadership Advisory Council, which consists of local superintendents representing the department's eight administrative regions. Last year, the department began sending its assistant superintendents out regularly to each of the administrative regions to meet with the local superintendents in the region, which has enabled the department to have an ongoing dialogue with the local divisions. In response to a question from Mr. Herrity, Ms. Wescott stated that the agendas for the regional meetings and the advisory council are determined by the members, and that problem resolution issues are frequently discussed.

Mr. Payne suggested to DSS and VDOE that the focus for roundtable meetings should be on higher level policy issues and the state-local relationship. Mr. Pyle said that the regional representatives bring issues brought by their constituent local superintendents to the state superintendent to address. Also present at these meetings are representatives from the Virginia School Boards Association and the Virginia Association of School Superintendents (VASS). Mr. Payne then suggested clarifying the task for these regional meetings to include addressing policy and relationship issues.

Mr. Herrity inquired if he were to ask his local superintendent how to address frustrations with state processes, where would the superintendent address the concern. Mr. Pyle responded that the superintendent would likely refer to the regional meetings, VASS, or directly address the state superintendent, who regularly responds to concerns from local school divisions.

Ms. Kelly observed that there may be too many administrative layers between teachers and state administration, citing for example that teachers do not know how data that they are required to collect is utilized. Mr. Pyle responded that VDOE has traditionally communicated information to local administrators, which is then disseminated to teachers. Recently, the department has introduced a new program, Teacher Direct, in response to teacher demand and delays in state information filtering down to teachers. Teacher Direct is a weekly email alert that includes information on changes and resources related to the SOLs. Currently, 14,000 of the approximately 98,000 teachers have signed up for the program, which began in January with 1,000 subscribers.

Ms. Kelly noted that teachers should be able to provide upward feedback. Mr. Pyle noted that the Board of Education President, David Foster, will be embarking on a "listening tour" throughout the state in each of the eight regions, which will be open to the public and publicized to school board members and superintendents, and to teachers through the Virginia Education Association. Mr. Payne stressed the importance of having a mechanism for ideas to filter upward for vetting and resolution. Mr. Pyle stated that the department has been responding to concerns for how to improve service delivery, particularly involving reporting requirements. In response to a question from Mr. Payne, Ms. Wescott said that many reports were consolidated through a VDOE internal working group last year. Mr. Dyer stressed that collaboration with outside groups is integral to process improvement. Ms. Kelly added that electronic portals for submitting problems or ideas should be considered. Ms. Wescott pointed out that the department has all of its employee email addresses listed on the website by responsibility area.

Mr. Payne noted, with respect to legislative items such as the statewide school division that will take over failing schools, a higher level state-local policy discussion would have been beneficial, and can still be useful as the program is implemented. Mr. Herrity stated that the education function is critical to localities because it is such a substantial part of budgets, and recommended reaching out to Ms. Wodiska and Mr. Foster on the Board of Education to assemble appropriate partners to sit on an education roundtable.

VII. Comparative Report of Local Governmental Revenues and Expenditures, Auditor of Public Accounts (APA)

Ms. Staci Henshaw, Deputy Auditor with the Auditor of Public Accounts, introduced Ms. Martha Mavredes, the new State Auditor. Ms. Henshaw reviewed the progress that has been made with an advisory group that was formed to improve data collection associated with the Comparative Report. First, she stated that a survey was conducted to gather information from users of the report and those who prepare the information that is gathered for inclusion in the report. The survey showed that the most valuable use of the report was for localities to compare costs of providing services among one another followed by fulfilling citizen inquiries and providing information to the General Assembly. The most beneficial data elements identified included expenditures by function and department, revenue streams, and debt service information. The least beneficial information included outstanding debt and expenditures by object class.

Next, the agency took the information to the advisory group beginning in summer 2012, to create a dialogue between users and preparers. The group's goals were to improve the process to prepare the report, determine what data was beneficial, to determine if data were missing or if data were available elsewhere, and to recommend best practices for localities to improve the data preparation process. She noted that advisory group meetings were publicized and open to the public, and that the group consisted of a mix of report users and preparers, as well as a cross section of localities.

Ms. Henshaw then reviewed the recommendations of the group. First the group suggested removing certain required data elements, most notably object class expenditure details, which required a tremendous amount of effort for the locality to assemble. Object class is the nature of the expense, i.e. salaries, benefits, rent, supplies, contracts, etc. Mr. Herrity asked if this required legislation, and Ms. Henshaw responded that it did not, and that implementation only required changes to the APA's forms. Additional recommendations included eliminating collection of data relating to fund balances on capital projects, debt service, enterprise activity, cash flows, and outstanding debt summaries. The Auditor found that most of this information was not useful, especially when considering the effort required to assemble it, or if it were available elsewhere. Advisory group members were polled afterwards on the estimated impact of the recommendations and it was found that the recommendations would result in about a 30% time savings in data preparation. Other improvements that were recommended by the group included posting regional joint activity forms and locality annual reports to the APA's website.

Mr. Herrity and Mr. Dyer commended the department on the process that it utilized, and the results that are anticipated from the recommendations.

VIII. Public Comment

Mr. Dean Lynch, VACo, thanked the Task Force for prioritizing the elimination of local aid to the Commonwealth, especially the chair for meeting with the Governor regarding this issue.

Mr. Herrity asked if there were any issues or agencies that should come before the Task Force for focus. Mr. Lynch responded that the stormwater issue remains large. Mr. Mark Flynn, VML rose and stated that land use-transportation coordination efforts deserve attention, noting that most of the coordination requirements fall upon the locality. Mr. Lynch stated that Medicaid reform, expansion, and eligibility determination also will require effort from local governments.

Mr. Dyer added that an important part of the discussion is understanding where different agencies are coming from, and that including both localities and agencies in the conversation should help unify the two interests, as opposed to when requirements are dictated from the agencies.

IX. Task Force Member Comments

Ms. Kelly emphasized that the state should not impose stricter regulations than those imposed by the federal government.

X. Scheduling of Future Meetings

Mr. Herrity stated that he would like the agenda for the next meeting to include a Department of Education roundtable, stormwater, and a discussion on federal mandates.

Mr. Dyer stated that he would like to share information regarding Virginia Beach's current process improvement task force, mentioning the barriers that mandates may cause to business startups.

Mr. Payne asked for an update on the Local Fiscal Impact Task Force, if available.

Mr. Herrity asked to be informed as to when the VDOT roundtable meetings were scheduled, and suggested that a Task Force member may want to observe.

By consensus, the members determined that the next meeting would be held May 16th at 10 a.m. in the Richmond area.

XI. Adjournment

There being no further business, Mr. Herrity adjourned the meeting at 12:20 p.m.

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