

Budget Amendment Item 132 #4h

(Delegate Rob Bell)

Summary

Endorsed by the Albemarle County Board of Supervisors, Budget Amendment Item 132 #4h will rectify a long-standing inaccuracy in the Composite Index calculations for Albemarle County and the City of Charlottesville. The current Composite Index formula does not take into account the revenue-sharing agreement between the two localities, thus overstating Albemarle's ability-to-pay for education, and understating Charlottesville's revenue available to fund education. ***This budget amendment reduces the true property value for Albemarle by 10%, to adjust for the revenue sharing agreement and reflect a more accurate picture of what Albemarle is actually "able to pay."***

Origin of Composite Index Calculation Accuracies

- Albemarle County and Charlottesville City entered into a revenue sharing agreement in 1982. This budget amendment only impacts Albemarle and Charlottesville and does not affect the revenue sharing agreement. **It has NO fiscal impact on the State Budget.**
- Albemarle submits a percentage of revenue annually, and Charlottesville agreed not to annex additional land from Albemarle.*
- At the time of the revenue sharing agreement between Charlottesville and Albemarle, the parties were not aware of the unintended impact the agreement would have upon the Composite Index and local ability-to-pay for Albemarle.

Revenue Sharing Payments from Albemarle County to Charlottesville:

- FY07 - \$10,134,816
- FY08 - \$13,212,401
- FY09 - \$13,633,950
- FY10 - \$18,038,878
- FY11 - \$18,454,658

Note: The amount of each single-year payment exceeds the total dollar amount of all other revenue-sharing agreements in place statewide, combined.

The current Composite Index calculations are inaccurate representations of the actual ability to pay for education for both Charlottesville and Albemarle.

This amendment would correct the Composite Index calculation to reflect each locality's actual ability to pay and accurately allocate state dollars according to the state formula.

- Pursuant to the agreement, Albemarle County annually provides the equivalent of 10% of its real property tax revenue to Charlottesville (see chart above).
- The Composite Index formula does not take these real property tax payments into consideration. Charlottesville's state funding is calculated using their revenues *before* they receive the large payment from Albemarle (understating their available revenues), while Albemarle's CI is calculated before the large payment is subtracted from their available revenues (thus overstating the county's ability to pay).
- The Albemarle County School Board requests this amendment in order for Albemarle's Composite Index to accurately reflect its revenue, resulting in more funding for Albemarle schools based upon the Composite Index.
- **This amendment is endorsed by the Albemarle County Board of Supervisors (vote 2/3/10).**

* Cities may no longer involuntarily annex county land, due to a moratorium enacted by the General Assembly January 1, 1987 and extended by statute until July 1, 2018. As part of this moratorium, *cities were granted increased state funding for certain services.*