

# Local and State Fiscal Condition January 10, 2010

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1

## Presentation

- VACo-VML Fiscal Survey:  
Pages 3-15
- Brief Overview of the State Budget:  
Pages 16-18
- Final Notes: Page 19

2

## Fiscal Survey

### What?

- < 25 questions about local budgets
- Online tool by VACo, Virginia Municipal League, Fiscal Analytics and an advisory group of CAOs and CFOs
- Taken & revised by a test group

3

### Who?

- Surveyed the 95 counties, 39 cities and the two towns with schools
- 92 of 95 counties and 38 of 41 cities and towns responded (> 95% response)
- CAOs, CFOs, Budget Directors and Treasurers

4

## When?

- Released in late July
- Deadline of Labor Day
- Final “call” early Oct.

5

## Why?

- Arm VACo / VML with statewide data
- Advocacy: Help educate the media, governors and legislature
- Tell our story: Local governments aren't IGs!

6

### How would you rate your locality's ability to:

- Meet financial needs for FY 10 compared to FY 09: Better able 2.3%; Same 29%; **Less able 68.7%**
- Address financial needs for FY 11 compared to FY 10: Better able 1.5%; Same 22.3%; **Less able 76.2%**

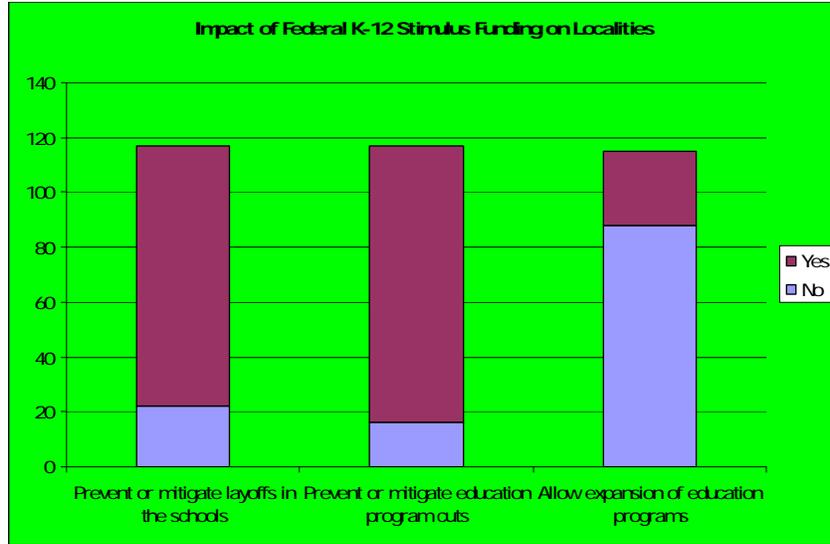
7

### Biggest local concerns for FY 2011

- Expiration of fed stimulus money and its impact on the state's ability to maintain funding for localities and schools
- Continued erosion of real property values placing significant upward pressure on tax rates
- + Many localities still have reserves. 74 of 106 localities responding (70% response) reported reserves greater than 10% of FY 10 spending

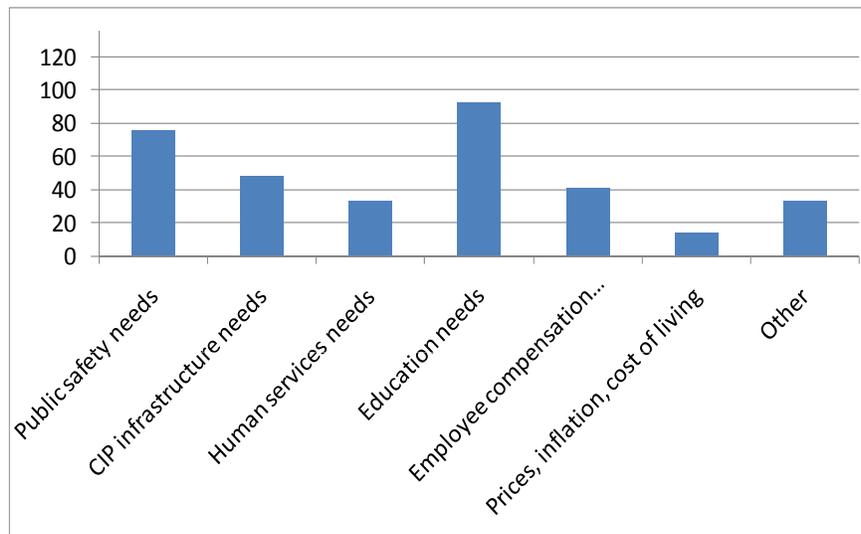
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### Federal K-12 Stimulus Funding Prevented FY 10 Layoffs and Program Reductions

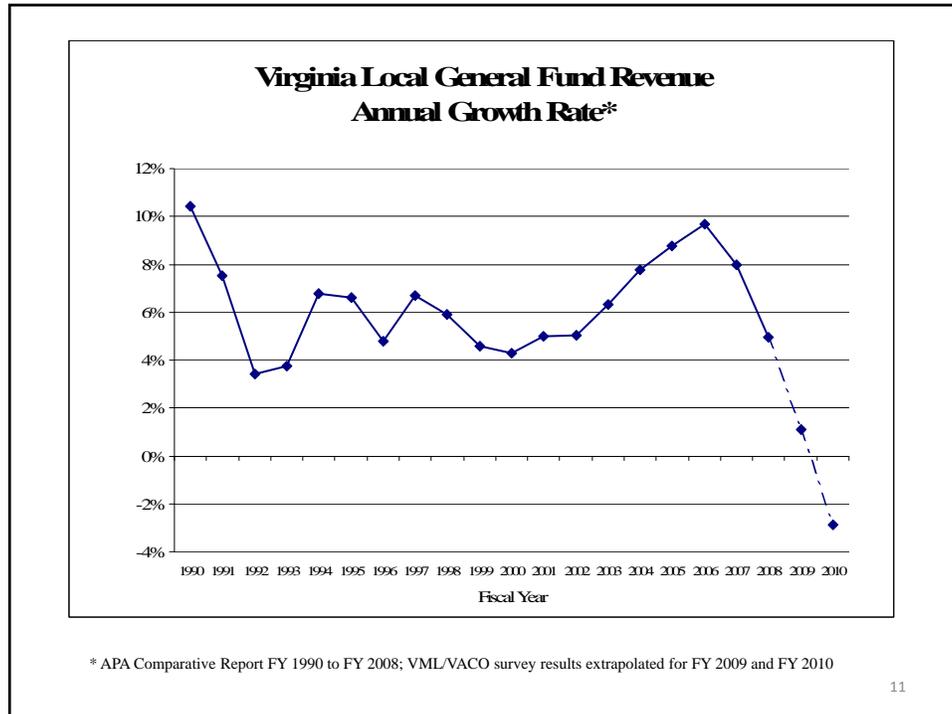


9

### The Areas with the Most Significant Impact on Your FY 10 Budget



10



## Local Revenues

- Real estate assessment values increased by only 1.6% in FY 09 compared to the 6.6% increase in FY 08
- Personal property values (cars and trucks) decreased by 3.7% in FY 09 compared to the 2.5% increase in FY 08

## Local Revenues cont.

- Local general fund revenues increased by only 1.1% in FY 09 compared to the projected growth of 2.2%
- In FY 10 local general fund revenues are expected to decline 2.9%

13

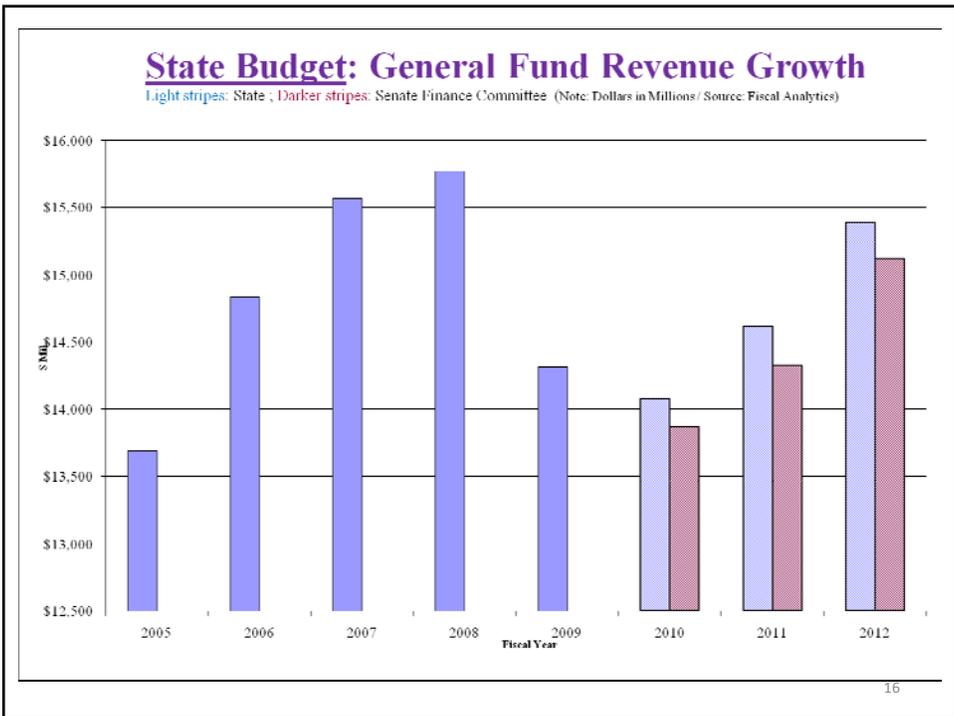
### Top Rankings of Budget Balancing Strategies

	<i># With Great Impact</i>
Reduce capital outlay	57
Across the board cuts	48
Use reserves/balances	36
Layoffs	29
Hiring freeze	26
Pay reductions/freeze	24
Revenue enhancement	22
Outs in other programs	18
Reduce civic/cultural contributions	16
Reduce health care benefits	12
Renegotiate debt	12
Reduce education funding	8

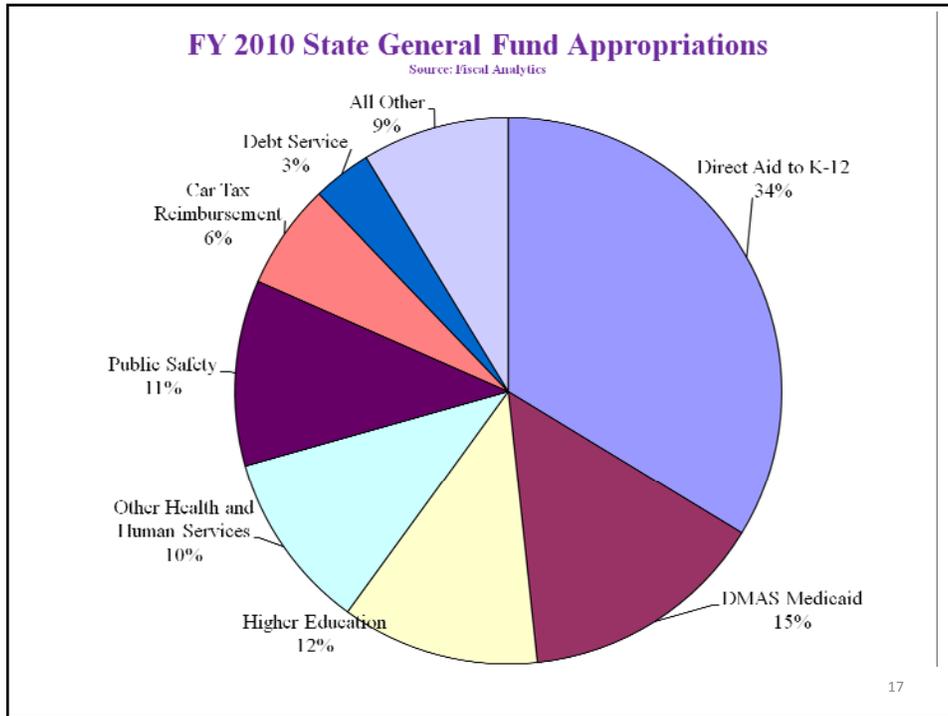
14

<b>Biggest Future Expenditure Concerns</b>	
	<b><u>Number of Localities</u></b>
<b>Education</b>	<b>48</b>
<b>Capital outlay/ infrastructure</b>	<b>40</b>
<b>Personnel compensation</b>	<b>38</b>
<b>Personnel benefits</b>	<b>33</b>
<b>Public safety</b>	<b>26</b>
<b>Debt servicing</b>	<b>19</b>
<b>CSA</b>	<b>11</b>
<b>Unfunded mandates</b>	<b>9</b>
<b>VRS</b>	<b>6</b>
<b>Transportation</b>	<b>3</b>

15



16



### Key State GF Appropriations FY 2010 & FY 2011

(Dollars in millions)

	'10 ('09)	'10 (Dec.)	'11	% Diff. ('09 to '11)
<b>Comp. Brd.*</b>	<b>\$631.1</b>	<b>\$473.0</b>	<b>\$513.3</b>	<b>(18.7%)</b>
<b>K-12 (Direct Aid)</b>	<b>\$6.2</b>	<b>\$6.0</b>	<b>\$5.7</b>	<b>(8.1%)</b>
<b>Medicaid**</b>	<b>\$2.3</b>	<b>\$2.4</b>	<b>\$2.9</b>	<b>26%</b>

\*Comp. Brd. = Compensation Board (Funding for Constitutional Officers including Commonwealth's Attorneys, Commissioners of the Revenue, Court Clerks, Sheriffs and Treasurers )

\*\*Medicaid: \$3.5b in FY '12 or a 52.2% + (recognizes reduced federal support)

18

## Final Notes

- **Please see VACo's summary of Gov. Kaine's introduced FY 2010 budget amendments, and FY 2011-2012 biennial budget (two separate bills).**

Gov. McDonnell will propose amendments to the above; the House and Senate will adopt amendments to the above; and the House and Senate will iron out their differences in a joint committee of conference. Each chamber must approve the conference report.

When acting on a budget bill, the governor may sign it into law or veto it. Additionally, the governor may veto line items and offer amendments. The GA considers the governor's actions during the reconvened or Veto Session.

- **Please see VACo's 2010 Legislative Program and Priorities**
- **Please serve on a VACo policy committee**
- **Please stay current with VACo's legislative issues** by reading VACo's *Capitol Contact* (at least twice weekly during the session) and *Capitol Contact Alert(s)* (as needed). VACo also issues its newsletter, *County Connections*, twice monthly.

All of the above are available @ [www.vaco.org](http://www.vaco.org)