

City of Alexandria, Virginia

MEMORANDUM

Date: MARCH 24, 2022
TO: THE HONORABLE MAYOR AND THE MEMBERS OF THE CITY COUNCIL
FROM: BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE (BFAAC)
SUBJECT: MEMO #8 – CITY OF ALEXANDRIA STATE FUNDING ASSESSMENT

At the City Council Budget Retreat on November 7, 2021, BFAAC was asked to review funding the City receives from the State of Virginia. The review was requested to cover ten years and look at any potential funding differences between State Administrations. In review of budget documentation, BFAAC determined that the information was not readily available from budget documentation. As a result, the City pulled the information together and provided it to BFAAC.

Background

For the period between Fiscal Year 2012 and Fiscal Year 2021, revenue from the Commonwealth ranged from a low of \$83.9 million (FY 2012) to a high of \$125.1 million (FY 2021). Average annual revenue received for the period was \$63.3 million which is approximately 10.3% of all revenue for the City.

Funds received from the State provide support for programs and services budgeted in the City's focus areas which include:

1. Accountable, Effective and Well-Managed Government
2. Safe, Secure, and Just Community
3. Livable, Green, and Prospering City
4. Healthy and Thriving Residents

BFAAC's analysis looked at two different views to determine the specifics of State revenue received by year as follows:

- 1) All revenue received and revenue received regardless of the purpose; and
- 2) State revenue received for programs and operations detailed in the City's four focus areas.

Analysis

1) Revenues received from the Commonwealth

For the purposes of review, BFAAC first considered all revenue received from the Commonwealth regardless of the purpose for which those monies were provided. The

following shows actual State funding received by fiscal year for the period from Fiscal Year 2012 to Fiscal Year 2021. Budgeted funding from the State is shown for Fiscal Year 2022. State revenue is then compared with total City revenues for the same period with notation of the percentage of revenue that the State funding represents when compared to all City revenues.

Revenues Received from the State of Virginia											
With General Fund											
(000)											
	McDonnell			McAuliffe				Northam			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Approved
Grand Total	83,861.4	102,627.6	108,153.9	98,515.3	104,113.7	106,073.9	108,773.5	116,566.4	119,944.9	125,107.1	121,462.8
City of Alexandria Total Revenue	642,655.51	595,009.29	611,565.44	636,911.18	649,395.48	683,650.13	717,727.33	744,307.42	729,551.40	728,915.21	747,420.37
State Revenue as percent of City Total Revenue	13.0%	17.2%	17.7%	15.5%	16.0%	15.5%	15.2%	15.7%	16.4%	17.2%	16.3%

During the period reviewed, there were three changes to Executive Administration of the Commonwealth. Additionally, leadership of the General Assembly changed political parties during this time. As the data suggests, changes to Executive and political leadership nominally impacts the revenue funding support received by the City from the State. This is largely attributable to the fact that State funding received by the City is commonly distributed to political subdivisions of the State through defined funding formulas.

BFAAC then reviewed revenue received by the City for designated (restricted) use. Designated funds include grants, allocations for programs, salary contributions for Constitutional offices, etc. As the following chart shows, designated funding received by the City is reasonably consistent for the period reviewed. Administrative and political leadership of the Commonwealth does not appear to have considerable influence on the allocation. The funding amounts received per year in FY 2012-2022 are between \$47 million to a high of \$86.1 million. After a low of 7.3% received in FY 2012, the percent of State funds received stayed consistent at between 9 and 11% of City revenue.

Revenues Received from the State of Virginia											
Without General Fund											
(000)											
	McDonnell			McAuliffe				Northam			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Category	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Approved
Grand Total	46,975.1	66,177.0	70,846.7	61,314.2	66,363.9	68,055.2	70,879.5	78,249.4	81,499.7	86,072.2	82,321.2
City of Alexandria Total Revenue	642,655.51	595,009.29	611,565.44	636,911.18	649,395.48	683,650.13	717,727.33	744,307.42	729,551.40	728,915.21	747,420.37
State Revenue as percent of Total City Revenue (without General Fund)	7.3%	11.1%	11.6%	9.6%	10.2%	10.0%	9.9%	10.5%	11.2%	11.8%	11.0%

2) All Revenue received between the City’s four focus areas, both between years and State administration.

Next BFAAC reviewed State funding received for City programs and operations arranged by the City’s four focus areas.

Healthy and Thriving Residents. This area includes Community and Human Services, Health, Library, Recreation Parks and Cultural Activities, Alexandria Public Schools, and Northern Virginia Community College. All funding received in this focus area was for restricted or specific use. As the following shows, for all State funding received for this focus area, the level is consistent at about 17-19% of the funding for that focus area across all fiscal years. Funding provided is primarily for City schools and Community and Health Services. There does not seem to be any significant difference in funding received between State Administrations.

	McDonnell			McAuliffe				Northam			
	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Approved
ACPS	28,290.8	34,628.2	35,820.4	38,667.6	40,920.1	42,121.5	47,550.8	49,224.8	51,146.2	56,723.7	52,065.0
Community and Health Services	16,907.8	15,721.5	15,108.2	14,859.2	17,393.3	16,679.4	16,562.6	17,008.2	18,336.1	17,537.6	19,910.8
Health		20.8	2.8		80.9						
Library											185.7
Recr and Cultrual Services	104.9	31.7	20.9	26.6	9.7	5.0	24.8	26.5	21.8	11.4	47.0
Total Category State Revenue	45,303.5	50,402.1	50,952.3	53,553.4	58,403.9	58,806.0	64,138.2	66,259.5	69,504.0	74,272.6	72,208.5
Total Category City Budget	257,095.4	265,353.0	271,467.3	317,152.0	314,962.0	325,055.8	362,388.2	373,912.5	399,134.0	405,867.3	414,189.8
State Revenue as % of City Category Budget	17.6%	19.0%	18.8%	16.9%	18.5%	18.1%	17.7%	17.7%	17.4%	18.3%	17.4%

Safe, Secure, and Just Community. This City focus area includes 18th General District Court, Circuit Court Judges, Clerk of Circuit Court, Commonwealth Attorney, Court Services Unit, Emergency and Customer Communications, Fire, Human Rights, Juvenile and Domestic Relations District Court, Other Public Safety and Justice Programs, Police, and Sheriff. As the chart shows, this focus area receives a very small percent of the State funding, but the amount remains consistent across the FY 2012 to 2022 fiscal years at about 1 to 1.7% of the focus area’s revenue. Funding received is primarily for the Commonwealth Attorney, Court and Criminal Justice Services, Fire and Police. There is no real difference between State Administrations.

	Revenues Received from the State of Virginia With General Fund (000)										
	McDonnell			McAuliffe				Northam			
	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Approved
Circuit Court Clerk											15.4
Commonwealth Attorney	62.6	62.0	124.6	109.2	69.0	78.1	82.5	76.8	72.1	61.1	75.8
Emergency and Customer Communications							594.4	534.1	565.5	584.8	930.0
Court Services	59.1	59.1	200.4	37.7	44.9	52.9	59.1	44.3	59.1	109.0	59.1
Criminal Justice Services	622.0	493.7	819.4	515.3	601.2	601.6	603.1	605.7	592.8	627.3	678.5
Fire	480.0	661.5	438.6	915.5	1,328.4	409.4	738.7	1,007.9	738.6	424.5	643.4
Human Rights	1.6										
Juve Dom Relations Dist Court		0.4									
Police	598.9	504.4	667.6	542.5	601.7	642.5	41.1	27.6	46.8	54.4	
Sheriff			81.8	83.1	90.9	83.8	96.6				
Total Category State Revenue	1,824.3	1,781.0	2,332.4	2,203.2	2,736.0	1,868.4	2,215.5	2,296.3	2,074.9	1,876.5	2,386.9
Total Category City Budget	134,716.4	141,600.4	145,592.6	154,753.2	159,257.5	168,058.1	172,148.5	178,062.0	182,982.2	179,465.2	175,051.2
State Revenue as % of City Category Budget	1.4%	1.3%	1.6%	1.4%	1.7%	1.1%	1.3%	1.3%	1.1%	1.0%	1.4%

The same appears true for funding received in this focus area for specific or restricted funding. As the following chart shows, the funding received is between .9% and 1.4% of the total funding for this focus area. There is no real difference between fiscal years.

Category	McDonnell			McAuliffe				Northam			
	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Approved
Commonwealth Attorney	62.6	62.0	124.6	109.2	69.0	78.1	82.5	76.8	72.1	61.1	75.8
Emergency and Customer Communications											
Court Services	59.1	59.1	200.4	37.7	44.9	52.9	59.1	44.3	59.1	109.0	59.1
Criminal Justice Services	622.0	493.7	819.4	515.3	601.2	601.6	603.1	605.7	592.8	627.3	678.5
Fire	480.0	661.5	436.7	915.5	1,326.3	409.4	738.7	1,007.9	738.6	424.5	643.4
Human Rights	1.6										
Juve Dom Relations Dist Court		0.4									
Police	62.2	59.3	133.8	41.9	41.4	63.4	41.1	27.6	46.8	54.4	
Sheriff			81.8	83.1	90.9	83.8	96.6				
Total Category State Revenue	1,287.6	1,335.9	1,796.7	1,702.7	2,173.5	1,289.3	1,621.1	1,762.2	1,509.4	1,276.3	1,456.9
Total Category City Budget	134,716.4	141,600.4	145,592.6	154,753.2	159,257.5	168,058.1	172,148.5	178,062.0	182,982.2	179,465.2	175,051.2
State Revenue as % of City Category Budget	1.0%	0.9%	1.2%	1.1%	1.4%	0.8%	0.9%	1.0%	0.8%	0.7%	0.8%

Accountability, Effective and Well-Managed Government. This City focus area includes City Attorney, City Clerk and Clerk of Council, City Council, City Manager, Communications/Public Information, Community Policing Review Board, Finance, General Services, Human Resources, Information Technology Services, Internal Audit, Management and Budget, Non-Departmental (a miscellaneous account for all other types of funding), Office of Organizational Excellent, Performance and Accountability, and Registrar of Voters. This area receives less than one percent of its funding from the State and again the amount is consistent across Administrations.

Category	McDonnell			McAuliffe				Northam			
	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Approved
Human Services	71.8										
Finance	7.9			1.9		1.1	1.0	(4.0)		(8.7)	
General Services											
Non Departmental		19.3	7.6	0.6	29.8	109.9	64.2	640.3	1,098.1		1,000.0
Registrar										25.0	
Total Category State Revenue	79.7	19.3	7.6	2.5	29.8	111.0	65.2	636.3	1,098.1	16.3	1,000.0
Total Category City Budget	112,647.3	127,080.1	130,298.9	142,240.0	143,816.0	155,013.6	144,262.5	145,691.8	144,098.5	128,562.3	177,585.2
State Revenue as % of City Category Budget	0.071%	0.015%	0.006%	0.002%	0.021%	0.072%	0.045%	0.437%	0.762%	0.013%	0.563%

This holds true when looking at specific use or restricted use revenues received, as well.

Category	McDonnell			McAuliffe				Northam			
	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Approved
Human Services	71.8										
Finance											
General Services											
Non Departmental		19.3	7.6	0.6	29.8	109.9	64.2	640.3	1,098.1		1,000.0
Registrar											
Total Category State Revenue	71.8	19.3	7.6	0.6	29.8	109.9	64.2	640.3	1,098.1	-	1,000.0
Total Category City Budget	112,647.3	127,080.1	130,298.9	142,240.0	143,816.0	155,013.6	144,262.5	145,691.8	144,098.5	128,562.3	177,585.2
State Revenue as % of City Category Budget	0.064%	0.015%	0.006%	0.000%	0.021%	0.071%	0.044%	0.439%	0.762%	0.000%	0.563%

Livable, Green, and Prospering City. This City focus area include Code Administration, Economic Development, Housing, Historic Alexandria, Planning and Zoning, Project Implementation, Transportation and Environmental Services, and Transit Subsidies. All State revenue received in this focus area is for specific or restricted use. The focus area received only about .5% of its funding from the State in FY 2012, but after that it received anywhere from 3.7-6.7% percent from the State. The increase is for transit services. Other areas receiving most of the funding in this focus area is Transportation and Environmental Services. There is no significant difference in funding received by State Administration.

	McDonnell			McAuliffe				Northam			
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Approved</u>
Economic Development											
Historic Alexandria									30.0		
Housing		(3.9)	3.9	4.9	(2.0)	(3.0)	120.0	12.9	53.2	33.8	75.0
Trans and Environmental Svs	315.5	433.8	464.4	223.9	435.4	437.5	380.1	336.2	184.5	602.9	298.5
Transit Services	(3.3)	13,989.8	17,621.9	5,828.6	5,323.2	7,415.5	4,566.7	9,238.4	9,120.6	9,871.1	7,282.4
Total Category State Revenue	312.2	14,419.7	18,090.1	6,057.5	5,756.6	7,850.0	5,066.8	9,587.5	9,388.3	10,507.8	7,655.8
Total Category City Budget	64,781.2	265,353.0	271,467.3	126,463.7	152,609.2	127,763.3	138,274.8	144,151.0	142,066.4	155,965.5	183,790.7
State Revenue as % of City Category Budget	0.5%	5.4%	6.7%	4.8%	3.8%	6.1%	3.7%	6.7%	6.6%	6.7%	4.2%

Conclusion

The City of Alexandria derives about 15 to 17 percent of its revenue from the State, with the highest amount received being in FY 2021 of \$125.1 million. The State Administration does not impact the funding received by the City. BFAAC has not been able to determine if the revenue received by the City from the State is on par with other surrounding jurisdictions. For example, Arlington County’s budget shows it receives about \$70 plus million from the State in each of the last several fiscal years, but the details do not show if this accounts for all funding received. Fairfax County’s FY 2023 budget shows receipt of \$ \$1,126 million from the Commonwealth, which is 11.8% of total revenue. However, it is difficult to tell if that is an “apples-to-apples” comparison between what the City or Arlington and Fairfax County receive. The fact that the City is also a County and City services provider is another factor making such a comparison difficult.

Recommendation:

BFAAC recommends that the City include detailed information on the funding received from the State in its annual budget, since it is an important part of overall funding. Given that revenue from the Commonwealth accounts for up to 17 percent of the budget, it is important that citizens see the extent of the State’s investment in the City.