



2018 LEGISLATIVE AGENDA

It has been 18 years since the Virginia First Cities Coalition (VFC) first began our efforts to improve the lives of Virginia citizens in our historic, core cities. Our cities have made remarkable gains, but more remains to be accomplished so that all citizens of our cities have the opportunity to live in healthy communities with educational promise. *It is the incremental and strategic work of VFC that takes a long view to effect systemic change and economic development in our cities.* Virginia First Cities has worked to advance policies that reduce poverty, blight and crime and provide better opportunities for at-risk students in public education. We also advocate for policy improvements in urban transportation and economic development to and enhancements to tax policy and human services for those most in need.

What follows are legislative policies that we recommend for the coming 2018 Virginia General Assembly Session.

EDUCATION

Only 68% of K-12 positions employed by local school divisions are recognized by the SOQ. Many of the support positions and other support costs were de-funded after 2009 and have left teacher salaries underfunded. Virginia First City members have a combined 2325 fewer staff in our schools relative to the student enrollment in 2008-2009. Further, VFC localities have 21% more students on free and reduced lunch than the statewide average. For all these reasons, Virginia's public education "achievement gap" must be closed. Nearly 20% of Virginia's schools are not fully accredited, with minority and economically disadvantaged students lagging in SOL performance. At-risk children often enter Virginia's public school system with more limited vocabularies and social skills, making it difficult to master reading skills by the 3rd grade.

One specific reason why the achievement gap persists is the difficulty in attracting and retaining certified, qualified teachers to underperforming schools. The teacher shortage in Virginia (1,000 teachers short) is acute and should be addressed as an emergency workforce issue. Additionally, the traditional school day and year are not well suited to the needs of at-risk students. And, underperforming schools often have older buildings and equipment that contribute to a difficult teaching environment.

VFC Legislative/Budget Request(s):

1. Expand the current **VDOE STEM program** to attract, recruit, and retain high quality, diverse individuals to teach math, science, technology and engineering subjects to middle and high school students. Currently \$808,000 is appropriated each year. Increase to \$2 million each year.
2. **Increase funding for the Master Teacher Residency/mentor programs from \$1 million to \$5 million per year.** University curriculums should provide better classroom management training for placing teachers in urban school divisions. The

VCU/Richmond teacher residency program should be used as a best practice model and expanded to other education programs/cities within the state.

3. **Increase At-Risk Add-On funding for challenged schools. Increase Basic Aid per free lunch student from 1-13% currently to 1-15% in the 2018-20 budget. Link increase to teacher improvement programs.** Cost: approximately \$30 million over the biennium.

VFC Legislative Positions:

- Ensure extended school day/year strategies are employed and funded that fit the needs of school divisions.
- Build a high quality Virginia Preschool Initiative (VPI) program with good teachers and a flexible policy toward eligibility that encourages mixing of children from different backgrounds and income levels. Encourage increasing the per child amount provided for VPI from the current \$6,125 per child.
- Support efforts to **eliminate the support position funding cap adopted in the 2010 Session. This cap has required school divisions to fund 100 percent of still needed support positions.** It would also allow school districts to afford more teaching aides, literacy coaches, reading and math STEM specialists needed to complement and assist teachers in underperforming schools. Cost: approximately \$700 million over the biennium.
- Support increased funding for the **Virginia Teacher Scholarship Loan Program** and adjust policies to direct scholarships to teachers in challenged schools. Funding is currently provided for approximately 76 scholarships. Increasing funding could expand the program to help better fill hard-to-staff positions in challenged schools.
- Give school leadership the flexibility and tools to manage and turn around underperforming schools.
- Enable schools of education in the Commonwealth to offer undergraduate education degrees that lead to licensure within four years. Degree candidates could declare their education major early in their studies, allowing schools of education to provide professional induction through ongoing reflective experience. This structure would facilitate recruitment and retention, especially in secondary education STEM field.
- Bring a set of holistic before, during and after-school wrap-around programs to underperforming schools.

TRANSPORTATION

Virginia First Cities has been a strong advocate for adequate state street maintenance payments and public transit funding. Cities have more difficult street maintenance needs when considering the infrastructure, age, usage levels, the need to modernize aged underground utilities, and provide for expensive sidewalks and public transit and bike lanes. Virginia First Cities recognized that our cities were being shortchanged when it came to primary road extensions. Our advocacy has paid off by additional funding through the new paving and state of good repair programs. We must stay vigilant to ensure this funding continues and is enhanced.

Public transit funding is facing a \$110 million funding reduction from FY 2019 to FY 2021 due to the expiration of bond funding. Without a replacement source of revenue, the state of good repair of our public transit systems will be severely impaired and unable to expand to better serve the citizens of our urban communities. Cities are already called upon to help fund public transit systems and ill afford to make up for the loss in state public transit support. Virginia's economy would lose \$200 million annually in economic activity related to capital investments if funding were not replaced. Virginia needs steady/reliable revenues dedicated to transit state of good repair program.

VFC Legislative/Budget Request(s):

4. Request increased state funding for urban street maintenance

VFC Legislative Positions:

- The General Assembly should ensure that funding for statewide State of Good Repair to replace the Capital Projects Revenue bond funding is in place before 2020. Additionally, the Hampton Roads region should have a dedicated regional funding source for transit.

PUBLIC SAFETY

Virginia First Cities supports efforts promoting trust, ensuring legitimacy through procedural justice, transparency, accountability and honest recognition of past and present obstacles. Policies that support community-based partnerships, and that balance the embrace of technology with local needs and privacy all have a place in building healthy communities.

Breaking the cycle of crime and punishment and rehabilitating criminals to return to productive members of the community takes a commitment to reentry programs. Wraparound services are imperative to ensure that returning citizens are prepared to have the necessary support upon their release. Innovative and comprehensive treatment programs in prisons, coupled with state of the art diversionary measures for mentally ill arrestees and prisoner community reentry programs must be pursued to prevent high rates of recidivism and facilitate their adjustment to the community upon release. Likewise, our urban police departments need to have the funding to acquire, train and implement technology to be most effective.

VFC Legislative Positions:

- Support the reinstatement of funding for **community diversion/day reporting centers** that were cut during the recession. These centers provided treatment alternatives rather than jail sentencing for non-violent offenders. Reducing burdensome and repetitive costs to our local governments is paramount, as is breaking the cycle of jail/prison, to a life with little or no support from family or neighborhood.
- Support the creation of a **funding nexus between local/regional jails and the Virginia Community Service Boards (CSBs) for treatment of mentally ill prisoners.** Virginia jails are one of the largest providers of mental health services for persons with mental illness. CSBs and local jails should develop written and joint agreements when individuals with mental illness are in local and regional jails.

- Support funding for **mental health treatment for individuals in local and regional jails that is proportional to the investment in support services for the same population in the community**. Our correctional institutions should not be de facto state hospitals. However, the Commonwealth has essentially shifted the cost of treatment to localities.
- Support for the Commonwealth **fully funding state responsible inmates** or minimally restoring funding to FY 2010 levels.
- Fund **Aid to Localities with Police Departments** according to statute (§9.1-169) with a formula that is responsive to urban police departments.
- Support **increasing the threshold for felony larceny**. At the current \$200, Virginia's threshold is the lowest in the United States.
- Support the General Assembly giving local governments the authority to regulate the possession of firearms on property owned, operated, managed or under the control of the local government.

ECONOMIC DEVELOPMENT

Enterprise Zones, Brownfields, Historic Rehabilitation Tax Credit, Stressed Locality Incentive Fund

The Virginia **Enterprise Zone (EZ)** program is a targeted local area economic development tool that intended to be used in distressed localities. A recent VFC initiated state study on the EZ Program found the program and its incentives have been instrumental in attracting jobs and businesses and encouraging investment within the zones. The value of real estate has been found to increase significantly within the Enterprise Zones compared to the surrounding areas. The EZ program provides an immediate brand value for communities. Communities with EZs get the attention of businesses looking to expand into the Commonwealth. However, proration of the Real Property Improvement Grant (RPIG) is the single biggest weakness of the Enterprise Zone program. It creates uncertainty for investors, as they don't know what portion of the requested grant amount they will ultimately receive. In the most recent grant year, grants were funded at 73.7% of the original commitment. Thus, program effectiveness and economic development and redevelopment benefits were curtailed.

The **Virginia Brownfield Restoration and Economic Development Assistance Fund** is a true public-private partnership that leverages private investment many times over the public funding. The Virginia First Cities Coalition has been the champion for funding this program that has been successful in helping localities assess and remediate environmentally comprised land and put it back into productive use. The Fund was substantially capitalized with \$4.3 million for the 2016 - 18 biennium. This was by far the largest infusion of funding for this program and now allows for not only site assessment, but also funding of up to \$500,000 for site remediation.

Virginia First Cities' members have received 64% of the total **Historic Rehabilitation Tax Credits** since 2006. This very successful tax credit program has fueled the revitalization of our cities. However, legislation enacted in the 2017 General Assembly limits the amount of historic rehabilitation tax credits that can be claimed by each taxpayer to \$5 million per year, including any amounts carried over from prior taxable years, for taxable years beginning on and after January 1, 2017, but before January 1, 2019.

The low growth in General Fund revenues and the continued high growth in Medicaid and debt service translates to degradation in state support for locally administered and state-mandated programs. Most locally mandated programs for health, welfare and public safety have been level funded or reduced since FY 2009. For many of the reasons enumerated in this legislative agenda, as well as in years past, our members, and local governments, in general, are critically underfunded. As Virginia's Auditor of Public Accounts and other state officials have testified, the Commonwealth does not have a mechanism in statute to assist local governments when economic and other conditions are such that ongoing fiscal management is in jeopardy. While we must acknowledge the dichotomy between fiscal stress (as defined by the Commission on Local Government) and fiscal stewardship (as defined by the Auditor of Public Accounts' APA/FAM Scores), it is clear that Virginia localities would benefit from a revolving or other fund like the Commonwealth's Development Opportunity Fund to assist as critical situations arise.

VFC Legislative/Budget Request(s):

5. Support the creation of a fund, or the amendment to an existing fund, so that **fiscally stressed localities** can more easily access grants or loans.
6. Fund the **Enterprise Zone Program** in **sum-sufficient** amounts to avoid grant proration.
7. **Amend the Enterprise Zone Program Legislation to allow roll over** for the remaining **Real Property Improvement Grant** to the following year(s) or by paying the remainder of the money due in the form of a tax credit.
8. **Amend the Enterprise Zone Program to improve the Job Creation Grant by increasing the grant amount per qualifying position** and make it equally attractive to small and medium sized businesses. (For example, use variable rates for the program -- \$1000 for the first 100 jobs, \$750 for 100-200 jobs and \$500 for 200-350 jobs. This will attract small and medium sized businesses by helping them overcome the transaction cost per qualifying position).
9. Increase funding for the successful **Brownfields Assessment & Remediation Grant** Fund from \$2.25 million to \$3.0 million per year.

VFC Legislative Positions:

- Oppose any decrease or further extension of the cap on the **Historic Rehabilitation Tax Credit**.
- Support the General Assembly giving cities the authority to make decisions regarding the location or disposition of Confederate monuments on City property.

HEALTH AND HUMAN SERVICES

Community Wealth Building, Maternal and Child Health (MCH) Block Grant, Virginia Grocery Investment Fund, Medicaid/Social Services

Virginia First Cities localities experience a higher than average poverty rate relative to state and national standards. Even VFC member localities that don't have an overall poverty rate higher than the national average have pockets of exceptionally high poverty that stifle and polarize the local community. Breaking down the silos that exist in our local governments and truly linking with local non-profit partners to take a look at all the "wrap-around" supports individuals need so that they can move out of poverty is the goal of the **Community Wealth Building Grant, or the TANF to Employment Grant Fund**. *VFC has over twice the number of students in poverty versus the statewide child poverty rate.*

At our members' urging, the 2017 General Assembly appropriated \$7.5 million from the Temporary Assistance for Needy Families program to seed fund the TANF to Employment grant program. Several VFC members applied and received grants that we feel confident will move the needle on permanent employment and poverty eradication. However, many VFC localities were unable to pull together an application for grant funds in what was a very compressed time frame. We know the need is still acute and many Virginia localities will submit applications for grant funding. By targeting intractable long-term pockets of poverty through intensive job placement and training efforts that combine mentoring, education, transportation resources, employer outreach and other programs that break the cycle of poverty, community wealth building is perhaps the ultimate in economic development for our cities. As well, breaking down the silos that exist, oftentimes within our own local governments, will help ensure that all community partners are working together to move the needle on poverty eradication.

The **Maternal and Child Health Services Block Grant** (Title V) is a federal/state matching grant program that enables states to maintain and strengthen their leadership in planning, promoting, coordinating and evaluating health care for pregnant women, mothers, infants, and children, children with special health care needs, and families. The MCH provides a variety of health services for maternal and child health populations who do not have access to adequate health care and are at-risk for poor health status and outcomes. The variety of health services include prenatal care clinics and education (e.g., tobacco cessation for pregnant women, safe sleep practices) in health districts, school health nursing education and training across the state, early hearing detection and follow up services, early screening for children with special healthcare needs and care coordination services for children and youth with special healthcare needs. Currently, Virginia provides \$4.3 million in General Funds and \$1 million in special funds and receives \$12.1 million in federal funds to operate the program. We know that our localities would benefit from an increased share of these funds that will allow more children and families to be served, as well as increase the likelihood for positive outcomes for the Commonwealth.

The **Virginia Grocery Investment Fund** is an initiative that VFC has supported for several years. More than 1.7 million Virginians, including 480,000 children live in lower income communities with limited supermarket access. Many of these communities overlap with VFC member cities.

VFC Legislative/Budget Request(s):

10. The **Community Wealth Building Grant, TANF to Employment Grant Program**, should be funded and enhanced.

VFC Legislative Positions:

- Support efforts to seed the **Virginia Grocery Investment Fund** in the Governor's introduced budget and with the Senate and the House.
- Support increased funding for the “**Smart Beginnings**” and “**Healthy Families**” programs that are proven to enhance school achievement and prevent the cycle of poverty.
- Support for **Medicaid Expansion** to include adults up to 138% of the Federal Poverty Level under the Affordable Care Act.
- Support increased funding for **local social services administration**.
- Support an increase to the **Maternal and Child Health Services** Program to invest in more home visiting programs, to expand the communities served by home visiting, and to address data infrastructure issues to connect information systems (IT) to enable closer coordination between systems (and home visiting efforts) used by Early Impact Virginia.
- Support a 36% interest rate cap on all loans in Virginia.

TAX POLICY

VFC Legislative Positions:

- Index the **Virginia Individual Income Tax Standard Deduction** to inflation.
- Enact a **Refundable Earned Income Tax Credit**.
- Support the modernization of the Communications and Sales Tax (CSUT) to ensure that it reflects the modern telecommunications landscape, which has evolved since the CSUT took effect in January 2007. According to the Virginia Department of Taxation study (Dec. 2015), the amount of the tax collected each year has declined. For example, in FY2008, the amount distributed to localities was \$472.02 million. By FY2015, the amount had declined to \$396.45 million. To reverse the decline in revenues, the study recommended including the taxation of streaming services such as Netflix, and pre-paid wireless cards and increasing the tax rate from 5.0% to the current state sales tax rate of 5.3%.

* The 2018 VFC Legislative Agenda was approved by the VFC Board of Directors, comprised of representatives from each member city. Each item included in the VFC Legislative Agenda may not be officially supported by every member city.