

## *City of Alexandria, Virginia*

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### MEMORANDUM

DATE: APRIL 5, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #67: TRENDS IN STATE AND FEDERAL REVENUES

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This is in response to Councilwoman Woodson's request for trends in state and federal revenues for the past ten years. She also asked for information regarding forecasts for the next five years. In addition, Councilwoman Woodson was especially interested in revenues for Schools, Human Services, and Public Safety.

Table 1 shows a history of General and Special revenues from the Commonwealth of Virginia and a projection of the next five years' revenues; Table 2 contains similar information for the Federal Government. Table 3 includes revenues for the departments which are the three largest recipients of federal and commonwealth revenue and public safety.

General Fund revenues can be used for any purpose; Special Fund Revenues are designated for a specific purpose or to fund a specific program. It is very difficult to estimate future intergovernmental revenues because transfers to local governments depend upon the financial ability and commitment of other levels of government to make them. For example, Table I reveals flat or decreased revenues from the Commonwealth between Fiscal Year 2002 and Fiscal Year 2005, a period when Virginia experienced financial difficulty. When projecting future intergovernmental revenues, the City estimates revenues will increase in a range of 0-5%. For this budget memo, Staff has projected an increase in the medium projection range of 3% from FY 2008 to FY 2012.

**Table 1. Revenues from Virginia, FY 1997 to FY 2006, and projected FY 2007-FY 2012**

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Special Fund Revenues</b>	<b>Total</b>
1997	\$9,988,802	\$29,212,488	\$39,201,290
1998	\$10,567,522	\$31,945,113	\$42,512,635
1999	\$10,629,208	\$33,821,658	\$44,450,866
2000	\$21,369,438	\$37,060,742	\$58,430,180
2001	\$32,860,263	\$35,750,229	\$68,610,492
2002	\$41,224,079	\$39,461,889	\$80,685,968
2003	\$41,107,758	\$38,508,335	\$79,616,093
2004	\$42,630,177	\$34,902,750	\$77,532,927
2005	\$42,162,270	\$38,767,695	\$80,929,965
2006	\$43,444,400	\$40,925,552	\$84,369,952
Projected 2007	\$46,285,400	\$44,754,147	\$91,039,547
Projected 2008	\$47,673,962	\$46,096,771	\$93,770,733
Projected 2009	\$49,104,181	\$47,479,675	\$96,583,856
Projected 2010	\$50,577,306	\$48,904,065	\$99,481,371
Projected 2011	\$52,094,625	\$50,371,187	\$102,465,812
Projected 2012	\$53,657,464	\$51,882,322	\$105,539,786

Source: FY 1997-FY 2006 Approved Budget  
FY 2007 Proposed Budget

**Table 2. Revenues from Federal Government, FY 1997 to FY 2006, and projected FY 2007-  
FY 2012**

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Special Fund Revenues</b>	<b>Total</b>
1997	\$3,883,975	\$19,112,867	\$22,996,842
1998	\$3,899,904	\$20,603,426	\$24,503,330
1999	\$3,546,696	\$22,788,453	\$26,335,149
2000	\$4,236,915	\$23,750,018	\$27,986,933
2001	\$4,819,189	\$23,706,639	\$28,525,828
2002	\$5,377,837	\$24,297,687	\$29,675,524
2003	\$4,647,462	\$27,007,189	\$31,654,651
2004	\$6,830,487	\$30,090,932	\$36,921,419
2005	\$4,892,049	\$33,127,258	\$38,019,307
2006	\$5,328,909	\$35,658,774	\$40,987,683
Projected 2007	\$5,328,909	\$34,505,425	\$39,834,334
Projected 2008	\$5,488,776	\$35,540,588	\$41,029,364
Projected 2009	\$5,653,440	\$36,606,805	\$42,260,245
Projected 2010	\$5,823,043	\$37,705,010	\$43,528,053
Projected 2011	\$5,997,734	\$38,836,160	\$44,833,894
Projected 2012	\$6,177,666	\$40,001,245	\$46,178,911

Source: FY 1997-FY 2006 Approved Budget  
FY 2007 Proposed Budget

Councilwoman Woodson was particularly interested in the effects on Schools, Human Services, and Public Safety. The departments which are the largest recipients of special revenues from federal and state sources are Schools (\$39,988,758 in FY 2007), Human Services (\$27,335,579 in FY 2007), and Mental Health, Mental Retardation, and Substance Abuse (\$6,178,527).

The chart below reveals special fund revenues received for these departments since FY 1997.

**Special Fund revenues, by department**

Fiscal Year	Schools	Human Services	Mental Health, Mental Retardation, and Substance Abuse (MH/MR/SA)	Public Safety (includes Fire and Police)
1997	\$20,129,729	\$13,211,090	\$7,835,467	\$401,548
1998	\$21,259,734	\$16,539,479	\$7,214,868	\$140,551
1999	\$24,389,502	\$17,723,341	\$6,744,813	\$251,000
2000	\$26,318,685	\$19,678,347	\$6,843,212	\$330,666
2001	\$28,399,248	\$21,318,720	\$5,943,004	\$363,820
2002	\$29,200,380	\$24,124,759	\$6,104,168	\$307,752
2003	\$29,510,331	\$24,606,663	\$6,321,889	\$397,470
2004	\$30,585,997	\$13,624,747	\$5,752,754	\$411,746
2005	\$35,875,647	\$24,989,069	\$5,849,069	\$688,460
2006	\$39,618,808	\$25,669,734	\$5,913,269	\$742,515
2007	\$39,988,758	\$27,335,579	\$6,178,527	\$771,786

Source: FY 1997-FY 2006 Approved Budget  
FY 2007 Proposed Budget

School revenues include reimbursement for the school lunch fund, supplemental reading and math instruction for students, and programs to assist in the instructional program for handicapped students. Human Services revenues include grants for Child Welfare Administration and Head Start. MH/MR/SA revenues include a Substance Abuse block grant, and a block grant for Community Mental Health Services for mentally ill adults. Public Safety Revenues include grants for the Fire Training Fund and the COPS Anti-Terrorism program.