



The State of Our Cities FY 2014
Report to the Board of Directors
June 2014

Executive Summary

- The Virginia First Cities Coalition (VFC) continues to provide studied solutions to city-specific problems and inequitable state policies and funding levels. While the Virginia First Cities Coalition has been successful in changing the debate and directing additional funds from limited state resources to priority programs -- such as at-risk student education funding, city street maintenance, and public transportation funding -- much more needs to be done.
- Across the country, city revitalization is occurring at a fast pace because the economic value and efficiency of cities is being re-discovered. Yet, in the Commonwealth, the higher demand for services in cities and lower relative state aid explains why tax rates are higher in the central cities than the surrounding counties. This places cities at a competitive disadvantage for economic development. Virginia First Cities localities continue to have significantly lower median household incomes, lower average owner-occupied property values, lower average levels of educational attainment, and significantly higher levels of fiscal stress than statewide averages.
- Ongoing VFC priorities include:
 - ✓ Helping remove barriers to city growth and economic vitality;
 - ✓ Closing the achievement gap for at-risk students;
 - ✓ Reducing the fiscal and service burden on cities from inadequate state aid given their demographics realities.
- In 2014, VFC was successful in continuing the recent momentum in several areas, including transportation, at-risk education, public safety and economic development policy.
- **Transportation.** Our efforts in transportation policy will benefit cities particularly by:
 - Ensuring a fair public transportation allocation policy (transit TSDAC funds) was adopted for new state operating and capital funds.
 - Successfully proposing legislation to the 2014 General Assembly to allow primary road *extensions* in cities to be eligible for new transportation funding. A VDOT application process is now available for cities to apply for primary extension rehabilitation.
- **At Risk Education Funding.** The Coalition should be given much credit for the increase in state at-risk education funds over the last 10 years – even through the recession when almost all other state aid programs to localities were cut.
 - In 2014, VFC built on its 2013 success in giving school divisions the option of extending their school year to target schools with an achievement gap. VFC successfully pushed for

\$2.4 million per year in new funding to help schools implement extended school year plans.

- As in prior years, VFC continues to champion the Virginia Pre-school Initiative (VPI) by working for reasonable eligibility rules and adequate per pupil payments from the state. During the 2014-16 budget development, new eligibility rule changes could mean fewer slots than were actually used in the previous year. VFC is working with its partners in pre-k policy to adopt a formula change that would ensure a school division receives no fewer VPI slots than were actually filled in the previous year.
- **Public Safety.** Coalition localities receive about 36 percent of state Aid to Police funding, or about \$62 million in FY 2014. VFC, along with the Virginia Municipal League, has worked to restore the statutory increases in funding due the program which have been suspended since FY 2008. Virginia First Cities also worked to ensure that the re-starting of the formula did not negatively impact our localities. In the original introduced 2014-16 budget, seven VFC localities would have had a reduction in funding despite the \$7.1 million increase in overall new revenue. This was due to updated crime and population statistics that would have reduced the VFC locality share of the total payment. Virginia First Cities was able to convince policymakers to apply the new formula only to the added funding; thereby ensuring every locality received an increase.
- Policy changes often do not occur immediately, but require continuing efforts. Over time, however, policy direction can and does change in our favor. Other funding initiatives sponsored by the VFC during the 2014 Session, but not adopted included:
 - **Education.** Increasing funding for reading/math specialists in all 485 schools (not just the 26 without accreditation) required to implement plans to narrow achievement gaps under Virginia's No Child Left Behind waiver.
 - **Juvenile Justice.** Increasing the amount of funding available for the Virginia Juvenile Community Crime Control Act (VJCCCA) by \$2.0 million per year. State funding has been reduced from \$30 million per year in FY 2002 to \$10.3 million. Adequate funding for VJCCCA is a critical component for reducing juvenile crime in Virginia and is a much cheaper alternative than institutional detention.
 - **Economic Development.** Provide \$1 million for Brownfield Restoration and Economic Development Assistance Fund. This Fund was last provided \$1 million GF in fiscal year 2012. That funding successfully jumpstarted 22 re-development projects across the state.

Introduction

The Virginia First Cities Coalition (VFC) is a group of sister cities that focuses on mutual policy concerns and advocates for the unique needs of core cities by concentrating on issues with a disproportionate impact on cities. The Coalition is proactive in providing studied solutions to city-specific problems, inequitable state policies, and funding levels. The role of the Coalition is to convince Virginia that it is in the best interests of the Commonwealth to implement policies that support and encourage urban health and revitalization.

With the beginning of the McAuliffe administration, new opportunities are appearing for Virginia First Cities. More people are realizing that the nascent trend towards city revitalization is occurring because the economic value and efficiency of cities is being re-discovered. To further this trend, there is common interest with the new administration and VFC Coalition in concentrating economic development efforts in cities; reducing the achievement gap for at-risk students and improving workforce training; providing better regional transportation links to central cities; improving health outcomes for low-income populations; and continuing to lower crime rates and improve public safety.

In their role as cultural and job centers, cities must maintain complex infrastructure and provide attractive public amenities, necessitating high levels of expenditures beyond the specific needs of their residents. Core cities are also where housing, health and welfare services, and public transportation are brought together to meet the needs of lower income families and the disadvantaged. Thus, a large number of people needing these services live in cities, resulting in higher levels of poverty and a weaker tax base than surrounding suburbs.

Even prior to the recession, Virginia cities received relatively little state aid in serving this dual role of economic engine and service provider for the poor. Since the recession, state aid has become scarcer for all localities. Most state programs supporting locally provided services are still lower than before the recession. The largest program – K-12 support – is only at the per pupil level of 2007, unadjusted for inflation. Furthermore, K-12 education state aid to localities is based on per student formulas and most core cities have been losing students. Other local budget needs that are critical to cities -- law enforcement, health and welfare, and public infrastructure -- receive relatively little state assistance and have also been reduced. This requires our central cities to have to rely on local “own-source” revenues in excess of surrounding jurisdictions despite the fact the tax base of the cities is narrow and weak. The higher demand for services and lower relative state aid explains why tax rates are higher in the central cities than the surrounding counties, placing cities at a competitive disadvantage for economic development.

% VFC Budget From State Funding	33.6%
VFC Avg Real Property Tax Rate	1.13
% Surrounding Counties Budget From State Funding	38.2%
Surrounding Counties Avg Real Property Tax Rate	0.72

(See footnote for list of surrounding counties¹)

While the Virginia First Cities Coalition has been very successful in changing the debate and directing additional funds from limited state resources to priority programs such as at-risk student education funding, city street maintenance, and public transportation funding, much more needs to be done. Virginia’s education, transportation and economic development policies continue to favor suburban growth at the expense of urban redevelopment. The state’s education aid formula and local ability-to-pay index (local composite index) are weighted towards localities that have high numbers of students relative to the overall population, and do not account for cities’ high revenue effort and municipal spending burdens, or the difficulty of teaching concentrations of low-income students. Only six percent of state K-12 education aid is specifically devoted to at-risk student funding.

State transportation policy is also weighted toward suburbanizing development. VDOT reserves its highest priority for building and maintaining a commuter highway system. On the other hand, the cities are largely responsible for their own roads and for the public transportation systems necessary to serve their population. State aid formulas for city street maintenance assistance do not take into account the age, complexity and usage levels of older cities’ streets. State aid for public transportation is insufficient, requiring significant local funding to operate, and provides little money for expansion. The same cities that are already squeezed for revenue are required to maintain a viable public transportation system.

Local land-use and state tax policies also encourage low-income housing concentrations in cities. Instead of state policies that encourage urban rehabilitation and middle class housing in cities, state policies encourage development trends in suburbs. The result is expensive new suburban infrastructure demands, ever-increasing vehicle-miles traveled, and state and local budget pressures in education and transportation. It is clear that the economic and fiscal health of our state is intertwined with the economic and fiscal health of our cities and urban areas. State policies must be modernized if Virginia is going to remain an attractive place to live and work.

¹ Surrounding counties include Albemarle, Augusta, Bedford, Campbell, Chesterfield, Frederick, Henrico, Henry, James City, Prince George, Roanoke, York

Economic and Financial Condition of VFC Localities

The most recent comparative financial information from the U.S. Census Bureau and Commission on Local Government Fiscal Stress Index reveal VFC localities with significantly lower median household incomes, lower average owner-occupied property values, lower average levels of educational attainment, and significantly higher levels of fiscal stress than statewide averages.

	2012 Median Household Income	Median Owner-Occupied House Value	Bachelor's Degree or Higher	FY 12 CLG Fiscal Stress Rank
CHARLOTTESVILLE	\$41,031	\$286,400	48.1%	39
HAMPTON	\$47,206	\$197,300	22.6%	19
HOPEWELL	\$39,315	\$141,600	10.1%	14
LYNCHBURG	\$37,402	\$147,100	30.7%	5
MARTINSVILLE	\$29,550	\$88,300	17.9%	4
NEWPORT NEWS	\$46,794	\$205,800	23.9%	16
NORFOLK	\$41,880	\$210,100	25.4%	12
PETERSBURG	\$33,280	\$120,700	14.3%	3
PORTSMOUTH	\$41,699	\$183,600	19.0%	11
RICHMOND CITY	\$37,933	\$198,500	33.8%	21
ROANOKE CITY	\$37,800	\$134,300	22.9%	15
STAUNTON	\$40,379	\$171,900	29.8%	24
WINCHESTER	<u>\$42,305</u>	<u>\$241,900</u>	<u>29.5%</u>	<u>36</u>
VFC Average	\$39,736	\$179,038	25.2%	17
State	\$63,636	\$249,700	34.7%	

Source: U.S. Census Bureau, State and County Quick Facts

Over the last year, Virginia First Cities' economic growth has trailed the anemic growth of the Commonwealth as a whole. Employment, wages, and taxable sales growth have been less than statewide growth over the past year. Unemployment rates remain 1.2 percent above the statewide average. These economic statistics reveal the continuing necessity of VFC efforts to convince state policymakers to place a much higher priority on core urban revitalization efforts.

March 2014	<u>VFC</u>	<u>State</u>
Annualized Employment Growth	-0.1%	0.5%
Unemployment Rate	6.5%	5.3%
Annualized Wage Growth	1.4%	1.6%
Taxable Sales Growth (2013)	1.0%	1.4%

Source: Virginia Employment Commission, VA Tax Department

Ongoing VFC Priorities

Help Remove Barriers to City Growth and Economic Vitality: Cities often have to make significant expenditures before economic development can take place. Blighted land, old infrastructure and environmental issues need to be addressed. Lack of developable land and site assembly for larger projects can be difficult. Job opportunities for city residents are often in the surrounding suburbs. What should the state do? Expand the Brownfield Revitalization program to include site assessment and clean-up assistance. Adequately fund the Derelict Structures program. Entice more qualified businesses to locate in cities using the Governor’s Opportunity Fund. Use Virginia Housing Development Authority and other Virginia Economic Development Partnership programs to strengthen housing and economic development efforts in cities. Fully fund the business incentives in the Enterprise Zone program to realize the full power of the program to renew urban areas in need of revitalization. Ensure public transportation can reach all major regional employment centers. Meaningfully extend affordable housing beyond the city boundary to help reduce concentrated poverty in cities.

Close the Achievement Gap for At-Risk Students: The Standards of Quality and the local composite index ability-to-pay measure do not explicitly recognize the additional costs of educating at-risk students. At-risk student education funding comprises only about 6 percent of total state public education aid. Virginia First Cities’ localities have 56 percent of their students free or reduced lunch qualified, or 30 percent of the statewide total. Research consistently shows a direct link between SOL test scores and poverty and confirms that it takes significantly more funding to adequately educate at-risk students. Additional state support is needed to prepare at-risk four-year olds for school, attract and retain quality teachers in central cities, reduce class sizes, and fund remediation, mentoring, and adult education efforts.

	<u>VFC Number</u>	<u>Share of State</u>
Population	1,216,768	14.9%
K-12 ADM	154,732	12.6%
Free Lunch Program	96,714	23.4%

Reduce the Fiscal and Service Burden on Cities: State aid to cities is inadequate given their demographics realities. This includes disproportionately low state aid for public safety to cities even though violent crime rates and other public safety issues are much greater than suburban and rural localities. Cities and counties with police departments receive 10 percent of their total public safety budgets from the state mainly through HB 599 funding, while counties without police departments receive about 30 percent of their total public safety budgets from the state mainly through Compensation Board payments for sheriffs. Other examples of inadequate state aid include cities having to provide local funds to operate necessary public transportation services. In FY 2013, over 30 percent of total public transportation operating funds (\$260 mil.) had to be supplied from local general fund sources. Significant local funding is also necessary to maintain city streets and infrastructure. Virginia First Cities consistently provide about 30 percent of the total funding to maintain their local roads. Local match funding for human services, such as CSA and Auxiliary Grant beds, also fall disproportionately on cities.

Virginia First Cities taxpayers also have a greater percentage of their income tax returns in lower tax brackets than the statewide average (See Appendix). Despite a few small changes in 2004, Virginia's income tax deductions, exemptions and bracket levels have changed little over the last 30 years. Virginia should continue to strengthen its low-income tax credit and help ensure all Virginians who qualify receive their federal Earned Income Tax Credits.

Percentage of State Aid Programs Received by VFC Localities

	<u>VFC Amount</u>	<u>VFC % of State</u>
Total K-12 State Aid	\$929,356,842	15.5%
Major K-12 At-Risk Programs	\$92,822,548	33.0%
Street Maintenance Payments	\$132,510,000	39.7%
HB 599 Aid to Police	\$62,201,545	36.1%
CSA Non-Medicaid State Pool Fund	\$32,693,618	23.8%
Juvenile Justice VJCCA	\$3,157,244	30.4%

2014 General Assembly Session Issues

In any given year, VFC focuses on issues that have the greatest chance of success to further our long-term goals. We also present policies that are important to our membership that may require additional time, strategic partnerships and advocacy to make them more viable to a majority of legislators.

Virginia First Cities Transportation Efforts a Success

In 2014, VFC worked hard and was successful in continuing the recent momentum in transportation policy. With enactment of new transportation revenues in HB 2313 during the 2013 Session, transportation funding *allocation* policy was a major theme during this year. The Coalition was very involved in ensuring a fair public transportation allocation policy was put in place through deliberations and recommendations of the Transit Service Delivery Advisory Committee in 2013. We helped ensure a fair allocation of new state operating and capital funds were adopted by the Commonwealth Transportation Board (CTB).

Virginia First Cities also discovered that a new CTB allocation formula intending to help reconstruct deficient primary roads excluded eligibility for primary road *extensions* in cities. While this may have been an inadvertent oversight when drafting the new formula, it is important that primary extensions be eligible for this new funding. Primary extensions carry 27 percent of the state primary road traffic with only 11 percent of the lane miles. The Coalition proposed successful legislation to the 2014 General Assembly through its sponsors Delegate Thomas Rust and Senator Frank Wagner to correct this error. VDOT has now proposed an application process to the Commonwealth Transportation Board for cities to apply for primary extension rehabilitation funding. This fix will provide over \$70 million dollars in the transportation six-year plan in additional resources for maintaining city primary extensions.

Virginia First Cities also continues to focus on other city street maintenance funding and issues. With the influx of new transportation revenues resulting from HB 2313 beginning in FY 2014, The Coalition continues to stress to state policymakers that the state's highest priority is to maintain existing infrastructure – including city streets. The Coalition was successful in the early 2000's in ensuring street maintenance payments are at least at the level of growth in VDOT road maintenance budgets. These benefits continue today due to the Coalition's commitment and advocacy. However, cities still must spend about 30 percent more on basic street maintenance activities than funding received from the state. Cities also have to put significant dollars into road construction and public transportation. This transportation spending is a heavy burden on already stressed local budgets. The Coalition believes it is making headway with the new administration to provide additional state assistance for local roads and public transportation.

Virginia First Cities Advocates to Close the Education Achievement Gap

Finding policies to help close the achievement gap for at-risk students is always high on the Virginia First Cities priority list. The Coalition should be given a great deal of credit for the increase in state at-risk funds over the last 10 years – even through the recession when almost all other state aid programs to localities were cut.

	FY 2009-14 %Growth in Funding	VFC Share of State Funding
VPI (Pre-School)	17.3%	40.3%
At-Risk Add-on	17.6%	34.3%
K-3 Class Size Reduction	16.1%	32.7%
Early Reading Initiative	12.5%	19.6%

This year VFC wanted to build on its success in giving school divisions the option of extending their school year as recommended by a JLARC study in 2012. In the 2013 Session, VFC helped initiate planning grants for schools that wanted to investigate whether to establish extended school year schedules. In the 2014 Session, VFC successfully pushed for \$2.4 million per year in new funding to help schools implement extended school year plans.

In prior years, VFC has championed the Virginia Pre-school Initiative (VPI) by working for reasonable eligibility rules and adequate per pupil payments from the state. For example, VPI state per pupil payments were increased over the last decade from \$5,400 to \$6,000. This is still well below the \$7,900 per pupil paid for the federal Head Start program. The number of eligible slots per school division was modified in the 2012-14 biennium by using public school kindergarten counts as a proxy for 4-year olds. Since this change dramatically reduced the number of eligible slots in some divisions, an initial hold harmless on eligible slots was put in place for the 2012-14 biennium. During the 2014-16 budget development, the hold harmless was removed. VFC is working to adopt a formula change that would ensure a school division receives no fewer VPI slots than were actually filled in the previous year. At the time of this writing, the Senate and McAuliffe administration have adopted this position.

Aid to Localities With Police Departments Benefit From VFC Efforts

VFC localities receive about 36 percent of state Aid to Police funding, or about \$62 million in FY 2014. VFC, along with the Virginia Municipal League, has worked to restore the statutory increases in funding due the program which have been suspended since FY 2008. Even though the budget has not been formally adopted for the 2014-16 biennium as of the date of this

document, it appears all parties are now in agreement to increase total funding by \$7.1 million the first year and \$14.2 million the second year. In addition, VFC worked to ensure that the re-starting of the formula did not negatively impact our localities. In the original introduced budget seven VFC localities would have had a reduction in funding despite the \$7.1 million increase in overall new revenue. This was due to updated crime and population statistics that would have reduced the VFC locality share of the total payment. VFC was able to convince policymakers to apply the new formula only to the new added funding.

Other 2014 Session Efforts

Virginia First Cities advocates for policies that affect our members. Every effort for a policy change is not immediately successful. Over time however, policy direction can and does change in our favor. Other budget amendments that were submitted by the Coalition during the 2014 Session, but were not adopted included:

- An amendment to increase the amount of funding available for the reading specialist initiative by \$1.0 million per year. Eligibility for the funding is available to any school with a pass rate of under 80 percent on the 3rd grade reading SOL. The introduced budget provided \$1.48 million each year for a reading specialist at schools with a 3rd grade pass rate of less than 75 percent on the reading SOL test. The Virginia Board of Education has recommended a Standard of Quality of one reading specialist for every 1,000 students in K-12. The state cost of this recommendation is \$51 million per year. This recommendation has gone unfunded by the General Assembly. The Joint Legislative Audit and Review Committee (JLARC) completed a study in September 2011 on “Strategies to Promote Third Grade Reading Performance in Virginia”. JLARC found that student pass rates on the third grade reading Standards of Learning test fall short of the State's aspirational goal of a 95 percent statewide pass rate. Socioeconomic factors such as economic status, disability, and race have a considerable impact on pass rates. Key strategies to improve scores include literacy coaches, reading specialists, and additional staff to assist in the classroom.
- An amendment to increase the amount of funding available for the instructional specialist initiative by \$32.4 million per year. This amendment would provide state support for a reading/math specialist in all 485 schools required to implement plans to narrow achievement gaps under the Virginia NCLB waiver. The introduced budget provides \$1.83 million each year for a reading or math specialists at 26 chronically underperforming schools denied accreditation or accredited with warning for the third consecutive year.
- An amendment to increase the amount of funding available for the Virginia Juvenile Community Crime Control Act (VJCCCA) by \$2.0 million per year. State funding has been reduced from \$30 million per year in FY 2002 to \$10.3 million currently. These reductions

have put a tremendous strain on local resources to continue a very successful program. In 1995, the Virginia General Assembly passed the Virginia Juvenile Community Crime Control Act (VJCCCA) "to establish a community-based system of progressive intensive sanctions and services that correspond to the severity of offense and treatment needs." The purpose of the VJCCCA is "to deter crime by providing immediate, effective punishment that emphasizes accountability of the juvenile offender for his actions as well as reduces the pattern of repeat offending". Adequate funding for VJCCCA is a critical component for reducing juvenile crime in Virginia and is a much cheaper alternative than institutional detention. VJCCCA is meant to:

- Be a community-based system that allows local autonomy and flexibility in addressing juvenile crime;
 - Correspond with the severity of the offense and treatment needs; encourage communities to develop, implement, operate and evaluate programs and services responsive to juvenile offender needs and crime trends in their community;
 - Provide an adequate level of services available to every Juvenile and Domestic Relations District Court and give judges additional alternative sentencing options;
 - Encourage public and private partnership in the design and delivery of services;
 - Emphasize parental responsibility, through services that hold juveniles and families accountable for their behavior.
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- An amendment to provide \$1 million in the first year for Brownfield Restoration and Economic Development Assistance Fund. This Fund was last provided \$1 million GF in fiscal year 2012. That funding successfully jumpstarted 22 re-development projects across the state. There is strong interest by developers in additional monies to leverage new brownfield cleanup projects. For a relatively small sum of additional public money, there would be millions of dollars of private sector capital reinvestment in locations that already have the utilities and infrastructure in place, thus reducing sprawl, and contributing to a better environment. This is just the type of smart growth Virginia needs to encourage.

Virginia First Cities Leadership

Virginia First Cities' board of directors consists of the city manager and an elected city official from each City Council. We are 13 cities strong and growing. For the past two years, George Wallace, mayor of the City of Hampton, has served as chair for our coalition and we thank him for his leadership, dedication and support. George Wallace was a founding member of VFC and played an important role in its creation.



George Wallace, VFC Chair

Vice Chairman Bruce Elder, city councilman for the City of Staunton has also been a stalwart for the Coalition. He will not run for City Council in Staunton and will be ineligible to serve. We wish Bruce Elder the best as he recovers from a serious illness.

Other members of the Executive Committee include:

The Honorable Ellen F. Robertson, Vice President of Council, City of Richmond

The Honorable Kristin Szakos, Vice Mayor, City of Charlottesville

Mr. Kimball Payne, City Manager, City of Lynchburg

Mr. William E. Johnson III, City Manager, City of Petersburg

Mr. Chris Morrill, City Manager, City of Roanoke

VFC Long- Time Legislative Director Retires

Virginia First Cities will lose an important team member as Linda McMinimy, long-time legislative director for the Coalition, retires. Ms. McMinimy has been a strong advocate for cities in this role and others for many years. Her insight, dedication and effective advocacy will be missed.



(From left to right: Jim Regimbal, Fiscal Analytics; Jamie Crawford, Program Coordinator; Linda McMinimy, Legislative Director; Kelly Harris-Braxton, Executive Director)

New Membership Opportunities for VFC

VFC welcomes new members consistent with the underlying demographics of its charter. The following is a list of cities that have at least some of the characteristics of existing VFC members.

	Population	% Free Lunch	2012 Median Household Income	FY 12 CLG Fiscal Stress Rank
Alexandria	151,218	49.1%	\$80,942	125
Bristol City	17,728	57.7%	\$31,973	9
Buena Vista	6,836	42.0%	\$36,289	7
Covington	6,259	45.9%	\$36,566	3
Danville*	42,912	70.1%	\$30,588	10
Emporia	6,170	63.7%	\$32,225	2
Franklin City	8,655	70.1%	\$36,078	8
Fredericksburg*	27,945	49.0%	\$47,297	46
Galax	7,052	58.3%	\$33,191	6
Harrisonburg*	52,127	64.2%	\$35,489	17
Norton	4,057	52.5%	\$33,234	18
Radford	17,139	38.7%	\$37,440	13
Salem	25,274	25.5%	\$47,760	25
Suffolk	87,831	38.7%	\$61,778	59
Waynesboro	21,015	<u>49.7%</u>	<u>\$43,883</u>	<u>33</u>
VFC average		59.6%	\$39,736	17
State Avg		34.5%	\$63,636	

*Former VFC members

Appendices

A. VFC Employment and Job Growth

(Growth in employment and wages has been slower in VFC localities over the past year than the state as a whole)

	3rd Q 2013 Employment	3rd Q 2013 Wages	3rd Q 2012 Employment	3rd Q 2012 Wages	% Growth Employ	% Growth Wages
C'VILLE	36,000	400,783,722	35,475	384,087,607	1.5%	4.3%
HAMPTON	53,959	575,422,063	55,293	595,392,123	-2.4%	-3.4%
HOPEWELL	7,937	93,433,535	7,780	94,731,093	2.0%	-1.4%
LYNCHBURG	50,397	504,710,578	50,639	497,308,704	-0.5%	1.5%
MARTINSVILLE	10,291	75,367,278	11,276	80,789,912	-8.7%	-6.7%
NEWPORT NEWS	97,005	1,142,195,823	95,662	1,083,307,842	1.4%	5.4%
NORFOLK	136,187	1,602,959,984	136,919	1,614,630,162	-0.5%	-0.7%
PETERSBURG	13,057	124,941,369	13,567	122,839,593	-3.8%	1.7%
PORTSMOUTH	44,186	529,261,184	43,196	523,176,949	2.3%	1.2%
RICHMOND CITY	147,817	1,962,324,097	148,228	1,925,771,760	-0.3%	1.9%
ROANOKE CITY	66,865	687,416,083	65,903	663,905,194	1.5%	3.5%
STAUNTON	11,070	86,336,689	11,290	86,843,438	-1.9%	-0.6%
WINCHESTER	<u>24,624</u>	<u>269,158,000</u>	<u>25,125</u>	<u>267,918,198</u>	-2.0%	0.5%
Total VFC	699,395	8,054,310,405	700,353	7,940,702,575	-0.1%	1.4%
Total State	3,640,716	45,943,010,430	3,622,077	45,206,410,729	0.5%	1.6%
VFC % of State	19.2%	17.5%	19.3%	17.6%		

B. VFC Individual State Income Taxes

TY 2011 Percent of State Individual Income Taxes

(VFC localities have a smaller share of total income and income tax liability and a much smaller share of the state's high income earners than their share of population)

	2013 Est. <u>Population</u>	Over \$100,000 <u>Adj. Gross Inc.</u>	Total <u>Adj. Gross Inc.</u>	Total Income <u>Tax Liability</u>
Charlottesville	0.56%	0.54%	0.52%	0.55%
Hampton	1.68%	0.53%	0.99%	0.87%
Hopewell	0.27%	0.04%	0.14%	0.11%
Lynchburg	0.94%	0.40%	0.56%	0.52%
Martinsville	0.17%	0.06%	0.09%	0.08%
Newport News	2.22%	0.73%	1.33%	1.19%
Norfolk	2.98%	1.03%	1.56%	1.41%
Petersburg	0.40%	0.05%	0.18%	0.14%
Portsmouth	1.17%	0.30%	0.67%	0.58%
Richmond	2.56%	1.87%	2.02%	2.03%
Roanoke	1.20%	0.46%	0.75%	0.69%
Staunton	0.30%	0.10%	0.20%	0.17%
Winchester	0.33%	<u>0.21%</u>	<u>0.26%</u>	<u>0.25%</u>
Virginia First Cities	14.78%	6.33%	9.28%	8.60%
All Cities	30.74%	19.38%	23.65%	22.66%
Counties	69.26%	78.26%	74.01%	74.74%
Unassigned		2.36%	2.34%	2.60%

C. Taxable Sales

(VFC localities have a slightly higher share of taxable sales than their share of population)

	2013 Taxable Sales	2012 Taxable Sales	% Growth Sales
C'VILLE	910,847,462	888,479,815	2.5%
HAMPTON	1,341,696,078	1,310,456,652	2.4%
HOPEWELL	168,620,446	170,041,643	-0.8%
LYNCHBURG	1,240,113,906	1,217,552,914	1.9%
MARTINSVILLE	148,068,391	150,672,854	-1.7%
NEWPORT NEWS	2,061,726,939	1,992,553,878	3.5%
NORFOLK	2,635,223,970	2,646,234,819	-0.4%
PETERSBURG	285,860,538	298,201,261	-4.1%
PORTSMOUTH	603,127,114	594,918,146	1.4%
RICHMOND CITY	2,357,213,207	2,401,304,200	-1.8%
ROANOKE CITY	1,746,710,461	1,732,017,118	0.8%
STAUNTON	338,455,500	330,992,440	2.3%
WINCHESTER	<u>767,114,146</u>	<u>733,372,023</u>	4.6%
Total VFC	14,604,778,158	14,466,797,763	1.0%
Total State	94,597,893,918	93,335,660,137	1.4%
VFC % of State	15.4%	15.5%	

D. Growth in FY 2013 VFC Local Tax Revenues

	<u>Total</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Local Sales</u>	<u>BPOL</u>	<u>M&T</u>	<u>Meals</u>	<u>All Other</u>
CHARLOTTESVILLE	-0.6%	-0.8%	10.2%	-0.9%	6.0%	18612.9%	9.8%	-5.5%
HAMPTON	0.5%	-2.8%	4.3%	2.0%	-2.3%	2.8%	14.5%	1.6%
HOPEWELL	10.8%	5.4%	12.3%	3.5%	10.9%	38.0%	1.6%	9.7%
LYNCHBURG	7.4%	7.3%	8.2%	1.1%	3.2%	-6.4%	2.2%	11.8%
MARTINSVILLE	0.1%	1.5%	1.9%	-0.3%	2.9%	-3.0%	8.2%	-2.9%
NEWPORT NEWS	1.2%	-4.7%	10.2%	4.1%	0.6%	3.1%	17.2%	3.5%
NORFOLK	-1.4%	-2.5%	-4.4%	7.6%	2.2%	2.9%	1.8%	-2.1%
PETERSBURG	3.6%	2.9%	-4.7%	-0.5%	-1.9%	-2.1%	41.9%	6.5%
PORTSMOUTH	-3.2%	-1.5%	3.6%	4.9%	6.2%	-3.7%	3.9%	-10.4%
RICHMOND CITY	not available at time of publication							
ROANOKE CITY	-1.1%	-1.2%	-2.3%	1.5%	2.6%	3.2%	-25.2%	5.0%
STAUNTON	1.5%	2.7%	36.5%	3.9%	4.0%	70.8%	5.1%	-10.0%
WINCHESTER	3.8%	5.3%	-1.6%	2.7%	0.8%	4.8%	3.0%	6.7%

E. VFC Real Property Tax Rates

Real Property Tax Rates				
	<u>CY 2006</u>	<u>CY 11/FY 12</u>	<u>CY 12/FY 13</u>	<u>CY 13/FY 14</u>
CHARLOTTESVILLE	0.99	0.95	0.95	0.95
HAMPTON	1.20	1.04	1.04	1.24
HOPEWELL	1.20	0.99	1.02	1.08
LYNCHBURG	1.11	1.05	1.11	1.11
MARTINSVILLE	1.08	1.02	1.02	1.06
NEWPORT NEWS	1.20	1.10	1.10	1.22
NORFOLK	1.27	1.11	1.11	1.11
PETERSBURG	1.38	1.35	1.35	1.35
PORTSMOUTH	1.44	1.24	1.24	1.24
RICHMOND CITY	1.29	1.20	1.20	1.20
ROANOKE CITY	1.21	1.19	1.19	1.19
STAUNTON	0.96	0.90	0.90	0.95
WINCHESTER	0.69	0.86	0.95	0.95

F. VFC Local Composite Index (LCI) - State Education Factor for Funding

Change in the 2014-16 Local Composite Index for School Divisions

	<u>Actual 2014-16</u>	<u>Actual 2012-14</u>	<u>Change</u>
CHARLOTTESVILLE	0.6680	.6861	(0.0181)
HAMPTON	0.2949	.2912	0.0037
HOPEWELL	0.2298	.2376	(0.0078)
LYNCHBURG	0.3679	.3727	(0.0048)
MARTINSVILLE	0.2221	.2175	0.0046
NEWPORT NEWS	0.2907	.2934	(0.0027)
NORFOLK	0.3122	.3102	0.0020
PETERSBURG	0.2473	.2516	(0.0043)
PORTSMOUTH	0.2677	.2755	(0.0078)
RICHMOND CITY	0.4635	.4779	(0.0144)
ROANOKE CITY	0.3591	.3728	(0.0137)
STAUNTON	0.3922	.3987	(0.0065)
WINCHESTER	0.4374	.4645	(0.0271)

G. FY 2014 K-12 Education Funding

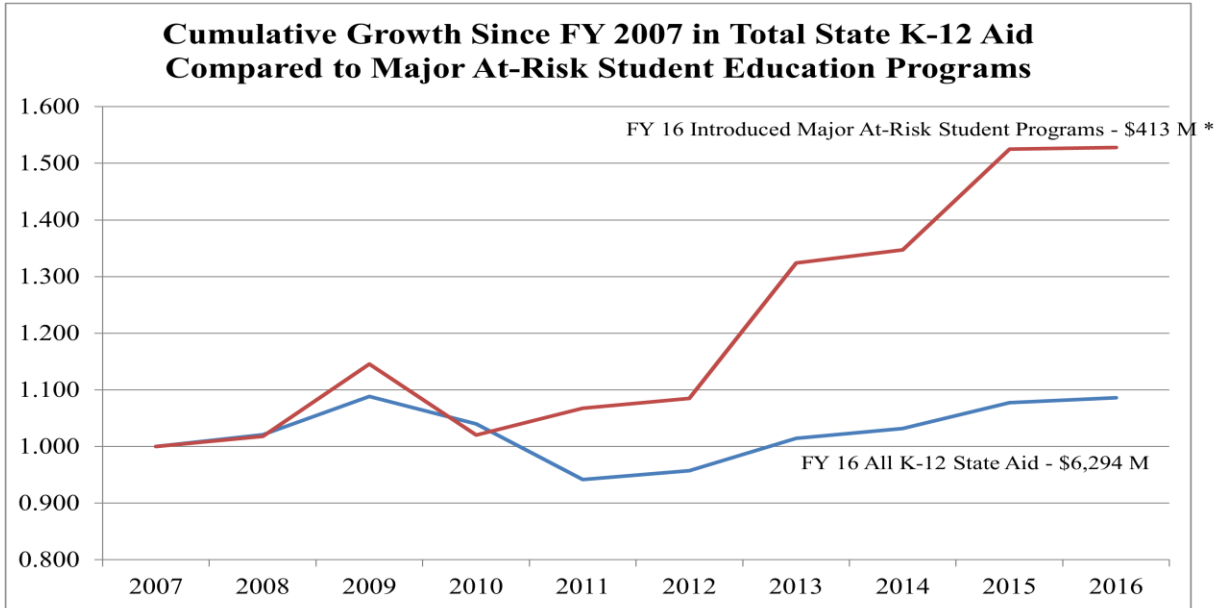
(VFC localities have a smaller share of K-12 students, but due to a much higher share of state at-risk student funding and relatively low local composite indexes, receive a larger proportion of state aid to K-12)

	<u>ADM</u>	<u>Total K-12 State Aid</u>	<u>Major K-12 At-Risk Programs*</u>	<u>At-Risk % of Total</u>
C'VILLE	3,946	16,963,653	1,130,387	6.66%
HAMPTON	20,221	123,832,445	8,569,756	6.92%
HOPEWELL	3,808	24,559,858	2,988,966	12.17%
LYNCHBURG	8,113	45,479,945	4,309,200	9.47%
MARTINSVILLE	2,111	13,862,152	1,622,310	11.70%
NEWPORT NEWS	27,292	166,445,203	14,691,862	8.83%
NORFOLK	29,821	185,931,162	21,522,371	11.58%
PETERSBURG	4,001	28,263,828	3,903,994	13.81%
PORTSMOUTH	14,253	89,510,066	9,073,578	10.14%
RICHMOND CITY	21,796	124,261,636	14,135,196	11.38%
ROANOKE CITY	12,623	72,939,141	7,994,523	10.96%
STAUNTON	2,530	16,684,992	1,041,509	6.24%
WINCHESTER	<u>4,217</u>	<u>20,622,761</u>	<u>1,658,339</u>	<u>8.04%</u>
Total VFC	154,732	929,356,842	92,641,991	9.97%
Total State	1,228,510	\$5,982,235,385	\$281,306,864	4.70%
VFC % of State	12.60%	15.54%	32.93%	

* Includes: At Risk Add-on, Va Pre-school, K-3 Class Size, SOL Algebra, Early Reading

H. At- Risk Education Funding Growing Faster than Overall Aid

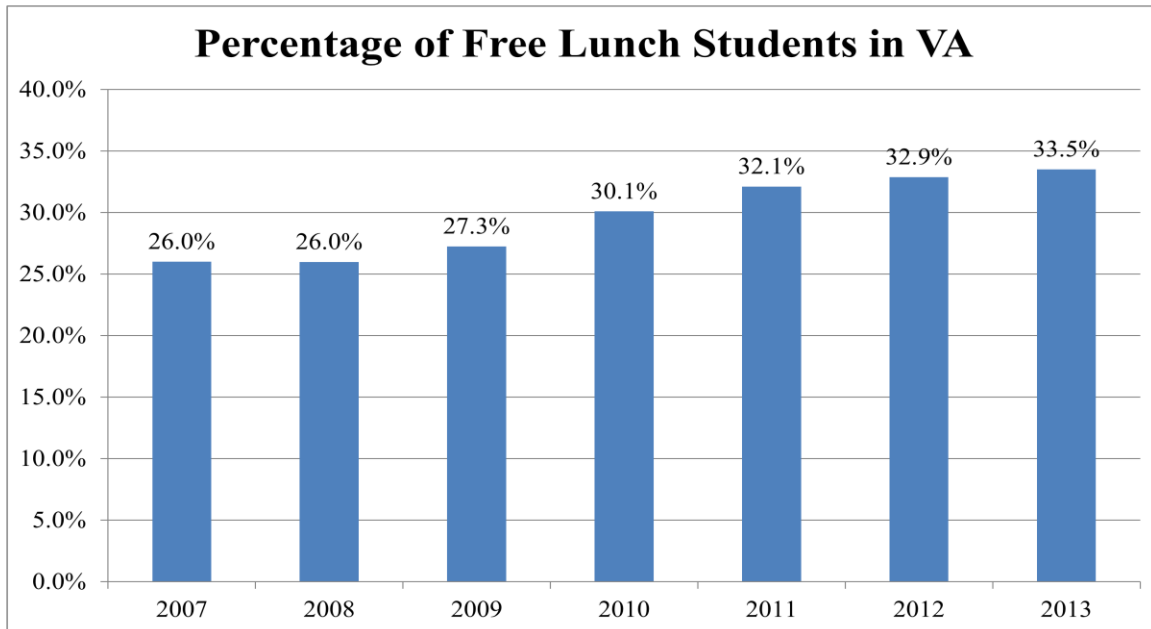
State At-Risk Student Education Aid Growing Faster Than Overall Aid



*Includes state funds for SOQ Prevention, Intervention, Remediation, and Lottery-funded At-Risk, K-3 Class Size, VPI, Algebra Readiness, Early Reading programs

I. At-Risk Students have Increased Statewide

...Partly as a Result of Increases
in At-Risk Students



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