

Governor-Elect Northam's Transition Policy Council on Local Government

Governor-Elect Ralph Northam convened the Transition Policy Council on Local Government at the Patrick Henry Building on December 19th. The Co-Chairs of the Policy Council, Chairman Sharon Bulova (Fairfax County) and Mayor McKinley Price (City of Newport News) presided. Five topic areas were discussed in small groups and a summary of those discussions is below. The Council respectfully offers the following recommendations for consideration.

I. State and Local Tax Reform and Unfunded Mandates– Recommendations Received

Issues:

- Equal Taxing Authority
- Unfunded Mandates
- Strengthening the state-local partnership

Recommendations:

When the Governor meets with stakeholders regarding tax reform, localities would ask that part of the discussion include equalizing taxing authority between counties and cities, and ensuring that localities do not lose revenue because of tax reform. Indeed, the ability of local governments to raise needed revenue to fulfill state mandates, meet public safety, environmental and welfare challenges, and improve local quality of life should be preserved and strengthened. Localities need to be included in any discussions about local revenues. To this end, the Governor may wish to consider establishing a permanent local advisory council that would meet prior to budget development each year.

The Council recommends that the Governor avoid unfunded mandates on localities, whether in the state budget or in statute, and supports the continuation of the Governor's Task Force for Local Government Mandate Review and the Joint Subcommittee on Local Government Fiscal Stress.

The Council supports improving the state-local financial partnership by bolstering the state's effort on funding shared services, such as K-12 (discussed further below) and public safety, among other core areas of government. The Council urges that incursions on local revenues be avoided (for example, mandatory local property tax exemptions).

II. K-12 Public Education Issues– Recommendations Received

Issues:

- School Funding
- Teacher Shortages/Retention
- Challenged Schools
- Vocational Programs
- Online/Virtual Learning
- Regional Education
- Teacher Advisory Council

Recommendations:

When addressing the top issues for K-12 education (as listed above), the Council worked to develop tangible recommendations in two categories: legislative priorities and executive actions.

Legislative Priorities:

School Funding should be made whole in the budget each year. The Council advocates for fully funding the Standards of Quality and ensuring that the re-benchmarking formula remains consistent and is not tampered with in future years. This is a critical step that ensures that the standards approved by the Board of Education can be achieved; thereby fulfilling the state's constitutional responsibilities to provide a quality education. The Council strongly recommends that the Governor support lifting the cap on support staff. Finally, the Council recommends full funding for at-risk add on and preschool programs.

The Council recommends that the governor support state assistance for construction and renovations of school buildings. Interest rate subsidies are not sufficient. Using Literary Fund money to pay for teacher retirement bleeds scarce funding from renovation and new construction. The Council also recommends the creation of a new program to provide state funding for school facilities assessments.

The Council recommends the Governor work to better and more comprehensively address teacher shortage, recruitment, and retention issues in the Commonwealth. This entails increased salaries and more attractive and effective wrap-around services, including mentorship programs, housing incentives, pensions, and more. Additionally, the Council recommends that the Governor seek to address barriers to teacher licensure through the creation of undergraduate teaching degrees, license reciprocity, and expedited licensing for teachers and professionals in higher education (university professors, PhD's, etc.) who wish to teach in elementary and secondary education.

The Council recommends that the Governor support increased and enhanced vocational programs. This should entail studying and promoting best practices in apprenticeship and certification programs as well as developing better coordination between schools, localities, community colleges, and private businesses.

The Council recommends that the Governor seek ways to expand and improve online and virtual learning initiatives. Critically, this will require broadband expansion (which will provide the means for students to access such learning opportunities) as well as funding and programming for teacher training.

The Council recommends exploring ways to address the needs of schools serving students in poverty.

The Council recommends exploring the development of regional education systems in the same vein as GO Virginia.

The Council recommends that the Governor support the continued work of the Joint Committee on the Future of Elementary and Secondary Education in the Commonwealth. The Committee has already expressed interested in continuing its work, and members will be introducing the necessary enabling legislation this session.

The Council recommends that the Governor support efforts to significantly reduce the achievement gap that exists in challenged schools in the Commonwealth. The Committee recommends a variety of strategies including the use of best practices that prepare and support teachers and students such as Teacher Residency and Mentorship programs, increasing the At-Risk add-on for lower income students, support for Extended Year and Day School Funding, STEM programming targeted to challenged schools and other supports that help reduce the gap in performance.

Finally, the Committee recommends a resolution that directs JLARC to study pre-school special education services. JLARC should analyze the greatest needs – in programming, in funding, or otherwise – as well as explore best practices both from within Virginia and in neighboring or similarly situated states.

Executive Actions:

The Council recommends that the Governor undertake two key executive actions at the outset of his term.

First, the Governor should convene a Teacher Advisory Council comprised of educators and administrators to help guide K-12 education policy discussions throughout his term. This Council will provide consistent dialogue for four years on important issues, initiatives, and needs and serve as an idea clearinghouse and information database for the Administration. Beyond providing anecdotal evidence, the Council would be able to more fully research issues and provide real data.

Second, the Council recommends the creation of an Education Dashboard to be housed on the Governor's or Department of Education's website. Much like the McAuliffe Administration maintains a dashboard on projects announced, jobs created, and capital investment, this education dashboard could provide metrics such as teacher statistics (retention rate improved, teacher shortages filled, etc.) as well as investment figures, graduation rates, and more.

III. Review of Local Government Authority (Including Local Land Use Planning) – Recommendations Received

Issues:

- Retain Local Land Use Authority
- FOIA/Public Notices/Advertisements
- Review of Constitutional Officers Relationships with localities

Recommendations:

Local land use authority is vital to the development of localities as unique places in which Virginians choose to reside. The Council would ask that the Governor support localities in ensuring that local land use authority is retained.

The Council is aware of an informal study of public notices and advertisements undertaken at the request of Delegate Head in which VML and VACo have been participating with a goal of potential legislation in 2019. The Council recommends that prior to the 2019 session, the Governor meet with this group to discuss its findings and any proposed legislation. Regarding FOIA, the Council asks that no additional burdens be placed on localities and that the opportunity to recoup costs incurred in responding to FOIA requests is maintained.

The nature of the shared state-local funding responsibility for Constitutional Officers at times may create a financial burden for localities; the Council recommends that a study of Constitutional officers and their relationship with localities be undertaken.

The Council supports preserving and expanding local authority to address local community needs locally (for example, in addressing housing needs). One size does not fit all and localities should be free to

tailor solutions to meet the needs of individual communities. This flexibility should encompass the authority to regulate public utility as well as for-profit activities on municipal property and the authority to manage locality-owned assets, such as monuments and memorials.

IV. Health and Human Services (Including The Provision Of Local Mental Health And Substance Abuse Services) – Recommendations Received

Issues:

- Mental Health and Substance Abuse Disorders/Opioid Epidemic
- Housing Voucher Program
- Health Care
- Health and Human Resources Workforce
- Children’s Services Act
- Working Poor
- Children’s Cabinet
- Policies Affecting Healthy Lifestyles

Recommendations:

The Secretary of Health and Human Resources should be asked to prepare a report with recommendations on a strategic approach to prevention and treatment options for substance abuse disorders and improvements to the treatment for mental health conditions, including accessibility of local placements for individuals who are subject to temporary detention orders.

The Council recommends that a critical review be conducted of the housing voucher program to ensure that it is fulfilling the needs of the people who utilize the program.

Affordable health care should be provided for all. The Council recommends that telemedicine be maintained and increased for underserved areas.

High turnover in the local health and human resources workforce continues to be a challenge, particularly with respect to social workers, and the Council recommends that an advisory group be created to discuss recruitment, retention and how to avoid burnout in the workplace.

The Council recommends that the Governor work with the Secretary to provide best practices for the Children’s Services Act and create a liaison with the Courts to assist localities who struggle with the cost of services mandated by a Court.

The Council recommends that the Governor ask the Secretary to review how to help the working poor so that they can maintain their employment and still obtain needed services.

The Council fully supports the Children’s Cabinet and asks that it be continued.

The Council fully supports healthy lifestyles and asks that the Governor continue to support any legislation that will encourage better health.

V. Additional Local Government Services (Public Safety) – Recommendations Received

Issues:

- Public Safety
- Emergency Preparedness and Firearms
- Jails

Recommendations:

The Council recommends that the Governor fully fund HB599 (State Assistance to Local Police Departments) each year during his term. Similarly, the Council supports funding to meet the statutory requirement of one law-enforcement deputy per 1,500 population in each county or city.

Governor Northam should establish memoranda of understanding among national, state, and local law enforcement for emergency management preparedness. In response to the events in Charlottesville, the Council encourages strengthened coordination between local and state police and the National Guard, as well as greater protections around firearms in public spaces.

The Council supports increased restrictions on the production, sale, and use of semi-automatic firearms, background checks for the possession of firearms, and restrictions on weapons in public places.

The Governor should request that the Department of Corrections convene a study group regarding jails, to include funding, mental health treatment and release of inmates, to be concluded prior to the end of his term with recommendations.

For the past few years, pay for law enforcement has been a focus for localities in recruiting and retaining sheriff's deputies and police officers. The 2017 General Assembly took actions to increase the starting salary for state troopers and to address pay compression to alleviate the impact of hundreds of job vacancies. There is concern that these higher state salaries will attract local law enforcement to those state vacancies. Higher local salaries may assist in attracting and retaining local law enforcement, an area in which state contributions will be essential.

Local governments should be compensated for housing state prisoners at a reimbursement rate that is fair to localities and reflects actual costs.

VI. Infrastructure (Public Works, Transportation And Broadband Access) – Recommendations Received

Issues:

- Broadband Access for all areas of the Commonwealth
- Transportation
- Water quality
- Street light programs

Recommendations:

The Council recommends that the Governor streamline state efforts on broadband into one Secretariat or agency. Currently policy responsibility and grant-making authority is shared among the Broadband Advisory Council, the Secretary of Technology, the Department of Housing and Community Development, and the Tobacco Commission. In addition, there should be streamlined incentives at the state level to assist localities and their business partners to deploy broadband in all areas of Virginia. Broadband access is important for economic development, and meeting children’s educational needs.

Governor Northam should consider creating a work group with the Secretariats of Transportation and Finance to discuss transportation funding with localities and work to develop policies that allow localities to have confidence in the amount of funding for transportation that will be consistently provided by the state.

Critical support is needed to assist with local and regional transportation and transit capital needs. The projected decline in state funding will negatively affect the movement of people and goods, thereby hindering economic development, jeopardizing public safety and degrading the quality of life in our localities. Transportation funding must be reviewed and appropriately applied to all road systems as well as mass transit. Restoring Metrorail to a state of good repair in the Greater Washington Region, which includes Northern Virginia, is critical for the economy of the Commonwealth. Additional funding must be identified for this purpose.

To maintain water quality improvement in Virginia, the Council recommends that the Governor work with the General Assembly and the Department of Environmental Quality to ensure that localities have the support (both regulatory and financial) to continue meeting EPA and state environmental rules and regulations.

Storm-water infrastructure is expensive and must be maintained properly to improve water quality. The Storm-water Local Assistance Fund (“SLAF”) needs continuous capitalization to address costs associated with permit requirements tied to federal municipal storm sewer systems and new EPA regulations.

Any further restrictions on local government sewage discharge capacity, including nutrient allocations, will become a financial burden on localities forcing local governments to choose between funding or not inadequately funding one public service over another.

The Water Quality Improvement Fund should be adequately capitalized and used to fulfill point source upgrade contracts with local governments, as well as cost-share payments to farm operators for the implementation of agricultural best management practices.

The Council requests the Governor support options for localities that want to participate in the Dominion Power street light program. Many localities desire more energy efficient options, such as LED lighting.

VII. Economic Development and Revitalization – Recommendations Received

Issues:

- Business Development in Distressed Communities
- Redevelopment

Recommendations:

- The Council recommends the continued support and full funding of the successful Enterprise Zone Program which provides business incentives for job creation and real property improvement in distressed

communities across the Commonwealth. The Council is especially interested in efforts to end proration of the funding for Real Property Improvement Grant which has been prorated over the last several years, most recently at 73%. Proration is the biggest disincentive of the program for business owners who have uncertainty regarding their funding. Rollover of funding to the next year will ensure that business owners receive the grants they are promised.

The Council supports funding the State Brownfields program which provides funding for assessment and remediation of properties, bringing them to use and making them marketable and revenue generating. Another successful program, properties that have been left to deteriorate are revitalized and dangerous environmental concerns are addressed.

The Council supports efforts to preserve and promote the Historic Rehabilitation Tax Credit. Enacted in 1996 (HB 1453), the HRTC program has been a resounding success.

From 1997 - 2015, \$1.1 billion in tax credits has led to \$4.4 billion in historic rehabilitation project expenditures. Projects have been completed in cities, counties, and towns throughout the entire state. Eligible projects have included: income-producing properties, private homeowners, schools, churches, museums, and nonprofits. Seventy-four percent of the 2657 projects since 1997 have been for projects of less than \$1 million in expenditures.

Community benefits from the HRTC program have included the creation of desirable work and living spaces, community revitalization, and job creation. A 2014 study by the VCU Center for Urban and Regional Analysis (CURA) documented the easily quantifiable returns of economic activity due to the program, such as the **31,000 direct construction jobs** created and **\$3.93 billion** in direct economic activity. Focus groups conducted for the 2014 CURA study also indicated that few, if any, historic rehabilitation projects would have been undertaken without the tax credit.