

CITY OF CHARLOTTESVILLE

REPORT OF THE BLUE RIBBON COMMISSION ON SUSTAINABLE SCHOOL FUNDING

January 22, 2014

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INTRODUCTION

Background

The City of Charlottesville and Charlottesville City Schools have been faced with significant annual shortfalls in funding for school operating and capital expenses in recent years. These shortfalls have been addressed with a combination of cuts in city and school budgets and transfers of one-time funding with no long-term basis of support. These are practices the City Council, School Board and their staffs recognize are not sustainable over the long term.

In response to this challenge, the Blue Ribbon Commission on Sustainable School Funding was convened in August 2013 and asked to offer its views on: the causes of these short-falls; whether they are short-term or likely to continue; and if they are likely to continue, what options local elected officials should consider to address these. The Commission was asked to report back to the City Council and the School Board in time for its findings to be included in this year's budget planning.

Members of the Commission brought a range of expertise to this task from education, to business, law, banking and real estate. Many have or have had children attend Charlottesville City Schools and we represent a range of experience in public service. Over our time together we came to see ourselves primarily as a Commission of informed citizens whose greatest service could be to illuminate for ourselves, the community and decision-makers the major forces that have led to our current school funding shortfalls and to identify near and longer-term actions that could have a significant effect on these.

Given the short amount of time available, Commission members determined it was not possible to study and analyze the details of city and school budgets and determine where specific savings could be made. We recognize that identifying cost saving measures is a critical ongoing part of achieving sustainable school funding, but it was not possible for us to take on the task of close program and budget review, something the School Board takes responsibility for on an annual basis. We also determined we would not make a recommendation about the proposal to combine the middle schools and return 5th grade to the elementary system, the project known as "reconfiguration." Reconfiguration represents a major new initiative with an estimated capital cost of between \$50 and \$60 million over 10 years. The Commission views a decision of this magnitude to be outside our charge.

The opening line of the charge to this Commission was: "to find a permanent solution for the near and long-term financial operating and capital needs of our city schools." In this report we focus exclusively on addressing funding sustainability for our City school programs and capital needs as currently configured.

The Challenge

Charlottesville is an historic city that has won many national awards for livability. We have a vibrant civic and cultural life and a high quality school system that attracts many students from outside the City. We have wonderful neighborhoods, but a limited amount of middle-income housing. A large number of university students live in private housing in city neighborhoods. The number of people living below the poverty line in Charlottesville exceeds the state average of 12% and more than half of the students in our public schools are eligible for free or reduced lunch.

The City Council has adopted goals that speak to economic sustainability, lifelong learning, housing opportunities for all, arts and culture, and a green and healthy city, and it is actively pursuing these and other goals. It also faces major demands for services and infrastructure maintenance and repair. There are public safety needs and increased costs to manage the significant amount of new development taking place in the city. The existence of a premier state university in the heart of our city brings wonderful educational and cultural amenities, but it also puts pressure on local neighborhoods, alters the real estate market and creates growing demands for services.

The Charlottesville City Schools pride themselves on providing high quality education for the diverse array of students attending our schools, but this comes at significant cost. In many school systems there is a large homogeneous group of students in the middle of the student population with a relatively small number of high achievers and students with need for extra support on either end. In Charlottesville, we have a significant group of high achievers on one end, a large group of students who need extra educational support services at the other end of the spectrum, and a relatively small group of students in the middle. Meeting the needs of our academically advanced school population along with the significant percentage of students from less-advantaged households or who speak English only as a second language means our schools are stretched and costs are higher than in the average school system.

Many sources of revenue available to fund city and school services and capital needs have leveled out or declined in recent years. Revenue from residential real estate property taxes has declined for several years. The City schools have had to absorb cuts in state support for the Virginia Retirement System. Revenue Sharing from the county has gone down as a result the recession.

Total state funding for Charlottesville City Schools has decreased by 29.4% over the past six years and funding formulas have been changed in ways that negatively affect our school system. The City's portion of school funding has increased significantly in order to avoid decreased quality of services in light of state cuts. This has been done by transferring money from the general fund and using one-time money for school operations. While using one-time money with no reliable funding source behind it has been a way to meet annual needs, but it is not a sustainable way to budget.

Bottom line, the city's amount of **new** revenue in recent years has decreased significantly, while the demands on city resources have increased due to state and federal cutbacks, inflation and needs for additional services. This combined with our relatively high cost per student to deliver quality education means maintaining current programs and services, while upholding our tradition of sound fiscal management, will be a challenge in the years ahead.

Commission Report

Over the course of the Fall, Commission members worked to digest large amounts of information provided by the City, the Charlottesville City Schools and others. Early meetings were spent trying to understand the extent and nature of the problem and determine realistic goals for the Commission in the time given to accomplish our work. (Background information used by the Commission is available on our website: <http://www.charlottesville.org/Index.aspx?page=3483>.)

Given our community values, funding decisions for our schools must balance the desire for a first rate school system with the concurrent demands of maintaining the other city institutions, programs and services that contribute to our high quality of life. In undertaking our charge as we have defined it, we focused our energy on understanding how we got where we are and identifying actions that could have a significant impact on addressing the challenge of providing sustainable school funding in the years ahead.

Our report is organized into three sections:

- **Findings:** the key trends and conditions that have guided our thoughts;
- **Conclusions:** the conclusions we reached based on these findings; and
- **Action Alternatives:** alternatives available to decision-makers to address the school funding short-fall and achieve more sustainable school funding into the future.

We made a conscious decision to offer the action items as *alternatives* rather than recommendations. We believe the final decisions about how to achieve sustainable school funding are up to elected officials, who must weigh many factors that are beyond the Commission's reach in making these decisions. There are only a few major ways to address the school funding gap in the years ahead: cut city or school services, raise revenue, or find more cost effective ways to deliver services. We considered all of these as we explored options to address the funding challenge. We have attempted to provide a range of choices that can be explored by both decision-makers and the broader community in deciding how to move forward.

FINDINGS

A number of changes in city demographics, services and development patterns over time have increased the need for education and other services. In economic boom times, this was not a problem, but over the past five years, revenue sources to meet these demands

have been increasing only marginally or declining. We are a city of 10 square miles with a flagship state university within our boundaries that continues to grow, changing the character of some of our neighborhoods and gradually removing property from the tax rolls. A commitment to maintaining high quality schools and small class sizes while serving an increasingly diverse student body has driven per pupil costs up to some of the highest in the state. These and many other forces at work in our community need to be taken into account as we look at providing adequate school funding over the long-term.

City Demographics

- According to the U.S. Census, City population has grown only modestly over the last 40 years. The population was 38,880 in 1970, growing to 40,341 in 1990, and to 43,475 in 2010, an increase of 11.8% over four decades.
- Also according to the census, the population has grown poorer relative to the population statewide over the same period. In 1970, the median household income in Charlottesville was 102% of the state average. Median household income declined to 79.6% of the state median by 1980 and to 72.6% in 1990. By 2011, Charlottesville's median household income dropped to 69.5% of the state median (\$43,980 vs. \$63,302).
- The 2010 federal census also reflects a substantial drop in home ownership in Charlottesville from 48.2% in 1970 to 38.1% in 2010. During this same period Virginia home ownership increased to 68.1% and the national rate grew to 66.2%.
- According to the 2013 residential property tax assessments from the City Assessor's Office, 23 of 47 city neighborhoods have an average home value of \$250,000 or less. Many of these are houses that contain less than 1500 square feet of living space per unit and may not meet the housing expectations of middle-income families with children. (See Appendix A: 2013 Assessment Changes.)
- The number of single-family housing units available for purchase has grown only modestly over the last 20+ years. For many years, growth in the number of university students seeking housing in city neighborhoods diminished the city's housing stock for middle-income families by leading to conversion of single family houses to student rental units. This in turn affected the number of children from middle-income families in our schools. Recent development of new middle income housing in the City, the significant amount of new student housing being built in the City, and new dormitory space being added by the University may combine to increase the amount of middle income housing and home ownership in the City.

School Demographics

- According to data provided by the Charlottesville City Schools (CCS), enrollment in our schools declined from 4,454 in 1993 to 3,943 in 2013, a decrease of more than

10%. Enrollment declined to a low of 3,763 in 2009 and then increased to 3,943 in 2013. The schools project enrollment to increase to 4,361 by 2015.

- CCS data also show a substantial number of students included in these totals are from outside the geographically defined school zone or the result of refugee relocation in our community. Current enrollment includes:
 - out-of-district optional enrollment of 278 students in 2012-2013;
 - a total of 433 English as a Second Language Students (ESL) in 2013, up from 170 in 2003;
 - approximately 200 ESL students recently relocated to our community through the International Rescue Committee;
 - approximately 50 students are noted as homeless; and
 - approximately 20 students are out-of-area juvenile offenders or children in need of services who mostly reside in one of four Structured Therapeutic Residential Service (STARS) homes located in Charlottesville.
- According to CCS data, demographic composition of the student body changed from 1993 to 2013. White students declined by 641, African American students declined by 434. The category “Other” (non-white, non-African American) increased by 564 students.
- Our school population includes more than 30 nationalities. For 11% of our students, English is a second language. Of these students, 47% currently test at the beginner level in English language proficiency. Unlike most school division ESL programs, which serve primarily to bridge the gap between English and Spanish, the CCS program includes more than 36 native languages.
- Many of our students live in families with limited financial resources.
 - More than 53% of students qualify for free and reduced school meals.
 - More than 26.4% of our students live below the national poverty line (vs. the Virginia average of 10.7%).

School Capacity

- All of the city’s school buildings were estimated to have some excess capacity as of 2010. The School Facility Use and Grade Configuration Study, conducted in 2008-2009, estimated excess capacity at 25% across the school system. CCS provided 2010 data for capacity assessment that reflected the maximum class size policies set by the School Board. Based on those policies, total excess functional capacity was reported as 7% across the system. Schools with the greatest excess functional capacity as of 2010 were Clark, Venable and Greenbrier. Walker Upper Elementary School had the least.
- According to CCS staff, the average class size in PreK-4 in the Charlottesville City Schools in 2014 was 19.37. Averages ranged from a low of 17 per class at Clark, Jackson-Via and Johnson, to a high of 22 at Greenbrier. Maximum class sizes are

governed by the state for K-3 and set by the School Board for Pre-K and grade 4. In all cases, Charlottesville class sizes are well below state and national standards and averages.

City Revenue

- According to data provided by the City Manager's Office, the City's General Fund Revenue for 2008-2009 was \$141,121,841. General Fund Revenue for 2011-2012 was \$144,825,621. General Fund revenue budgeted for 2013-2014 was \$148,167,862. This reflects growth of only 3% total over this five-year period and an average of less than 1% per year.
- The Charlottesville real estate tax has been reduced several times over the past 15 years. The rate went from \$1.11 per one hundred dollars of assessed value in the late 1990s to \$0.95/hundred in 2007, where it remains today. There were total assessment increases of more than 10% per year from 2002 to 2007. Between 2009 and 2013, total residential real estate assessments decreased by almost 5%, falling from \$3.49 billion in 2009 to \$3.31 billion in 2013. During that same time period, commercial real estate assessments increased by 9%. (See Appendix B: City Real Estate Tax Rates in Virginia)
- Two other major sources of local taxes are the local meals and lodging taxes. Charlottesville's Meals Tax is currently 4%, among the lowest in the state. Thirty-two cities in Virginia have higher a higher meals tax rate, ranging from 5% to 7.5%. At 6%, Charlottesville's lodging tax rate is in the middle of the range of 2-10% charged by Virginia cities. (See Appendices C and D: City Meals and Lodging Taxes in Virginia Cities)
- Revenue sharing from Albemarle County has been a significant source of income for the City since it was instituted in 1982. Since revenue sharing payments are tied to property tax assessments, this source of revenue increased steadily during the 1990s and early 2000s but has decreased over the last five years as property assessments declined during the recession. (See Appendix E: History of City and County Revenue Sharing)

School Funding

- According to the Virginia Auditor of Public Accounts Comparative Report, which was included in the Charlottesville Quality of Service and Efficiency Study of 2009, Charlottesville ranked 17th out of 39 Virginia cities for per capita spending on education, based on the report's 9 year average of per capita spending on a variety of governmental activities. According to data provided by the City Manager's Office, in 2012-2013, Charlottesville ranked 7th among Virginia localities and 3rd among Virginia cities for per pupil spending.

- During the 1980s, City Council authorized school funding to rise as high as 40% of the local general fund budget. In recent years, as the size of the city budget has grown and the number of mandatory and voluntary services the City provides has increased, the schools share of City General Funds has ranged from 31.4% to 40.2%, with an average of approximately 33% over the last 5 years. (See Appendix F: City School Funding 2002-03 to 2012-13.)
- In FY 2008, the schools received \$38,340,000 in operating funds from the city, an increase of 12.7% over the previous year. By FY 2014, the city was contributing \$44,067,000 in operating funds to the schools. This included \$2,630,000 in one-time funds for operating costs that had no long-term funding source behind them.
- According to data provided by CCS staff, from 2008-2009 to 2013-2014, total state aid to Charlottesville City Schools fell from \$16,412,000 to \$11,583,000 for a decline of \$4.8 million or 29%. (See Appendix G: State Funding for City Schools 2008-2014, and Appendix H: Charlottesville City Schools: Historical Summary of City Budget.) Data from CCS staff indicate that from 2010-2014, the school system made more than \$3.5 million in discretionary cuts, which are defined as those that are not automatic or pre-planned. This represented an unprecedented level of cuts for the school system over this kind of time period.
- From FY 2008 to FY 2014, the city provided \$15 million in budgeted capital funds to the schools. In FY 2013, the schools received an additional \$3 million for science lab updates. An additional payment of approximately \$2 million is made by the city annually for the school's portion of the city's debt service.
- Over time, the school funding short-fall can be expected to grow, although the size of the short-fall is totally dependent on school needs and the rate at which city revenues grow. (See Appendix H: Projected Required City School Funding For Different Scenarios.)

City/County/University Relationships

- Charlottesville City Schools have partnerships with the County in vocational education (CATEC) and for low incidence special education students (PREP). We share responsibility for summer schools with Albemarle County but there has not been any serious attempt at closer school integration between the City and County systems in recent years.
- The City and the County jointly operate a number of local government services including the Rivanna Water and Sewer Authority, the Jefferson Madison Regional Library, the regional jail and others. A variety of joint planning activities take place between the City and the County and the University through the Planning and Coordinating Committee (PACC), but there continue to be separate police, fire and bus systems, except for some purchase of services in these areas by the County and the University.

- The City enjoys a close working relationship with the University of Virginia and benefits in ways beyond measure from the presence of the University, but the University requires significant services from the City and is exempt from local taxes. While the University pays for some services, for many it does not. As the University grows geographically, property on the University's boundaries is gradually lost from the tax rolls.

CONCLUSIONS

Charlottesville has a high quality school system that our community values greatly and wants to preserve. Charlottesville City Schools offer an unusually wide array of programs from pre-school through high school. The top 1/3 of our graduating classes is among the most academically elite in the nation as measured by National Merit, SAT, College Board AP scores and selective university admissions. An array of special education offerings exist at all grade levels for academically struggling children and our division-wide fine arts program encourages universal participation beginning in kindergarten. This is a school system to be proud of, but maintaining it will require both revenue enhancements, ongoing programmatic review, and selective cost savings to achieve maximum efficiency in the use of tax dollars without loss of quality or services to our students.

The school funding gap is real, likely to be with us for the next several years at least, and with inflation can be expected to grow. The City Budget Office projects that city revenues will grow by only 1-2% between now and 2018. This will make it impossible to maintain the current level of services in the City and in its schools without some kind of revenue increase. In the years ahead, the City will need to cut expenses, find one or more significant new sources of revenue, or both, to balance its budgets and provide the level of services valued by the community. These will not be easy choices to make, but at 17th in the state in per capita spending on education and with some of the lowest meals and real estate tax rates in the state, Charlottesville appears to have additional taxing capacity to meet educational needs if it chooses to use it.

It is difficult to estimate the size of the year-to-year funding gap going forward but it appears to be somewhere between \$2-4 million a year. The size of the gap will depend on how the city economy fares, how property assessments change, what happens to school costs and whether the state and federal governments step forward to re-assume a greater share of school costs. There will be inflation and other factors that will continue to drive school costs higher in the coming years even if no new major programs or facilities are added.

It is our sense that at this point in time, the community is unlikely to support the substantial cuts in city and school services that would be required to close the school funding gap with current revenues, but we need to recognize we have made a series of school policy decisions over the years that have increased school costs significantly. We are maintaining schools built for a larger school population, meaning

the per pupil cost of maintaining that system continues to grow. We are providing pre-school and fine arts programs we are not required to provide and maintaining some of the lowest student/teacher ratios in the state. We educate a number of out-of-district children, many for little or no charge. If funding gaps persist, some of these policies may have to be revisited in the future.

Even if new revenue sources are found, both the City and the schools need to continue to find ways to manage costs while preserving program quality and demonstrating accountability. We believe the community places great value on education and is willing to invest in learning success for all of our students, but also wants to know what their money is buying. Transparency in how school programming and budgeting decisions are made is extremely important. We see considerable benefit in the production of a user-friendly annual report outlining how money has been spent in the schools with key benchmarks the city schools and the community can use to evaluate success.

The unusual nature of our City, independent from its surrounding county and containing a growing university within its boundaries, provides significant challenges and opportunities. Charlottesville cannot expand. It is very unlikely we will ever be larger than ten square miles. We are a separate governmental entity from the County, yet for many, it is hard to tell where the City ends and the County begins. We share many services and duplicate others. The University will continue to expand in our midst. We must continue to find ways to work with both of these major partners to achieve our mutual goals.

Providing sustainable school funding is not a one-time accomplishment but a long-term challenge that requires decision-makers to take a close look at revenues and expenditures every year. School needs will vary from year to year as will city revenues. Funding school needs is not a problem during economic boom times, but becomes challenging when revenue sources remain stagnant or decline. Near-term, there appears to be a real and persistent gap in the needs of the schools and the funding available to meet those needs. Actions need to be taken to address this. Longer-term, providing sustainable funding will require annual negotiation between the City Council and the School Board to determine what is needed to maintain a high quality school system and what needs to be done to provide adequate funding for this.

ACTION ALTERNATIVES

There are a number of actions the City Council and School Board can take, separately or collaboratively, to achieve sustainable school funding. During our discussions, we identified a wide range of alternatives to increase revenues or cut expenditures. These included a variety of tax increases, raising class sizes, reducing school administrative staff, charging for student parking at the high school, changing the way school transportation is provided, changing policies that affect the number of out-of-district students, more active partnerships with the County and the University, and others.

Some of the action alternatives we identified were small and considered to have insufficient financial impact to address the problem in any significant way. Others were seen to have potential for substantial impact. Some of these could be acted on immediately, others were more long-term in nature.

In the end, we settled on the actions listed below as having the best potential, short and longer-term, to make a real difference in our school funding picture. They are offered not as recommendations, or in any preferential order, but as set of *alternatives for consideration*, that have the potential to lead to sustainable school funding in the years ahead.

Near-term Action Alternatives

1. Increase the Meals Tax.

The meals tax is one of the more progressive taxes available since eating out and purchasing prepared food are optional, not essential, activities. This tax is one way to capture revenue from people visiting the City who use and enjoy many of the amenities provided by the community but do not pay real estate and property taxes. In a college town, it is one way to benefit financially from the significant number of students, families and alumni spending time in our community. Charlottesville has one of the lowest meals taxes in the state. The state does not place a limit on the meals tax rate cities can charge. An increase of 1% in Charlottesville's Meal Tax would yield estimated additional annual revenue of \$2 million.

Leadership Responsibility: Charlottesville City Council

2. Increase Real Estate Tax Revenue.

Charlottesville has one of the lowest real estate tax rates in the state for cities, registering as the second lowest among Virginia First Cities and 13th out of 35 cities whose rates range from \$.57 per \$100 of assessed value to \$1.65 per \$100. A one-cent increase in the Real Estate Tax Rate would raise approximately \$550,000. A companion activity or alternative to raising the real estate tax rate would be to revisit the accuracy of our residential property assessments, particularly neighborhood properties that are single family or multi-unit houses that have been converted to commercial student rentals. After the extended period of declining assessments we have experienced, it is possible that many properties are under-assessed. Taking a closer look at our assessment process, the accuracy of current assessments, and the extent to which property improvements are adequately reflected in assessments might lead to significant revenue increases. While achieving significant revenue growth through re-assessment would take time, if it appears to be a promising approach, the process of looking into assessment equity could begin in the near-term.

Leadership Responsibility: Charlottesville City Council

3. Increase the Lodging Tax.

An increase in the lodging tax is another way to raise additional revenue that falls on visitors rather than local taxpayers. For the most part, it is a progressive tax paid by those

with the discretionary funds to travel. A one-cent increase in the lodging tax would generate \$480,000. The city's current rate of 6% is in the middle of the range charged by other Virginia cities.

Responsibility: Charlottesville City Council

4. Adjust Tuition Charges for Out-of-District Students

Charlottesville City Schools permit out-of-district students to enroll in city schools by paying tuition. 2013-2014 rates to attend CCS in grades K-8 are \$1100 for the first child in a family and \$900 for each additional child. In Grades 9-12 the rates are \$1400 for the first child in a family and \$1200 for each additional child. Faculty children are eligible to attend CCS without paying tuition or fees. CCS rates and policies for out-of-district students have changed very little since the program was initiated in 1996. By contrast, Albemarle County charges \$4,400 for the first child and \$2,200 for each additional child. Out-of-district students are a welcome addition to our schools and help spread administrative costs in under-capacity schools, but updating rates periodically could raise additional revenue for the schools. As part of this, the City could also explore the potential to receive some financial compensation for refugee children relocated to our community, out-of-area juvenile offenders, and other non-traditional students being served by our schools.

Leadership Responsibility: Charlottesville City School Board

5. Find School Operational Savings.

The level of analysis possible within our limited timeframe did not allow us to identify specific operational savings possibilities in the school budget, but we believe this will continue to be an important component in achieving sustainable school funding over-time. While operational savings of \$3.5 million have already been identified over the past five years, it will be important to continue to try to identify savings wherever possible. Our low student to teacher staffing ratios compared to regional, state and national norms, our relatively high level of administrative and other supervisory personnel, and school transportation alternatives might be areas to explore.

Leadership Responsibility: Charlottesville City School Board

Longer-term Action Alternatives

1. Increase the Amount and Quality of Middle Income Housing in City Neighborhoods.

Increasing the amount and quality of middle income housing in the City has the potential to increase our real estate tax base and raise enrollment in our schools, allowing us to spread facility and administrative costs over a larger school population. The current construction of a substantial number of new student housing units presents an opportunity for the City to encourage the conversion of homes currently rented to students back to single-family use. The City could explore the potential for fee-based inspections between rental contracts to ensure compliance with zoning and safety requirements in neighborhoods with a high concentration of rental properties. Stronger enforcement of

existing ordinances in residential neighborhoods close to the University remains an important way to ensure that these shared neighborhoods remain attractive locations for both families and students.

Leadership Responsibility: Charlottesville City Council

2. Seek Additional Compensation From and Opportunities for Shared Services with the University of Virginia.

The University of Virginia pays for some City services it receives, but it receives many other services and benefits without paying property taxes. In addition, over time, the City loses real estate, sales, lodging and other taxes when land converts from private to University use. By agreement between the City and the University, when the University's Real Estate Foundation purchases land that remains in private use, the property stays on the tax rolls. Once that property is converted to university use, however, it is removed from the tax rolls. Over time, this shrinks the City's already small property tax footprint. New Haven, CT has for many years received a payment in lieu of taxes from Yale University. Many other communities around the country that host large universities and medical centers are exploring this possibility. The City could initiate a conversation about this and other payments for services with the University. Opportunities should also continue to be explored for ways to partner most effectively on transportation, parking, recreation and cultural activities and other possible shared services.

Leadership Responsibility: City/County/University Planning and Coordinating Committee (PACC)

3. Identify More Ways for Charlottesville City Schools to Collaborate with Albemarle County Schools that will Help Both Systems Achieve their Educational and Fiscal Goals.

While we have some collaborative programs between city and county schools, it may make sense over time to expand these collaborations. If Charlottesville continues to have excess school capacity while the county needs additional schools, there may be opportunities to explore. A joint magnet school might be a possibility at some point in the future, combining both space and program needs for the two systems. Additional collaborative programs might be a way to address some of the conflicts about state funding that have arisen in the recent past, especially if state funding for both the City and County systems continues to decline. The city/county separation we have in Virginia is unique to our state. We should not allow it to stand in the way of advancing the highest quality education for all of our students at a sustainable price for local taxpayers.

Leadership Responsibility: City and County School Boards, Charlottesville City Council, Albemarle County Board of Supervisors

4. Revisit Closing an Elementary School.

This was one of the initial recommendations of the 2009 School Efficiency Review of Charlottesville City Schools, but resistance from the community caused this recommendation to be removed from consideration early in the process. It was estimated that closing an elementary school would produce operational savings of \$1.5 to \$2 million dollars per year. If the school were sold as well as closed, significant capital

dollars would be realized to invest in other school facilities. Our community values neighborhood schools, but relatively few children actually walk to school and with the size of the City and the number of elementary schools we have, the neighborhood school concept could be maintained even if one elementary school were closed. Given that our schools were built for a larger school population and that all of the elementary schools operate with some excess capacity, this alternative may need to be considered in the future if enrollment stays static or drops and adequate school funding continues to be an issue.

Leadership Responsibility: Charlottesville City School Board and City Council

CONCLUDING COMMENTS

Our primary goals in this report have been to demonstrate the trends and conditions that have led to the school funding gap we have experienced in recent years, to give our sense for how we see these playing out in the next five year period, and to offer specific actions we could take as a community to address the challenges we face. As mentioned throughout this report, we have intentionally offered action items as alternatives rather than recommendations, leaving final decisions about how to achieve sustainable school funding to elected officials, who have ultimate responsibility for these decisions.

Thank you for the opportunity to serve. We will be happy to engage in conversations with City Council, School Board members and the broader community about the findings and alternatives outlined in this report as you seek to make the decisions needed to put us onto a path of sustainable school funding, while preserving the quality of life and educational opportunities in our community that we all cherish.

APPENDICES

Appendix A: 2013 Assessment Changes

EXHIBIT III - 2013 ASSESSMENT CHANGES
Due to General Reassessment
with Parcel Counts by Neighborhood

RESIDENTIAL	# OF PARCELS	% INCREASE - General Reassessment	2013 AVERAGE ASSESSED VALUE
1 ANGUS ROAD AREA	164	-14	176,500
2 BIRDWOOD-HILLCREST ROAD	55	0	191,300
3 TOWLES-MERRYDEN-IVY TERRACE	237	-8	406,400
4 UNIVERSITY-MAURY HILLS	346	-6	263,000
5 FRY'S SPRING	356	-8	237,000
6 AZALEA GARDENS-GREEN VALLEY	419	-7	159,900
7 JPA, SHAMROCK ROAD	584	-3	220,300
8 JOHNSON VILLAGE	187	0	275,400
9 RIDGE STREET	295	0	136,500
9B BURNET COMMONS	36	-5	268,000
9C BROOKWOOD CARTER VIEW	148	-10	279,800
10 FIFEVILLE	508	-2	196,700
11 PAGE, 10 TH STREETS	449	-4	161,600
12 RUGBY	319	-5	559,000
13 VENABLE	245	0	202,800
14 MEADOWBROOK HILLS	201	0	722,800
15 RUTLEDGE	564	0	354,600
16 GREENBRIER	349	-8	265,400
17 GREENLEAF TERR.-ROSE HILL-RUGBY HILLS	704	0	303,800
18 ROSE HILL, FORREST STREETS	176	-5	105,500
19 NORTH DOWNTOWN	699	0	398,000
20 IX/BELMONT	241	-6	183,100
21 CARLTON/BELMONT	663	-4	137,000
22 BELMONT	644	0	191,700
23 LITTLE HIGH STREET/E. JEFFERSON STREET	170	0	263,100
24 WOOLEN MILLS	449	0	205,700
25 LOCUST GROVE	290	0	321,600
26 LOCUST GROVE EXTD	389	-8	255,400
27 WOODHAYVEN	115	-15	187,600
28 HOLMES & NORTH AVENUE	222	0	221,700
29 ORANGEDALE	295	0	118,500
30 WILLOUGHBY	49	0	252,800
31 DUPLEXES	820	0	230,700
40 DAVIS AVENUE, MARSHALL STREET AREA	106	-10	323,100
43 FOREST HILLS	265	-10	169,900
53 NORTH BELMONT	297	0	304,200
54 BELMONT LOFT	62	0	304,300
55 MELBOURNE	52	0	265,300
56 OLD FIFTH CIRCLE	45	0	237,500
57 OVERLOOK	47	-10.5	120,900
61 WALKER SQUARE	225	-14.3	153,800
62 JPA CONDOS	229	-4.25	135,300
63 HOLSINGER CONDOS	16	0	760,200
64 CHERRY HILL	119	0	305,100
65 DOWNTOWN CONDOS	155	0	461,400
66 JOHNSON VILLAGE NEW ADDITION	36	0	438,400
70 ROCKCREEK CONDOS	24	0	225,900
	13066		

EXHIBIT III - 2013 ASSESSMENT CHANGES
 Due to General Reassessment
with Parcel Counts by Neighborhood

COMMERCIAL	# OF PARCELS	% INCREASE - General Reassessment	2013 AVERAGE ASSESSED VALUE
32 PRESTON AVENUE	82	7	836,500
33 COURT SQ. & CENTRAL BUSINESS DISTRICT	453	12	1,079,200
34A UVA AREA APARTMENTS	181	12	2,021,900
34B WEST SIDE APARTMENTS	25	12	1,075,100
34C EAST SIDE APARTMENTS	41	12	966,900
34D DOWNTOWN APARTMENTS	20	12	1,794,900
36 WEST MAIN	162	4	1,380,000
37 29 NORTH & IVY ROAD	145	0	2,540,300
38 LIGHT INDUSTRY-HARRIS STREET	74	4	534,600
41 FRATERNITIES	47	1.5	828,900
44 CHERRY AVENUE	27	7	365,500
45 FIFTH STREET EXTD	21	4	1,173,200
46 BELMONT	112	7	509,400
47 250 EAST	44	3	916,200
48 HIGH STREET	100	0	454,600
49 MARKET STREET	65	9	668,500
50 CARLTON COMMERCIAL	20	9	886,000
51 ROSE HILL COMMERCIAL	15	7	614,800
52 FRY'S SPRING	16	10	1,883,600
67 OFFICE CONDOMINIUMS	12	-2.5	730,800
68 RETAIL CONDOMINIUMS	4	0	297,700
	1666		

Appendix B: Comparative Real Estate Tax Rates in Virginia Cities

FY14 Adopted Real Estate Tax Rates

Virginia First Cities

<u>City</u>	<u>FY 2014⁽¹⁾</u>
Harrisonburg	0.63
Charlottesville	0.95
Staunton	0.95
Winchester	0.95
Martinsville	1.06
Hopewell	1.08
Newport News	1.10
Lynchburg	1.11
Norfolk	1.13
Roanoke	1.19
Richmond	1.20
Hampton	1.24
Portsmouth	1.27
Petersburg	1.35
Average	1.09

References:

(1) - Represents FY 13 - 14 Adopted Rates

FY 2014 Real Estate Tax Rates for Virginia Cities

Statewide

<u>City</u>	<u>FY 2014⁽¹⁾</u>
Williamsburg	0.57
Harrisonburg	0.63
Covington	0.69
Galax	0.69
Danville	0.73
Fredericksburg	0.74
Radford	0.76
Norton	0.80
Waynesboro	0.80
Lexington	0.83
Emporia	0.85
Virginia Beach	0.93
Charlottesville	0.95
Staunton	0.95
Winchester	0.95
Poquoson	0.97
Suffolk	1.03
Alexandria	1.04
Chesapeake	1.05
Fairfax	1.06

Martinsville	1.06
Buena Vista	1.07
Hopewell	1.08
Newport News	1.10
Lynchburg	1.11
Norfolk	1.13
Colonial Heights	1.14
Salem	1.18
Roanoke	1.19
Richmond	1.20
Hampton	1.24
Portsmouth	1.27
Falls Church	1.33
Petersburg	1.35
Manassas	1.39
Manassas Park	1.65

References:

(1) - Represents FY 13 - 14 Adopted Rates

Appendix C: Comparative Meals Tax Rates in Virginia Cities

Meals Tax Comparison		
Rank	Locality	Meals Tax Rate
1	Covington	7.5%
2	Galax	7.5%
3	Hampton	7.5%
4	Newport News	7.5%
5	Bristol	7.0%
6	Norton	7.0%
7	Emporia	6.5%
8	Franklin	6.5%
9	Harrisonburg	6.5%
10	Lynchburg	6.5%
11	Norfolk	6.5%
12	Portsmouth	6.5%
13	Suffolk	6.5%
14	Buena Vista	6.0%
15	Colonial Heights	6.0%
16	Danville	6.0%
17	Fredericksburg	6.0%
18	Martinsville	6.0%
19	Petersburg	6.0%
20	Poquoson	6.0%
21	Richmond	6.0%
22	Salem	6.0%
23	Staunton	6.0%
24	Waynesboro	6.0%
25	Chesapeake	5.5%
26	Hopewell	5.5%
27	Radford	5.5%
28	Virginia Beach	5.5%
29	Lexington	5.0%
30	Roanoke	5.0%
31	Williamsburg	5.0%
32	Winchester	5.0%
33	Alexandria	4.0%
34	Charlottesville	4.0%

35	Fairfax	4.0%
36	Falls Church	4.0%
37	Manassas	4.0%
38	Manassas Park	4.0%

Sources:

Municode

Treasurer's Association Statistical Abstract (FY12)

Chesapeake City/County Comparisons Report (FY12-13)

www.yesvirginia.org

Appendix D: Comparative Lodging Tax Rates in Virginia Cities

Lodging Tax Comparison		
Rank	Locality	Lodging Tax
1	Emporia	10.0%
2	Chesapeake	8.0%
3	Colonial Heights	8.0%
4	Franklin	8.0%
5	Galax	8.0%
6	Hampton	8.0%
7	Hopewell	8.0%
8	Norfolk	8.0%
9	Portsmouth	8.0%
10	Richmond	8.0%
11	Roanoke	8.0%
12	Salem	8.0%
13	Suffolk	8.0%
14	Virginia Beach	8.0%
15	Newport News	7.5%
16	Bristol	7.0%
17	Alexandria	6.5%
18	Harrisonburg	6.5%
19	Buena Vista	6.0%
20	Charlottesville	6.0%
21	Danville	6.0%
22	Fredericksburg	6.0%
23	Lexington	6.0%
24	Petersburg	6.0%
25	Radford	6.0%
26	Waynesboro	6.0%
27	Lynchburg	5.5%
28	Falls Church	5.0%
29	Manassas	5.0%
30	Staunton	5.0%
31	Williamsburg	5.0%
32	Winchester	5.0%
33	Fairfax	4.0%
34	Manassas Park	4.0%
35	Norton	4.0%

36	Covington	2.0%
37	Martinsville	2.0%
38	Poquoson	0.0%

Sources:

Municode

Treasurer's Association Statistical Abstract (FY12)

Chesapeake City/County Comparisons Report (FY12-13)

www.yesvirginia.org

Appendix E: History of City/County Revenue Sharing

Fiscal Year	Computation as per Formula	Amount of Payment (cap)	Cap/Pymnt Difference	Increase over Previous Year	Percent Increase	Amount to General Fund	% to General Fund	Amount to Designated Expenditures*	% to Designated Expenditures*	Total General Fund Budget	As % of General Fund Budget
82-83	\$1,293,552	\$1,293,552	\$0	N/A	N/A	\$0	0.00%	\$1,293,552	100.00%		
83-84	1,664,067	1,530,991	(\$133,076)	237,439	18.36%	0	0.00%	1,530,991	100.00%		
84-85	1,635,984	1,579,753	(\$56,231)	48,762	3.18%	0	0.00%	1,579,753	100.00%		
85-86	1,909,389	1,875,179	(\$34,210)	295,426	18.70%	0	0.00%	1,875,179	100.00%		
86-87	1,942,509	1,942,509	\$0	67,330	3.59%	337,261	17.36%	1,605,248	82.64%		
87-88	2,417,318	2,277,953	(\$139,365)	335,444	17.27%	337,261	14.81%	1,940,692	85.19%		
88-89	2,513,521	2,368,027	(\$145,494)	90,074	3.95%	402,000	16.98%	1,966,027	83.02%		
89-90	2,900,073	2,693,120	(\$206,953)	325,093	13.73%	402,000	14.93%	2,291,120	85.07%	48,143,827	5.59%
90-91	3,128,917	2,802,359	(\$326,558)	109,239	4.06%	720,000	25.69%	2,082,359	74.31%	52,058,720	5.38%
91-92	3,644,347	3,277,350	(\$366,997)	474,991	16.95%	958,703	29.25%	2,318,647	70.75%	54,761,946	5.98%
92-93	3,582,012	3,426,001	(\$156,011)	148,651	4.54%	1,487,148	43.41%	1,938,853	56.59%	55,806,606	6.14%
93-94	4,933,918	4,319,236	(\$614,682)	893,235	26.07%	2,650,383	61.36%	1,668,853	38.64%	57,149,507	7.56%
94-95	5,076,793	4,475,118	(\$601,675)	155,882	3.61%	2,806,265	62.71%	1,668,853	37.29%	57,803,116	7.74%
95-96	5,995,531	5,049,991	(\$945,540)	574,873	12.85%	3,208,329	63.53%	1,841,662	36.47%	59,547,698	8.48%
96-97	6,126,714	5,170,853	(\$955,861)	120,862	2.39%	3,304,191	63.90%	1,866,662	36.10%	61,603,624	8.39%
97-98	6,267,698	5,518,393	(\$749,305)	347,540	6.72%	3,238,050	58.68%	2,280,343	41.32%	64,793,371	8.52%
98-99	6,263,427	5,587,013	(\$676,414)	68,620	1.24%	2,951,670	52.83%	2,635,343	47.17%	67,447,689	8.28%
99-00	6,402,290	5,853,794	(\$548,496)	266,781	4.78%	2,453,794	41.92%	3,400,000	58.08%	74,058,706	7.90%
00-01	6,736,515	6,093,101	(\$643,414)	239,307	4.09%	2,693,101	44.20%	3,400,000	55.80%	79,065,346	7.71%
01-02	7,136,042	6,482,712	(\$653,330)	389,611	6.39%	3,082,712	47.55%	3,400,000	52.45%	83,662,149	7.75%
02-03	7,812,150	6,692,811	(\$1,119,339)	210,099	3.24%	2,942,811	43.97%	3,750,000	56.03%	92,985,253	7.20%
03-04	8,646,737	7,726,021	(\$920,716)	1,033,210	15.44%	3,726,021	48.23%	4,000,000	51.77%	98,922,255	7.81%
04-05	8,223,529	8,004,461	(\$219,068)	278,440	3.60%	4,370,461	54.60%	3,634,000	43.40%	105,511,350	7.59%
05-06	9,765,198	9,742,748	(\$22,450)	1,738,287	21.72%	5,508,748	56.54%	4,234,000	43.46%	111,747,772	8.72%
06-07	10,150,331	10,134,816	(15,515)	392,068	4.02%	6,369,816	62.85%	3,765,000	37.15%	120,145,206	8.44%
07-08	13,537,629	13,212,401	(325,228)	3,077,585	30.37%	7,959,142	60.24%	5,253,259	39.76%	134,662,800	9.81%
08-09	13,667,366	13,633,950	(33,416)	421,549	3.19%	7,620,118	55.89%	6,013,832	44.11%	140,992,521	9.67%
09-10	19,441,911	18,038,878	(1,403,033)	4,404,928	32.31%	9,906,247	54.92%	8,132,631	45.08%	142,443,480	12.66%
10-11	18,986,459	18,454,658	(531,801)	415,780	2.30%	10,948,527	59.33%	7,506,131	40.67%	140,751,728	13.11%
11-12	18,155,184	18,089,812	(65,372)	(364,846)	-1.98%	12,335,037	68.19%	5,754,775	31.81%	143,306,538	12.62%
12-13	17,678,767	17,520,948	(157,819)	(568,864)	-3.14%	12,720,948	72.60%	4,800,000	27.40%	146,269,910	11.98%
13-14	16,931,333	16,931,333	0	(589,615)	-3.37%	12,063,833	71.25%	4,867,500	28.75%	148,167,862	11.43%
			Average		9.89%						
* Designated Expenditures includes contributions to the Capital Improvement Program Fund, the Equipment Replacement Fund, the Facilities Repair Fund and the Economic Downturn Fund (contributions to an Economic Downturn Fund began in FY 2009)											

Appendix F: City School Funding 2002-02 to 2012-13

CITY SCHOOL FUNDING													
Fiscal Year	Original Appropriated City GF Budget	Actual City GF Revenue	City GF Revenue Growth Rate	School GF Revenue	School GF Revenue Growth Rate	City Contribution to Schools	City Funding as % of City GF Budget	City Funding as % of Actual City GF Revenue	City Funding of School Cap. Budget	City Funding of School Debt Pmts.	Total City School Funding	Total City Funding as % of City GF Budget	Total City Funding as % of City GF Rev.
2002-3	\$92,985,254	\$92,944,856		\$42,361,098		\$27,935,025	30.0%	30.1%	\$1,250,000	\$2,783,578	\$31,968,603	34.4%	34.4%
2003-4	\$98,922,255	\$102,731,192	10.5%	\$43,389,714	2.4%	\$29,495,025	29.8%	28.7%	\$1,287,500	\$2,704,187	\$33,486,712	33.9%	32.6%
2004-5	\$105,511,350	\$109,521,513	6.6%	\$46,657,912	7.5%	\$30,620,025	29.0%	28.0%	\$8,926,125	\$2,835,375	\$42,381,525	40.2%	38.7%
2005-6	\$111,747,772	\$118,503,277	8.2%	\$48,996,143	5.0%	\$32,100,025	28.7%	27.1%	\$1,615,909	\$3,495,350	\$37,211,284	33.3%	31.4%
2006-7	\$120,145,206	\$127,815,910	7.9%	\$51,722,066	5.6%	\$34,012,025	28.3%	26.6%	\$1,456,886	\$4,382,731	\$39,851,642	33.2%	31.2%
2007-8	\$134,662,800	\$136,937,805	7.1%	\$55,463,372	7.2%	\$38,340,609	28.5%	28.0%	\$2,760,293	\$2,894,660	\$43,995,562	32.7%	32.1%
2008-9	\$140,992,521	\$141,121,841	3.1%	\$57,352,335	3.4%	\$39,781,531	28.2%	28.2%	\$2,047,066	\$2,658,660	\$44,487,257	31.6%	31.5%
2009-10	\$142,443,480	\$141,863,868	0.5%	\$53,396,620	-6.9%	\$40,209,612	28.2%	28.3%	\$2,437,343	\$2,369,714	\$45,016,669	31.6%	31.7%
2010-11	\$140,751,728	\$142,350,007	0.3%	\$53,609,914	0.4%	\$40,080,523	28.5%	28.2%	\$1,671,463	\$2,482,315	\$44,234,301	31.4%	31.1%
2011-12	\$143,306,538	\$144,825,624	1.7%	\$54,504,064	1.7%	\$41,150,161	28.7%	28.4%	\$3,006,607	\$2,143,495	\$46,300,263	32.3%	32.0%
2012-13	\$146,269,910	\$146,881,358	1.4%	\$56,303,572	3.3%	\$44,604,198	30.5%	30.4%	\$4,621,277	\$1,948,003	\$51,173,478	35.0%	34.8%
2013-14	\$148,167,862			\$56,687,277		\$44,067,826	29.7%		\$2,222,285	\$2,000,000	\$48,290,111	32.6%	
Average FY 2003 - 2014									\$2,775,230			33.5%	32.9%
Average FY 2003 - 2009									\$2,763,397			34.2%	33.1%
Average FY 2010 - 2014									\$2,791,795			32.6%	32.4%
		Includes \$1,498,000 in previously reserved capital dollars in order to balance school operating budget.											
		Includes \$2,630,000 in one time funding with no long term funding source behind it.											
		Includes \$3,000,000 for lab renovations at Buford.											
		Per City Department of Finance - represents payments made by the City for the school related portion of debt service. FY 14 N/A											
		Assumed amount. Actual amount unknown as yet.											
		Based on assumed amount for School Debt Payments.											
		FY 2010 - 2013											

Appendix G: State Funding for City Schools 2008-2014

CHARLOTTESVILLE CITY SCHOOLS CHANGE FROM FY09 TO FY14 GENERAL FUND OPERATING BUDGET REVENUE SUMMARY

Based on ADM of 3,880 (Budgeted FY09)

SOQ FUNDS	Budget 2008-2009	Budget 2013-2014	\$ Change 2008-2009 2013-2014	% Change 2008-2009 2013-2014
Basic Aid SOQ	7,071,338	4,896,986	(2,174,352)	-30.75%
Sales Tax	5,231,020	3,943,096	(1,287,924)	-24.62%
Vocation Education	118,151	96,217	(21,934)	-18.56%
Gifted & Talented Education	68,164	56,025	(12,139)	-17.81%
Special Education	1,095,166	780,694	(314,472)	-28.71%
Retirement - VRS Retirement	571,062	561,467	(9,595)	-1.68%
VRS - Group Life	19,692	20,705	1,013	5.14%
Social Security	418,072	336,149	(81,923)	-19.60%
Lottery	373,356	-	(373,356)	-100.00%

CATEGORICAL FUNDS

"LOTTERY FUNDED"

At Risk	299,700	236,101	(63,599)	-21.22%
K-3 Primary Class Size Reduction	361,291	325,649	(35,642)	-9.87%
School Construction	131,217	-	(131,217)	-100.00%
Homebound	11,754	14,021	2,267	19.29%
English as a 2nd Language	153,507	140,934	(12,573)	-8.19%
Foster Care Children	410,455	100,000	(310,455)	-75.64%
Remedial Summer School	72,000	71,713	(287)	-0.40%
Teacher Mentor	6,251	4,040	(2,211)	-35.37%
TOTAL STATE FUNDS- GEN FUND	16,412,196	11,583,797	(4,828,399)	-29.42%

Appendix H: Charlottesville City Schools: Historical Summary of Total Budget

Charlottesville City Schools Historical Summary of Total Budget Funding, Inflation, and Other Key Metrics

Total Budget/All Funds	ACTUAL 2007-08	ACTUAL 2008-09	ACTUAL 2009-10	ACTUAL 2010-11	ACTUAL 2011-12	ACTUAL 2012-13	BUDGET 2013-14
City	39,101,809	39,781,531	40,209,612	40,080,523	41,150,161	44,604,198	44,067,826
Local/Other	2,917,631	2,744,653	2,896,629	2,932,745	3,730,656	3,391,631	3,623,955
State	20,004,679	20,223,086	17,889,421	17,626,587	17,595,998	16,672,752	17,492,596
Federal	5,607,783	6,064,996	6,955,226	7,695,668	7,063,192	5,490,357	5,064,580
TOTAL	67,631,902	68,814,266	67,950,888	68,335,523	69,540,007	70,158,938	70,248,957
City % change over prior year		1.74%	1.08%	-0.32%	2.67%	8.39%	-1.20%
State % change over prior year		1.09%	-11.54%	-1.47%	-0.17%	-5.25%	4.92%
Federal % change over prior year		8.15%	14.68%	10.65%	-8.22%	-22.27%	-7.75%
Total % change over prior year		1.75%	-1.25%	0.57%	1.76%	0.89%	0.13%
Dec-Dec % change in CPI per DOL		-0.40%	1.60%	3.20%	2.10%		
Enrollment	3,917	3,880	3,826	3,776	3,875	3,951	4,033
Per Pupil Spending	15,514	16,038	16,414	16,246	15,807	16,057	15,721

Appendix I: Projected Required City School Funding

1. Assumptions:

a. Funding from State/Other sources remains the same (\$12,619,451).
 b. School GF increases of 1.5%/Year based on FY 2010 -2014 annual compounded rate of increase.
 c. City funds School CIP @ \$2,775,000/Year based on previous funding. It should be noted that projected large cap expenditures plus unfunded projects in the School Capital Improvement Plan for the years 2015 - 2019 would average \$2,791,795 excluding reconfiguration with the exception of Buford reconfiguration design of \$750,000 in 2018.
 d. City funding of School debt service estimated to be \$2,000,000/Year.

								Required City Funding of Schools as % of City GF Assuming Differing City GF Growth Rates					
								City GF		City GF		City GF	
								Budget	% of	Budget	% of	Budget	% of
Year	School GF @1.5%/Yr	State/Other Funding	Required City Funding of School GF	City Funding Of School CIP	School Debt Service	Required Total City Funding	Annual Change	@1.3%/Yr	Citi GF	@1.5%/Yr	Citi GF	@2%/Yr	Citi GF
2013-14	\$56,687,277	\$12,619,451	\$44,067,826	\$2,222,285	\$2,000,000	\$48,290,111		\$148,167,862	32.6%	\$148,167,862	32.6%	\$148,167,862	32.6%
2014-15	\$57,537,586	\$12,619,451	\$44,918,135	\$2,775,000	\$2,000,000	\$49,693,135	\$1,403,024	\$150,094,044	33.1%	\$150,390,380	33.0%	\$151,131,219	32.9%
2015-16	\$58,400,650	\$12,619,451	\$45,781,199	\$2,775,000	\$2,000,000	\$50,556,199	\$863,064	\$152,045,267	33.3%	\$152,646,236	33.1%	\$154,153,844	32.8%
2016-17	\$59,276,660	\$12,619,451	\$46,657,209	\$2,775,000	\$2,000,000	\$51,432,209	\$876,010	\$154,021,855	33.4%	\$154,935,929	33.2%	\$157,236,920	32.7%
2017-18	\$60,165,810	\$12,619,451	\$47,546,359	\$2,775,000	\$2,000,000	\$52,321,359	\$889,150	\$156,024,139	33.5%	\$157,259,968	33.3%	\$160,381,659	32.6%
2018-19	\$61,068,297	\$12,619,451	\$48,448,846	\$2,775,000	\$2,000,000	\$53,223,846	\$902,487	\$158,052,453	33.7%	\$159,618,868	33.3%	\$163,589,292	32.5%

2. Same Assumptions as 1 Except:

a. School GF increases of 2.7%/Year based on FY 2003 - 2014 annual compounded rate of increase.

								Required City Funding of Schools as % of City GF Assuming Differing City GF Growth Rates					
								City GF		City GF		City GF	
								Budget	% of	Budget	% of	Budget	% of
Year	School GF @2.7%/Yr	State/Other Funding	Required City Funding of School GF	City Funding Of School CIP	School Debt Service	Required Total City Funding	Annual Change	@1.3%/Yr	Citi GF	@1.5%/Yr	Citi GF	@2%/Yr	Citi GF
2013-14	\$56,687,277	\$12,619,451	\$44,067,826	\$2,222,285	\$2,000,000	\$48,290,111		\$148,167,862	32.6%	\$148,167,862	32.6%	\$148,167,862	32.6%
2014-15	\$58,217,833	\$12,619,451	\$45,598,382	\$2,775,000	\$2,000,000	\$50,373,382	\$2,083,271	\$150,094,044	33.6%	\$150,390,380	33.5%	\$151,131,219	33.3%
2015-16	\$59,789,715	\$12,619,451	\$47,170,264	\$2,775,000	\$2,000,000	\$51,945,264	\$1,571,882	\$152,045,267	34.2%	\$152,646,236	34.0%	\$154,153,844	33.7%
2016-17	\$61,404,037	\$12,619,451	\$48,784,586	\$2,775,000	\$2,000,000	\$53,559,586	\$1,614,322	\$154,021,855	34.8%	\$154,935,929	34.6%	\$157,236,920	34.1%
2017-18	\$63,061,946	\$12,619,451	\$50,442,495	\$2,775,000	\$2,000,000	\$55,217,495	\$1,657,909	\$156,024,139	35.4%	\$157,259,968	35.1%	\$160,381,659	34.4%
2018-19	\$64,764,619	\$12,619,451	\$52,145,168	\$2,775,000	\$2,000,000	\$56,920,168	\$1,702,673	\$158,052,453	36.0%	\$159,618,868	35.7%	\$163,589,292	34.8%

3. Same Assumptions as 1 Except:

a. Funding from State/Other sources provides 22% of School GF Requirement (22.3% in 2013 - 2014)

								Required City Funding of Schools as % of City GF Assuming Differing City GF Growth Rates					
								City GF		City GF		City GF	
								Budget	% of	Budget	% of	Budget	% of
Year	School GF @1.5%/Yr	State/Other Funding @22%	Required City Funding of School GF	City Funding Of School CIP	School Debt Service	Required Total City Funding	Annual Change	@1.3%/Yr	Citi GF	@1.5%/Yr	Citi GF	@2%/Yr	Citi GF
2013-14	\$56,687,277	\$12,619,451	\$44,067,826	\$2,222,285	\$2,000,000	\$48,290,111		\$148,167,862	32.6%	\$148,167,862	32.6%	\$148,167,862	32.6%
2014-15	\$57,537,586	\$12,658,269	\$44,879,317	\$2,775,000	\$2,000,000	\$49,654,317	\$1,364,206	\$150,094,044	33.1%	\$150,390,380	33.0%	\$151,131,219	32.9%
2015-16	\$58,400,650	\$12,848,143	\$45,552,507	\$2,775,000	\$2,000,000	\$50,327,507	\$673,190	\$152,045,267	33.1%	\$152,646,236	33.0%	\$154,153,844	32.6%
2016-17	\$59,276,660	\$13,040,865	\$46,235,795	\$2,775,000	\$2,000,000	\$51,010,795	\$683,288	\$154,021,855	33.1%	\$154,935,929	32.9%	\$157,236,920	32.4%
2017-18	\$60,165,810	\$13,236,478	\$46,929,331	\$2,775,000	\$2,000,000	\$51,704,331	\$693,537	\$156,024,139	33.1%	\$157,259,968	32.9%	\$160,381,659	32.2%
2018-19	\$61,068,297	\$13,435,025	\$47,633,271	\$2,775,000	\$2,000,000	\$52,408,271	\$703,940	\$158,052,453	33.2%	\$159,618,868	32.8%	\$163,589,292	32.0%

4. Same Assumptions as 1 Except:

a. School GF increases of 2.7%/Year based on FY 2003 - 2014 annual compounded rate of increase.
 b. Funding from State/Other sources provides 22% of School GF Requirement (22.3% in 2013 - 2014)

								Required City Funding of Schools as % of City GF Assuming Differing City GF Growth Rates					
								City GF		City GF		City GF	
								Budget	% of	Budget	% of	Budget	% of
Year	School GF @2.7%/Yr	State/Other Funding	Required City Funding of School GF	City Funding Of School CIP	School Debt Service	Required Total City Funding	Annual Change	@1.3%/Yr	Citi GF	@1.5%/Yr	Citi GF	@2%/Yr	Citi GF
2013-14	\$56,687,277	\$12,619,451	\$44,067,826	\$2,222,285	\$2,000,000	\$48,290,111		\$148,167,862	32.6%	\$148,167,862	32.6%	\$148,167,862	32.6%
2014-15	\$58,217,833	\$12,807,923	\$45,409,910	\$2,775,000	\$2,000,000	\$50,184,910	\$1,894,799	\$150,094,044	33.4%	\$150,390,380	33.4%	\$151,131,219	33.2%
2015-16	\$59,789,715	\$13,153,737	\$46,635,978	\$2,775,000	\$2,000,000	\$51,410,978	\$1,226,068	\$152,045,267	33.8%	\$152,646,236	33.7%	\$154,153,844	33.4%
2016-17	\$61,404,037	\$13,508,888	\$47,895,149	\$2,775,000	\$2,000,000	\$52,670,149	\$1,259,171	\$154,021,855	34.2%	\$154,935,929	34.0%	\$157,236,920	33.5%
2017-18	\$63,061,946	\$13,873,628	\$49,188,318	\$2,775,000	\$2,000,000	\$53,963,318	\$1,293,169	\$156,024,139	34.6%	\$157,259,968	34.3%	\$160,381,659	33.6%
2018-19	\$64,764,619	\$14,248,216	\$50,516,403	\$2,775,000	\$2,000,000	\$55,291,403	\$1,328,085	\$158,052,453	35.0%	\$159,618,868	34.6%	\$163,589,292	33.8%

Appendix J: Tax and Fee Legal Caps City of Charlottesville 2013-2014

<u>Tax and Fee Legal Caps</u>		
	ADOPTED FISCAL YEAR 2013-2014	Rate Increase Estimates (based on FY 2014 Adopted Budget)
Real Estate	\$.95/\$100 AV	\$.1 = \$546,531
	<i>58.1-3321 - no cap, but effective tax rate increases must be publicly advertised 30 days prior to hearing.</i>	
Personal Property	\$4.20/\$100 AV	\$.1 = \$15,700
	<i>No cap; 58.1-3008- authorizes different rates for different classes 58.1-3524- Beginning Tax Year 2006, PPTRA requires reduced rates on qualifying vehicles, applied to value < \$20,000</i>	
Sales Tax	5.3%	
	<i>58.1-605 (B)- Cap: rate may not exceed 1% (included in the 5.3% cap)</i>	
Sales Tax (Non Prepared)	2.5%	
	<i>58.1-611.1 - Cap: rate may not exceed 1% (included in the 2.5% cap)</i>	
Restaurant/Meals Tax	4.0%	1% = \$2M
	<i>58.1-3840 (no cap for City)</i>	
Lodging (Transient Occupancy) Tax	6%	1% = \$478,000
	<i>58.1-3840 (no cap for City)</i>	
Cigarette Tax	\$.35 per pack	\$.1 = \$16,700
	<i>58-1.3830 (no cap for City)</i>	
E-911	\$.75/phone line	
	<i>Collected by State as part of Communications Sales and Use tax</i>	
Cable Franchise Fee	5%	
	<i>Collected by State as part of Communications Sales and Use tax 15.2-2108.1:1: no new or renewed cable franchise entered after 1/1/2007 may include a franchise fee (see 2006 House Bill 568)</i>	
Cable Consumer Utility Tax	5%	
	<i>Collected by State as part of Communications Sales and Use tax</i>	
Telephone Consumer Utility Tax	5%	
	<i>Collected by State as part of Communications Sales and Use tax</i>	
<u>Refuse Collection</u>	<i>15.2-928--No Cap</i>	
Trash Stickers	13 Gal - \$.105 each 32 Gal - \$.2.10 each	
Trash Decal Fees	32 Gallon Can \$94.50 Annually 45 Gallon Can \$125.00 Annually 64 Gallon Can \$189.00 Annually 96 Gallon Can \$283.50 Annually	
Large Item Pick Up Fee	\$35.00 for first occurrence \$50.00 for second occurrence \$100 for third and subsequent occurrences	
Motor Vehicle License Fee	Up to 4,000 lbs. - \$28.50 4,000 - 6,500 lbs. - \$33.50 Over 6,500 lbs. - \$33.50 Motorcycles - \$8.50	
	<i>46.2-752(A) - Cap: may not exceed amount of state license fee</i>	
Courthouse Maintenance Fee	\$2.00 per court case	
	<i>17.1-281 - Cap: \$2.00</i>	
Courtroom Security Fee	\$10.00 per conviction	
	<i>53.1-120 - Cap: \$10.00</i>	
Machinery and Tools Tax	\$4.20/\$100 AV	
	<i>No cap; 58.1-3008- authorizes different rates for different classes</i>	
Mobile Home Tax	\$.95/\$100 AV	
	<i>58.1-3522 - assess in line w/real estate tax; 58.1-3280 - assess @ fair market value</i>	