

**REPORT OF THE  
COMMISSION ON STATE AID TO LOCALITIES  
AND  
THE JOINT SUBCOMMITTEE ON ANNEXATION  
TO  
THE GOVERNOR  
AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 26**

**COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF PURCHASES AND SUPPLY  
RICHMOND**

**1978**

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**Report of the**

**Commission on State Aid to Localities**

**and**

**the Joint Subcommittee on Annexation**

TO: Honorable John N. Dalton, Governor of Virginia

and

The General Assembly of Virginia

The 1977 Session of the General Assembly took two major steps in an effort to rectify what it perceived as inequities in the manner in which State funds are disbursed to the localities for the support of various functions. The first was the passage of H. B. 2160 which established, among other things, a general State funding formula based on local need, local fiscal ability, and local tax effort. The Governor vetoed this bill. The other step was the establishment of a study commission with a charge to address the problem further. That legislation is as follows:

**Chapter 661**

An Act to create a commission to consider and report upon various State formulas used to compute the amount of State aid given to Virginia's counties, cities and towns and the need to modify such formulas; and to appropriate funds.

Be it enacted by the General Assembly of Virginia:

1. § 1. The General Assembly finds and declares that the economic, social and political welfare of each of the Commonwealth's counties, cities and towns are of importance to the Commonwealth as a whole; that the Commonwealth should treat each of such political subdivisions equitably to the extent permitted by the Constitution and law and that State assistance to such subdivisions should be based on a standard of need for State assistance.

§ 2. There is hereby created a commission to be known as the Commission on State Aid to Localities. The Commission shall be composed of eleven persons of whom five shall be appointed by the Speaker of the House of Delegates, three shall be appointed by the Privileges and Elections Committee of the Senate, and three shall be appointed by the Governor from the State at large. The Commission shall elect its own chairman. The Commission shall conclude its study and make its final

report and give its recommendations, upon the matters hereinafter set out, to the Governor and the General Assembly not later than October one, nineteen hundred seventy-eight.

§ 3. The Commission shall examine:

A. The present State programs giving aid to local governments other than public education;

B. The formulas used to compute the amount of such State aid;

C. The reason or reasons underlying such formulas;

D. The fairness of such formulas; and

E. The desirability and feasibility of modifying such formulas or providing a standard formula.

§ 4. Commission members shall receive fifty dollars for each meeting they attend in addition to their actual and necessary expenses. In order to provide funds for the purposes of this act there is hereby appropriated from the general fund of the State Treasury the sum of ten thousand dollars.

The following persons were appointed to the Commission: Senator Peter K. Babalas, Norfolk; Delegate Robert B. Ball, Henrico County; Roderick J. Britton, Richmond; Stuart W. Connock, Richmond; Delegate C. Richard Cranwell, Roanoke County; Delegate George H. Heilig, Jr., Norfolk; R. L. Light, Jr., Bristol; Delegate Thomas J. Michie, Jr., Charlottesville; Delegate C. Jefferson Stafford, Pearisburg; Senator William A. Truban, Woodstock; and Senator Edward E. Willey, Richmond.

Mr. Michie was elected chairman and Senator Babalas was elected vice-chairman.

Related to this development, the Senate Committee on Local Government and the House Committee on Counties, Cities and Towns appointed a joint subcommittee to study the annexation question. Because the two bodies had members in common and because the question of aid to the localities and annexation were so closely related, the two groups decided to meet jointly. Each meeting was a joint one and the recommendations set forth in this report are a product of the deliberations of both groups. In addition to Senators Babalas and Willey, Mr. Michie, and Mr. Cranwell, the members of the Joint Subcommittee on Annexation were Senator Joseph V. Gartlan, Jr., Fairfax; Senator Virgil H. Goode, Rocky Mount; Delegate Franklin P. Hall, Richmond; Senator William B. Hopkins, Roanoke; Delegate George W. Jones, Chesterfield County; Senator Wiley F. Mitchell, Jr., Alexandria; Senator William F. Parkerson, Jr., Henrico County; Senator J. Lewis Rawls, Jr., Suffolk; and Delegate Robert E. Washington, Norfolk.

The Commission decided to use H. B. 2160 as a starting point of its

study. After ascertaining the programs at the local level in which the State participates in funding, it met with the directors of the relevant State agencies and discussed the methods being used to disburse funds by their agencies and possible modifications in those formulas.

The Commission found that State aid to localities follows no pattern from agency to agency. The law either specifies a flat percentage of the costs of a local program which the State will pay, as in welfare, or it leaves the determination of that percentage largely in the discretion of the administrative agency, as with health and mental health and mental retardation. In the latter case, the agency may use some objective measures to disburse funds or it may use a largely subjective approach.

From the inception of its study, the Commission adopted the philosophy that State aid to localities should be disbursed in accordance with objective standards of equity. Equity would require that the proportion of the costs of a particular service that a locality would have to bear would be a reflection of a locality's need for the services, its fiscal resources, and its efforts to raise sufficient funds from its own resources. The Commission also decided to use objective measures of these factors in the determination of the percentage of costs each locality would contribute. Such objective measures would reduce the chances for manipulation and allow little room for bureaucratic discretion.

Generally speaking, the factors used for the localities are not used in a "pure" form, but in a relative form, comparing an individual jurisdiction to all the jurisdictions in the State as a whole. The per capita wealth index developed by, and used by, the Department of Education in the distribution of basic school aid funds is the measure of fiscal ability. This index employs factors related to a locality's amount of assessable real estate, personal income, and retail sales. It provides a profile of the wealth of the community.

The Commission strongly felt that any notion of equity would take into account a locality's effort to raise revenue from its own sources to provide the services needed. The measure selected for this purpose is the average effective true tax rate per \$ 100 of real property levied by the jurisdiction. The State Department of Taxation annually calculates this rate for each county and city.

Unlike the uniform approach used in H. B. 2160, the Commission decided to use varying measures of need, depending on the particular program under consideration. The Commission relied on the Departments to define the elements which should be used to measure the degree of need in each locality for each particular need.

The Commission recommends changes in the manner of disbursing State funds to the localities in the areas of welfare, health, mental health and mental retardation, law-enforcement, judicial administration, and highway construction and maintenance. It was not, however, possible to tie all these programs of State aid to a single method of calculating the local percentage contribution. The details of each proposal follow.

## Health and Welfare

In health, the formula calculates the percentage of the budget of the local health department which a governing body would be required to contribute. The formula would be applied in the welfare area to the specific programs of foster care, general relief, State-local hospitalization, and auxiliary grants. The manner in which the different measures are put together, or, in other words, the actual formula, is the same for each area. The only difference is the definition of need.

The need for public health services in a particular locality can best be measured by using the percentage of the locality's population enrolled in the Medicaid program as a guide. The need factor in the formula used to determine the manner of disbursing State funds for health departments shows the relationship of the locality's Medicaid enrollment to the total State enrollment.

For welfare funds, the need is measured by using functions of the locality's population related to the same functions for the entire state. The functions are the percentage of the population with incomes below the poverty level, the percentage of families in the population, the percentage of the population below eighteen years old, and the percentage of the population above sixty years old. Because many of the Department of Welfare's services are available to persons regardless of their income, not all of these functions are poverty-related, although the poverty factor is weighted heavier than the others.

In the actual combining of the measures of fiscal ability, need, and effort into a formula, the Commission decided to give equal weight to each factor. The steps of the formula and examples are contained in the legislation.

## Mental Health and Mental Retardation

Because the Department of Mental Health and Mental Retardation distributes its funds through a network of regional boards instead of directly to local governing bodies, the Commission recommends a slightly different formula for use in this area. Another factor contributing to the different treatment is the extensive research, conducted by the Department prior to the Commission's work, into the development of a formula which it intended to implement administratively. The elements are combined differently, but the fundamental concept of basing the degree of local support required on the locality's fiscal ability, need, and tax effort remains.

## Law Enforcement

There presently exists an inequity in the funding of law-enforcement in the local jurisdictions. The State, through the Compensation Board, funds two-thirds of the costs of all sheriffs' departments. Because the sheriff comprises the primary local law-enforcement in many counties, the State in effect subsidizes the law-enforcement efforts in those counties. On the other

hand, the sheriff serves largely as an officer of the court and jailer in cities and counties with police departments. The law-enforcement agencies in these latter cases are unsubsidized by the State.

The Commission recommends that the State fund all local law-enforcement efforts to the same degree it funds sheriffs' departments. Rather than require the police departments of the counties and cities to submit their budget to the Compensation Board for approval as the sheriffs now do, the Commission proposes that the amount of funds due a locality be determined by the employment of an objective formula. Through the use of a regression equation the amount which a locality would be expected to spend for law-enforcement would be determined, and the Comptroller would pay each county and city two-thirds of that amount in equal monthly installments. Towns which funded police departments or police officers and which met certain reporting requirements would share in the county allocation on a per capita basis.

A regression equation is a fairly sophisticated statistical tool that appears more formidable than it really is. It takes a known quantity as measured among numerous cases and determines what factors can be best used to predict that quantity for any particular case. It tells one what factors most probably were influential in determining the shape of what presently exists. The Division of Justice and Crime Prevention worked closely with the Commission on the development of the equation and its application to each locality.

The proposed legislation charges the Division with the responsibility of calculating the equation on an annual basis. With this approach, the Commission feels that the true determinants of law-enforcement expenditures will be used to aid the localities on an equitable basis.

#### Street Construction and Maintenance

The State Department of Highways and Transportation performs all maintenance on highways and streets in the counties, except Henrico and Arlington, which elected many years ago to remain out of the State Highway System. Cities and larger towns have their own street departments and the State reimburses these jurisdictions \$ 2,500 annually for each moving lane mile of street that is an extension of a primary highway and \$ 1,500 for each moving lane mile of secondary extension. These amounts were established in 1972 and there has been no adjustment since to account for any increase in the cost of maintaining streets. In fact, there is evidence from the cities that this amount is not sufficient to cover the maintenance costs they incur. The Commission recommends raising these amounts to \$ 3,500 and \$ 2,000, respectively, and requiring that there be annual adjustments in accordance with any increased costs. In addition, it is recommended that the basis of payment be changed from moving lane mile to lane mile. Such a change will enable a city to recoup some of the costs uniquely associated with the maintenance of city streets, such as storm sewers, curbing and guttering, etc.

Another difference between cities and counties in regard to streets and

highways is the financing of construction. The State pays that portion of the cost of construction projects in the counties not financed by federal funds. Cities, however, have to provide a match of ten per cent of all construction costs. This match is the price cities have to pay for being able to control their street construction, while counties do not exercise such control. The Commission agrees that cities should be required to contribute a portion of the cost of their highway construction projects, but feels that the amount should be reduced to five per cent.

Finally, the Commission recommends including in the cost of a city or town street project any cost caused by the necessary removal or relocation of pipes, cables, etc. of a utility owned by the municipality.

Judicial Administration

The cost of administering justice is more properly a State responsibility than a local one. The State does pay the cost of the offices of the district court judges, but only part of the salaries of circuit court judges. The Commission recommends that this dichotomy be eliminated and the circuit court judges be paid entirely from State funds. In addition, the Commonwealth's Attorneys have largely ceased performing purely local duties and therefore the State should pay the entire cost of those offices.

The Commission also recommends the abolition of the present system in which cities make payments to the State for support of their district courts and, in turn, are allowed to retain some of the fees collected.

Cost

The estimated additional annual cost to the State of these recommendations would be as follows, based on the years indicated:

Health (1976-77).....	\$ 5,987,854
Welfare (1976-77).....	\$ 5,035,559
Mental Health.....	\$ 3,000,000*
Law-Enforcement (1974-75**)..	\$ 32,071,500
Judicial Administration	
(1976-77).....	\$ 4,904,764
TOTAL.....	\$ 50,999,677

\*Estimated by Department of Mental Health and Mental Retardation

\*\*For better accuracy, law-enforcement figures should be increased 12 % (to account for inflation since 1974-75). Also this figure is for



one-third reimbursement; it would double in 1982.

Because of the large amount of funds required to implement these proposals, the Commission recommends that they take effect in stages. The health, welfare and mental health measures would be effective this year, while the changes in judicial administration funding would be delayed until the 1980 fiscal year. The State would begin paying one-third of the law-enforcement costs attributable to police departments in 1980 and two-thirds of all law-enforcement costs in 1982, unless there were some funds remaining in the contingency fund at the end of the biennium, in which case the localities would be reimbursed as much as possible for their law-enforcement costs during 1978-80.

### Summary

The overriding purpose behind these recommendations, except the one dealing with judicial administration, is to base the disbursement of State funds of objective measures of equity. The purpose of the latter proposal is to have the State assume full financial responsibility for a function that is largely State in nature and to provide some fiscal relief to the localities.

The Commission has learned through the course of its study that there is no ideal or magic formula to use in disbursing funds. Each formula has its own effects which one must be aware of when using it. The formulas which are being proposed have been scrutinized carefully and their overall fiscal impact evaluated. The Commission believes that these formulas achieve the purposes of the Commission more fully than any others which it considered. We believe that, if adopted, they will do much to relieve the financial plight of the cities and will largely correct the inequities contained in the present formulas. We respectfully urge that the General Assembly approve them.

Respectfully submitted.

### Commission on State Aid to Localities

Thomas J. Michie, Jr.

Peter K. Babalas

Robert B. Ball, Sr.

Roderick J. Britton

Stuart W. Connock

C. Richard Cranwell

George H. Heilig, Jr.

R. L. Light, Jr.

C. Jefferson Stafford

William A. Truban

Edward E. Willey

**Joint Subcommittee on Annexation**

Thomas J. Michie, Jr.

C. Richard Cranwell

Franklin P. Hall

George W. Jones

Robert E. Washington

Peter K. Babalas

Joseph V. Gartlan, Jr.

Virgil H. Goode\* II,04,60, William B. Hopkins

Wiley F. Mitchell, Jr.

William F. Parkerson, Jr.

J. Lewis Rawls, Jr.

Edward E. Willey

\*Dissenting statement follows on next page.

**Dissenting Comment of Virgil Goode, Jr.,**

**to the**

**Report on State Aid to the Localities:**

While I agree generally that distribution of State funds to the localities should be more equitable and should be on objective bases, I cannot give an endorsement of this report without more up-to-date figures and without the best possible projections as to the effect on all localities with particular attention to the localities in the area I represent. I also would not want to endorse the proposal until the area localities have had an opportunity to study this final draft and to provide some input as to their positions on each item herein.

A BILL to amend and reenact §§ 33.1-41, 33.1-43 and 33.1-44 of the Code of Virginia, relating to maintenance of streets in cities and towns; matching highway funds.

Be it enacted by the General Assembly of Virginia:

1. That §§ 33.1-41, 33.1-43 and 33.1-44 of the Code of Virginia are amended and reenacted as follows:

§ 33.1-41. Selection of connecting streets and roads in certain incorporated towns and cities; payments for maintenance from State highway funds.—The State Highway Commissioner, subject to the approval of the State Highway Commission, shall select such streets and roads, or portions thereof, in incorporated towns and cities having more than thirty-five hundred inhabitants according to the last preceding United States census, and in all towns situated within one mile of the corporate limits of a city ~~of the first class and~~ having a population in excess of thirty-five hundred inhabitants according to the census of nineteen hundred thirty, and in all cities operating under a charter designating them as cities notwithstanding the number of inhabitants, and in all towns having a population in excess of thirty-five hundred inhabitants according to the last preceding United States census through which passes any primary road in the State Highway System directly connecting and over which moves a substantial portion of the traffic between two cities of the State each of which has a population in excess of forty thousand inhabitants according to the said census, as may in his judgment be best for the handling of traffic in such towns and cities, from or to any road in the State Highway System, and from time to time make such changes in the selection thereof as may be reasonable and proper. If such streets and roads, or portions thereof, in such towns or cities so selected by the Commissioner shall, in the opinion of the Commission, be maintained up to the standard of maintenance of the State Highway System adjoining such town or city, the Commissioner shall cause to be paid to such town or city, for the streets and roads selected under this section, to be used by it in the maintenance and improvement, including construction and reconstruction, of streets, roads and bridges within such town or city, subject to the approval of the Commission, the sum of ~~two~~ *three* thousand five hundred dollars annually for each ~~moving~~ lane mile of such streets and roads ~~or portions thereof~~ available to ~~peak hour~~ traffic

*The Department shall annually calculate the percentage increase in maintenance costs of primary streets and highways and shall annually increase such payments for each lane mile in accordance with such percentage increase in maintenance costs.*

Allocations and payments made pursuant to this section to such cities and incorporated towns shall be paid by the Commissioner to the governing bodies of such cities and towns from funds allocated under § 33.1-23.1 A.

Notwithstanding any other provisions of this section, any incorporated town which shows to the Commission by satisfactory evidence that its population has increased to thirty-five hundred inhabitants, or more, since

the last preceding United States census, shall be included in the provisions of this section.

Plans and specifications for construction and reconstruction shall be approved by the Commissioner.

The fund allotted by the Commission shall be paid in equal sums in each quarter of the fiscal year, and no payment shall be made without the approval of the Commission.

The town or city receiving such fund shall make quarterly reports, audited annually, in such form as the Commission may prescribe, accounting for all expenditures, and certifying that none of the money received has been expended for other than the maintenance, improvement, construction or reconstruction of the roads and streets in such town or city.

§ 33.1-43. Payments to certain cities and towns for maintenance, etc., of streets not a part or extension of State highway primary system.—The State Highway and Transportation Commission is authorized and empowered to allocate and pay to all cities and incorporated towns having a population of thirty-five hundred or more according to the last United States census for which population figures are available, for maintenance, improvement, construction or reconstruction of streets which are not a part or an extension of the State highway primary system in the corporate limits of such cities and incorporated towns, the sum of ~~fifteen hundred~~ *two thousand* dollars per ~~moving lane mile available to peak hour traffic~~ annually, if such streets and roads or portions thereof be maintained up to a standard satisfactory to the Commission. However, with the exception of streets or portions thereof located within territory annexed or incorporated since July one, nineteen hundred fifty, or hereafter, which streets a portion thereof (1) have been paved and have constituted parts of the secondary system of State highways prior to such annexation or incorporation, or (2) have constituted parts of the secondary system of State highways prior to such annexation or incorporation and are paved to a minimum width of sixteen feet subsequent to such annexation or incorporation and with the further exception of streets or portions thereof which have previously been maintained under the provisions of § 33.1-79 or § 33.1-82, or which have been eligible for maintenance payments under § 33.1-80, no such allocation or payments shall be made by the Commission to any such city or incorporated town unless the portion of the street for which said allocation is made has an unrestricted right-of-way width of not less than thirty feet and a hard surface width of not less than sixteen feet; and any such street established after July one, nineteen hundred fifty, shall have an unrestricted right-of-way width of not less than fifty feet and a hard surface width of not less than thirty feet; provided, however, that (i) any such street having an unrestricted right-of-way width of not less than eighty feet shall not be ineligible for such maintenance payments solely because of width requirements if such street has a hard surface width of at least twenty-four feet and there are approved engineering plans for the ultimate construction of an additional hard surface width of not less than twenty-four feet within the same right-of-way, and (ii) cul-de-sacs may have an unrestricted right-of-way width of not less than forty feet and a

turnaround that meets State Highway and Transportation Commission standards. *The Department shall annually calculate the percentage increase in maintenance costs of secondary streets and highways and shall annually increase such payment for each lane mile in accordance with such percentage increase in maintenance costs.*

Allocations and payments made pursuant to this section to such cities and incorporated towns shall be paid by the Commission to the governing bodies of such cities and towns from funds allocated under § 33.1-23.1 A.

Notwithstanding any other provisions of this section, any incorporated town which shows to the Commission by satisfactory evidence that its population has increased to thirty-five hundred inhabitants, or more, since the last preceding United States census, shall be included in the provisions of this section.

Plans and specifications for construction and reconstruction shall be approved by the State Highway and Transportation Commissioner.

The fund allocated by the Commission shall be paid in equal sums in each quarter of the fiscal year, and no payment shall be made without the approval of the Commission.

The city or town receiving this fund will be required to make quarterly reports, audited annually, in such form as the Commission may prescribe, accounting for all expenditures and certifying that none of the money received has been expended for other than the maintenance, improvement, construction or reconstruction of the streets in such city or town.

§ 33.1-44. Matching highway funds.—In any case in which an act of Congress requires that federal-aid highway funds made available for the construction or improvement of federal or State highways be matched, the State Highway *and Transportation* Commission may contribute such matching funds; provided, however, that within municipalities of thirty-five hundred or more population, the Commission may contribute toward the cost of construction of any federal-aid highway or street project ~~ninety~~ *ninety-five* percent of the necessary funds, including the federal portion, if the municipality contributes the other ~~ten~~ *five* percent, and provided further, that within such municipalities the Commission may contribute all the required funds on highways in the Interstate System.

Within municipalities of thirty-five hundred or more population, the State Highway *and Transportation* Commission may contribute toward the costs of construction or improvement of any highway or street project for which no federal-aid highway funds are made available ~~ninety~~ *ninety-five* percent of the necessary funds if the municipality contributes the other ~~ten~~ *five* percent.

Within municipalities of less than thirty-five hundred in population, the State Highway *and Transportation* Commission may contribute toward the costs of construction or improvement of any highway or street project ~~ninety~~ *ninety-five* percent of the necessary funds if the municipality

contributes the other ~~ten~~ *five* percent in the same manner as provided above for municipalities with thirty-five hundred or more population. The contribution authorized by this paragraph shall be in addition to any other contribution, and projects established in reference to municipalities of less than thirty-five hundred in population shall not in any way be interpreted to change any other formula or manner for the distribution of funds to such municipalities for construction, improvement or maintenance of highways or streets. The Commission may accept from a municipality, for right-of-way purposes, contributions of real estate to be credited, at fair market value, against the matching obligation of such municipality under the provisions of this section.

The term "construction or improvement" means the supervising, inspecting, actual building, and all expenses incidental to the construction or reconstruction of a highway, including locating, surveying, design and mapping, costs of rights-of-way, signs, signals and markings and elimination of hazards of railroad grade crossings. *Such term shall also include the cost of relocating or removing any tracks, conduits, cables, wires, towers, pipes, mains, storm sewers, water lines, sanitary sewers, or other structures, equipment and appliances of any utility owned by a municipality with thirty-five hundred or more population if such relocation or removal is made necessary in the course of any highway or street project.*

*If any municipality requesting such State Highway and Transportation Commission contribution subsequently decides to cancel such construction or improvement after the Commission has approved the project, such municipality shall reimburse the Commission the net amount of all funds expended by the Commission for planning, engineering, right-of-way acquisition, demolition, relocation and construction between the date of approval by the Commission and the date of cancellation. The Commission shall have the authority to waive all or any portions of such reimbursement at its discretion.*



A BILL to amend and reenact §§ 2.1-64.24, 14.1-33, 14.1-64, 16.1-69.48, 37.1-199, 52-26, 52-28, 63.1-92 and 63.1-135 of the Code of Virginia; to amend the Code of Virginia by adding in Title 2.1 a chapter numbered 27.1, containing sections numbered 2.1-406.1 through 2.1-406.7, by adding in Chapter 1 of Title 14.1 an article numbered 10, containing sections numbered 14.1-84.1 through 14.1-84.6, and by adding sections numbered 32-40.4, and by adding in Chapter 10 of Title 37.1 sections numbered 37.1-199.1 and 37.1-199.3; and to repeal § 16.1-69.49 of the Code of Virginia, the amended, added and repealed sections relating to State aid to localities in the areas of law enforcement, judicial administration, health, mental health and mental retardation, and welfare.

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.1-64.24, 14.1-33, 14.1-64, 16.1-69.48, 37.1-199, 52-26, 52-28, 63.1-92 and 63.1-135 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Title 2.1 a chapter numbered 27.1, containing sections numbered 2.1-406.1 through 2.1-406.7, by adding in Chapter 1 of Title 14.1 an article numbered 10, containing sections numbered 14.1-84.1 through 14.1-84.6, and by adding sections numbered 32-40.4, and by adding in Chapter 10 of Title 37.1 sections numbered 37.1-199.1 and 37.1-199.3 as follows:

§ 2.1-64.24. Powers and duties of Division and Council.—The Division, under the direction of the Council, shall have the following powers and duties:

(a) To develop a comprehensive Statewide long-range plan for strengthening and improving law enforcement and the administration of criminal justice throughout the State and to periodically update said plan.

(b) To encourage, stimulate, organize, develop, and conduct programs and activities throughout the State designed to strengthen and improve law enforcement and the administration of criminal justice in the Commonwealth.

(c) To define, develop, correlate, implement, and administer programs and projects for the State and for units of general local government, or combinations thereof, in the State, designed to strengthen and improve law enforcement and the administration of criminal justice throughout the State.

(d) To establish priorities for strengthening and improving law enforcement and the administration of criminal justice throughout the State.

(e) To coordinate the activities and programs of all State departments, agencies, boards, and institutions, and of the units of general local government, or combinations thereof, in the State, including counties, cities, towns, and planning district commissions, relating to the preparation, adoption, administration, and implementation of comprehensive plans to strengthen and improve law enforcement and the administration of criminal justice at every level.

(f) To cooperate with and advise and assist all State agencies, departments, boards and institutions, and units of general local government, or combinations thereof, in the State, including counties, cities, towns, and planning district commissions, in planning, developing, and conducting programs, projects, and activities for strengthening and improving law enforcement and the administration of criminal justice throughout the State, including allocating and subgranting funds for these purposes.

(g) To determine the benefits which may accrue to the State and its units of general local government, or combinations thereof, under the Omnibus Crime Control and Safe Streets Act of 1968 and any amendments thereto, and to take full advantage of this federal act and all federal acts and programs designed to strengthen and improve law enforcement, the administration of criminal justice and delinquency prevention and control throughout the State.

(h) To do all things necessary on behalf of the Commonwealth of Virginia and its units of general local government, or combinations thereof, to secure the full benefits available under the Omnibus Crime Control and Safe Streets Act of 1968 and any amendments thereto, and under other federal acts and programs designed to strengthen and improve law enforcement, the administration of criminal justice and delinquency prevention and control throughout the State, and in so doing to cooperate with federal and State agencies, departments, and institutions, private and public agencies, interstate organizations, and individuals to effectuate the purposes of those acts, and any amendments thereto, and the purposes of this chapter.

(i) To receive, administer, and expend all funds and other assistance available to the Division for carrying out the purposes of this chapter and the Omnibus Crime Control and Safe Streets Act of 1968 and any amendments thereto.

(j) To apply for and accept grants from the United States government and agencies and instrumentalities thereof and from any other source in carrying out the purposes of this chapter. To these ends, the Division shall have the power to comply with conditions and execute such agreements as may be necessary.

(k) To accept gifts, bequests, and any other thing to be used for carrying out the purposes of this chapter.

(l) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and execution of its powers under this chapter, including but not limited to, contracts with the United States, units of general local government, or combinations thereof, in the State, other states, and agencies and departments of the Commonwealth.

(m) To adopt and administer reasonable rules and regulations for the planning and implementation of programs and activities and for the allocation, expenditure and subgranting of funds available to the State and to units of general local government within the State, or combinations

thereof, and for carrying out the purposes of this chapter and the powers and duties of the Division.

(n) To perform such other acts as may be necessary or convenient for the effective performance of its duties.

*(o) To develop, with the Auditor of Public Accounts, uniform reporting standards of all law-enforcement expenditures for use by the counties and cities of the Commonwealth and those towns receiving reimbursements for law-enforcement expenditures. These reporting requirements shall be part of the annual financial statements prescribed in § 15.1-166.*

The Council on Criminal Justice shall determine policy and supervise the Division in the performance of its powers and duties and shall advise the Division specifically through the review and evaluation of programs and activities for strengthening and improving law enforcement and the administration of criminal justice of the State and of units of general local government within the State, or combinations thereof.

#### CHAPTER 27.1.

#### STATE FUNDING FORMULA.

#### Article 1.

#### General Provisions.

*§ 2.1-406.1. Short title.—This chapter shall be known and may be cited as the “State Funding Formula Act.”*

*§ 2.1-406.2. Purpose of chapter.—The purpose of this chapter is to establish an equitable funding formula which may be used by the Commonwealth in the provision of State assistance in counties and cities for various public programs and activities. The formula established herein is intended to permit the Commonwealth to bear varying percentages of the cost of public programs and activities in the counties and cities based upon objective measures of their relative need, relative tax effort, and relative fiscal ability.*

*§ 2.1-406.3. Definitions.—For the purposes of this chapter the following terms shall have the following meanings:*

1. *“Relative incidence of need” for a county or city shall mean that number derived from the formula set out in either Article 2 or 3 of this chapter, whichever is appropriate to the program under consideration.*

2. *“Relative tax effort” for a county or city shall mean the ratio of its average effective true tax rate for real property, as most recently*

determined by the State Department of Taxation, to such rate for the State as a whole.

Example: Assuming the following average effective true tax rates for real property in City A, County B and County C, and for the State as a whole, the relative tax effort for the localities would be determined as follows:

	average effective true tax rates for real property (per \$100)	relative tax effort
City A	\$1.48	$1.48 / .90 = 1.6444$
County B	1.22	$1.22 / .90 = 1.3556$
County C	.26	$.26 / .90 = .2889$
State	.90	

3. "Relative fiscal capacity" for a county or city shall mean its per capita index of fiscal ability, as most recently determined for use in the distribution of basic school aid. Where the fiscal and demographic data used in determining the per capita index for a county have been reduced due to the existence within such county, or partly within such county, of a town constituting a separate school division, the per capita index for such county shall be recalculated to include the fiscal and demographic data attributed to the town, or to that portion of the town within such county.

4. "Composite factor" for a county or city shall mean the average of its relative fiscal ability, the reciprocal of its relative tax effort, and the reciprocal of its relative incidence of need.

Example: Assuming the values for the relative incidence of need shown in Article 2 and the values of the relative tax effort determined in the previous example, and the following values as the relative fiscal capacity for City A, County B and County C, the composite factor for the localities would be calculated as follows:

Relative fiscal ability	Reciprocal of relative incidence	Reciprocal of relative tax effort	Composite factor
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$$Ci A \quad 1.0990 + 1/2.3561 + 1/1.6444 = 2.0704/3 = .7105$$

$$Co B \quad 1.4226 + 1/.2968 + 1/1.3556 = 5.5296/3 = 1.8432$$

$$Co C \quad .9418 + 1/1.6619 + 1/.2889 = 5.0049/3 = 1.6683$$

§ 2.1-406.4. *Determination of percentage support to be borne by locality.—A. By July one of each odd-numbered year the Department of Planning and Budget shall determine the composite factor for each county and city in Virginia for each program to be funded under the General State Funding Formula. For each program the Department shall calculate the average composite factor for the five localities with the highest composite factors and the average for the five with the lowest composite factor. The numerical difference between these two averages shall constitute the range of such factors and the average of the five lowest composite factors shall constitute the lowest composite factor to be used in the calculation. Any county or city composite factor above or below the average shall be regarded as being equal to the applicable average. The Department shall then calculate for each county and city the percentile for its composite factor within the range of such factors.*

*Example: Assuming the values for the composite factors of City A, County B, and County C as determined in the previous example, and assuming the values for the average of the five highest composite factors and the five lowest composite factors given below, the percentile for the composite factors for the localities within the range of such factors would be calculated as follows:*

Composite factor	Calculation	Percentile of Composite factor
average of five highest composite factors	2.5152	
City A	.7105	$(.7105 - .6908) / 1.8244$ 1
County B	1.8432	$(1.8432 - .6908) / 1.8244$ 63
County C	1.6683	$(1.6683 - .6908) / 1.8244$ 54
average of five lowest composite factors	.6908	
Range	1.8244	

*B. For each program or activity funded under the provisions of this chapter, each city or county shall pay a minimum amount equal to twenty per centum of the program or activity budget and a maximum of fifty per centum.*

*C. The local percentage shall be equal to:*

- 1. the minimum percentage of local support; plus*

2. the product of: the composite factor percentile and the range between the minimum required local support and the maximum required local support.

Example: Assuming the composite factor percentiles for City A, County B, and County C, determined in the previous example, the percentage of required local support would be calculated as follows:

	percentile ranking	calculation	local percent of support
City A	1	$.20 + (.01 \times .30) =$	20.3
County B	63	$.20 + (.63 \times .30) =$	38.9
County C	54	$.20 + (.54 \times .30) =$	36.2

§ 2.1-406.5. Changes in composite factor due to boundary change or joint operation of service.—A. Where the data to be used by the Department of Planning and Budget in its annual calculation of composite factors may be rendered invalid by changes in the boundaries of any county or city, the Department may, where necessary, base its calculations on any special census or survey which may have been taken with respect to such changes of boundary, or may base its calculations upon such demographic, economic, and fiscal estimates as it deems appropriate.

B. In the event a program is operated jointly by two or more counties or cities, or a combination thereof, the Department of Planning and Budget shall combine the data used in calculating the composite index for such localities and treat the localities as one entity for the purposes of determining the composite factor and local percentage.

## Article 2.

### Relative Incidence of Health Need.

§ 2.1-406.6. Relative incidence of health need.—For the purpose of determining the local percentage contribution of local health department costs, the “relative incidence of need” as used in §§ 2.1-406.3 and 2.1-406.4 for each county or city shall mean the ratio of the percentage of the population of the county or city enrolled in the Virginia Medical Assistance Program to such percentage for the State as a whole. In calculating this factor, the Department of Planning and Budget shall use the latest population estimates available from the Tayloe Murphy Institute of the University of Virginia or from the United States Bureau of the Census, whichever is more current and the most current report from the State Department of Health of persons enrolled in the Virginia Medical Assistance Program.

*Example: Assuming the following percentages of persons enrolled in the Virginia Medical Assistance Program in City A, County B, County C, and for the State as a whole, the relative incidence of need for health departments for the localities would be determined as follows:*

	<i>% of population enrolled in Virginia Medical Assistance Program of need</i>	<i>Relative incidence</i>
City A	.1310	.1310/.0556 = 2.3561
County B	.0165	.0165/.0556 = .2968
County C	.0924	.0924/.0556 = 1.6619
State	.0556	

*Article 3.*

*Relative Incidence of Welfare Need.*

*§ 2.1-406.7. Relative incidence of welfare need.—For the purpose of determining the local percentage contribution of local welfare department costs, “the relative incidence of need” as used in §§ 2.1-406.3 and 2.1-406.4 for each county or city shall mean the sum of the following factors multiplied by their respective weights:*

*1. The ratio of the percentage of the population of a city or county below the poverty level, as last reported by the United States Bureau of the Census, to such percentage for the State as a whole, multiplied by .40;*

*2. The ratio of the percentage of families in the population of a city or county, as last reported by the United States Bureau of the Census, to such percentage for the State as a whole, multiplied by .20;*

*3. The ratio of the percentage of the population of a city or county seventeen years of age or less, as last reported by the Bureau of the Census, to such percentage for the State as a whole, multiplied by .20; and*

*4. The ratio of the percentage of the population of a city or county sixty years of age or more, as last reported by the Bureau of the Census, to such percentage for the State as a whole, multiplied by .20.*

*§ 14.1-33. Salaries of judges of circuit courts.—The judges of the circuit courts shall each receive such salary as shall be fixed from time to time in the general appropriation acts, and such salary shall be the total compensation for circuit court judges; provided, however, that any county*

or city which has, prior to March one, nineteen hundred seventy-six, maintained any program of supplemental retirement and/or insurance for the benefit of such judges, may continue the same in effect as to judges theretofore covered thereby. The whole of such salaries shall be paid out of the State Treasury ; but the State shall be reimbursed to the extent of sixty per centum thereof by the respective counties and cities served by such courts except that the liability of the city of Richmond hereunder shall be reduced by an amount equal to sixty per centum of the salary of one judge. Any county or city which is a part of a circuit wherein no locality did, in fiscal year 1975 76, supplement its circuit court judges salary, shall reduce its reimbursement to the State by its pro rata share of five thousand dollars with the other counties and cities in the said circuit for the fiscal year 1976 77 and also for 1977 78. It is hereby made the duty of the Comptroller, on or before the first day of April of each year, to apportion between the counties and cities served by such court the salaries of the judges thereof for the fiscal year beginning the first day of July of the succeeding year, and transmit a statement of such apportionment to the clerk of the council of each city and the clerk of the board of supervisors or other governing body of each county served by such courts and to the treasurer of each such county and city. The amounts so apportioned between the counties and cities shall be paid into the State treasury on or before the first day of August of the current fiscal year .

§ 14.1-64. Proportion borne by State and by localities.—The salaries, expenses and other allowances of attorneys for the Commonwealth in counties and cities shall be paid in the proportion of forty per centum by the respective counties and cities and sixty per centum by the Commonwealth after July one, nineteen hundred eighty .

The salaries, expenses and other allowances of treasurers and commissioners, or any officers, whether elected or appointed, who hold the combined office of county or city treasurer and commissioner of the revenue in the counties and cities shall be paid in the proportion of one half by the respective counties and cities and one half by the Commonwealth, except as hereafter in this section provided.

The salary, expenses and other allowances of any city treasurer who neither collects nor disburses local taxes or revenues shall be paid entirely by the Commonwealth and the salary, expenses and other allowances of any city treasurer who disburses local revenues but does not collect the same shall be paid in the proportion of one third by the city and two thirds by the Commonwealth.

In the case of each county and city treasurer except a city treasurer who neither collects nor disburses local taxes or revenues, and in the case of each county and city commissioner of the revenue, the cost of such office furniture, office equipment and office appliances as may be specifically authorized by and included in the then current expense allowance made to such officer under the provisions of Articles 7 (§14.1-48 et seq.) and 8 (§14.1-53 et seq.) of this chapter, shall be paid in the proportion of two thirds by the county or city and one third by the Commonwealth. The prices paid for such office furniture, office equipment



and office appliances shall not be in excess of the prices available to the State if such purchases were made through the Department of ~~Purchase and Supplies~~ *Purchases and Supply* . The words "office furniture, office equipment and office appliances," as used in this paragraph, mean such items of this character as have a useful life of more than one year; and the word "cost," as used in this paragraph, may include a rental cost, in the discretion of the Compensation Board, in any case in which, in the opinion of the Board, such rental cost, in whole or in part, is properly includible in the expense allowance.

If any county or city commissioner of the revenue or county or city treasurer uses any forms, sheets or books of any kind for the assessment or collection of State or local taxes or levies, or in connection with the assessment or collection of such taxes or levies, in lieu of the standard forms, sheets or books furnished by the State, no part of the cost of such forms, sheets or books shall be paid by the State, but their entire cost shall be paid out of the treasury of the county or city whose governing body, required, authorized or consented to their use. This paragraph shall not be construed as enlarging the existing powers of local governing bodies to require, authorize or consent to the use of such forms, sheets or books.

The cost of all forms, sheets and books of all kinds used for the assessment or collection of local license and local excise taxes or used in connection with the assessment or collection of local license and local excise taxes, shall be paid entirely out of the local treasury, including the cost of any tags, stamps, stickers, or other devices intended to evidence the payment of any such local license or local excise taxes.

The cost of all forms, sheets and books of all kinds used in the ascertainment, billing or collection of charges for utility or other special services rendered by a county or city, or by any district or agency thereof shall be paid entirely by the locality, although it may be the duty of the treasurer or the commissioner of the revenue to ascertain or collect such charges under applicable provisions of law.

The governing body of each county and city shall provide suitable office space for the treasurer and commissioner of the revenue, together with the necessary heat, light, water and janitorial service. The entire cost of providing such office space, heat, light, water and janitorial service shall be paid out of the local treasury.

The provisions of this section, as amended, shall not affect any county operating under an optional form of organization and government as provided by Chapters 13 (§15.1-582 et seq.) and 14 (§15.1-669 et seq.) of Title 15.1.

#### *Article 10.*

#### *Law-Enforcement Expenditures.*

*§ 14.1-84.1. Localities to be reimbursed law-enforcement expenditures.—The Commonwealth shall reimburse counties and cities for expenditures for law-enforcement purposes pursuant to the terms of this article.*

*§ 14.1-84.2. Definitions.—For the purposes of this article the following definitions shall be applicable:*

*A. “Maximum allowable state reimbursement” for any county or city shall mean a percentage of the calculated law-enforcement expenditures, as provided in § 14.1-84.4.*

*B. “Reported property index offenses” for any county or city shall mean the sum of offenses for the crimes of burglary, larceny, and motor vehicle theft as recorded for the most recent year under the Uniform Reporting Program pursuant to §§ 52-25 through 52-30 and reported by the Department of State Police. The reported property index offenses for any county shall include the reported property index offenses for all towns within the county for which such information is available, even if a town or towns make such reports separately from the county.*

*C. “Reported violent index offenses” for any county or city shall mean the sum of offenses for the crimes of murder and non-negligent manslaughter, forcible rape, robbery and aggravated assault as recorded for the most recent year under the Uniform Reporting Program pursuant to §§ 52-25 through 52-30 and reported by the Department of State Police. The reported violent index offenses for any county shall include the reported violent index offenses for all towns within the county for which such information is available, even if a town or towns make such reports separately from the county.*

*D. “Taxable real estate” for any county or city shall mean the estimated true (full) value of locally taxed property in such county or city as most recently reported by the State Department of Taxation.*

*E. “Area” of a county or city shall mean the land area in square miles of such county or city as reported by the United States Bureau of the Census.*

*F. “Law-enforcement expenditures” for any county, city, or town shall mean all salaries and expenses, recorded according to the reporting standards developed pursuant to § 2.1-64.24 (o), of a police department or sheriff’s office, or both, which is a part of any political subdivision of the Commonwealth. In calculating the law-enforcement expenditures for any county, the law-enforcement expenditures for any town within the county applying for State funds under the provisions of this article shall be added to those of the county.*

*G. “Calculated law-enforcement expenditures” for each county or city shall mean the maximum amount upon which the Commonwealth shall base its reimbursement to each county or city for law-enforcement expenditures. The most recently reported values of the objective measures, reported property index offenses, reported violent index offenses, area, and*

*taxable real estate, shall be employed in determining the calculated law-enforcement expenditures for a locality. The calculation shall be made, using standard statistical procedures, by means of a regression equation in which the forms of the objective measures would be represented as:*

- 1. Reported property index offenses;*
- 2. Reported property index offenses squared;*
- 3. The squared quotient of reported property index offenses divided by area;*
- 4. The product of taxable real estate and reported violent index offenses;*
- 5. Taxable real estate squared divided by area; and*
- 6. The squared quotient of taxable real estate divided by area.*

*§ 14.1-84.3. Annual determination of weights and constants; calculation of maximum allowable State reimbursement; report.—A. Each year the Statistical Analysis Center of the Division of Justice and Crime Prevention, or other agency designated by the Secretary of Public Safety, hereinafter called the Center, shall compute the weights and the constant for use in the regression equation to be employed, pursuant to § 14.1-84.2 G., to determine calculated law-enforcement expenditures.*

*The Center shall conduct research annually to determine whether the variables incorporated in the regression equation are statistically acceptable for the computing of the calculated law-enforcement expenditure for each county and city and to determine if any other variables would be better predictors of law-enforcement need. If, as a result of its research, the Center determines that the variables used in the regression equation should be changed, it shall recommend to the General Assembly that this article be amended to reflect the results of its research.*

*B. By January one of each year, the Center shall calculate the maximum allowable State reimbursement for each county and city in the Commonwealth. For each year elapsing from the most recent year for which the relevant data are available, the maximum allowable State reimbursement shall be adjusted for inflation or deflation according to the Average Consumer Price Index for all items, as published by the Bureau of Labor Statistics of the United States Department of Labor for the month of July showing the percentage change from the previous July.*

*C. The Center shall annually publish a report which shall include, but not be limited to, a listing of the maximum allowable State reimbursement for each county and city, the coefficients, the constant, the list of variables and their transformations considered, and the statistical procedures utilized. The Center shall distribute copies of the report to each county, city and town receiving funds from the Commonwealth under the provisions of this article and shall have copies available for other agencies*

*and institutions of the Commonwealth.*

*§ 14.1-84.4. State share.—For each fiscal year, the Commonwealth shall pay each county and city a percentage of its calculated law-enforcement expenditures which shall be the maximum allowable State reimbursement. This amount shall include the State's share of the expenses of the sheriff's office as set by the Compensation Board in accordance with Article 9 of this chapter. Such payments shall be made in equal monthly installments by the State Treasurer on warrants issued by the Comptroller.*

*For the biennium beginning July one, nineteen hundred eighty and ending June thirty, nineteen hundred eighty-two, the maximum allowable State reimbursement for any county or city shall be one-third of the calculated law-enforcement expenditures attributable to expenditures for police by the county or city plus two-thirds of the calculated law-enforcement expenditures attributable to the sheriff's office of such county or city. Beginning July one, nineteen hundred eighty-two, and for each fiscal year thereafter, maximum allowable State reimbursement shall be two-thirds of the calculated law-enforcement expenditures.*

*§ 14.1-84.5. Sharing of law-enforcement expenditures for towns.—Towns having a police department or employing a police chief or police officer shall be eligible to receive State funds for law-enforcement expenditures if they submit to the Auditor of Public Accounts reports of their expenses for such police department or police personnel in accordance with standards developed pursuant to § 2.1-64.24(o) and if they have complied with the provisions of §§ 9-109(2)(a), 9-111.1, 14.1-84.6, 52-26 and 52-28. Each town wishing to receive funds under the provisions of this article shall so notify the Comptroller which shall, after certifying the town's eligibility, notify the county of which the town is a part that the town is certified to receive State funds for reimbursement.*

*Each county shall, within ten days of the county's receipt of its monthly share of State funds for law-enforcement expenditures, pay to each certified town within its jurisdiction a percentage of the county's monthly share of State funds for law-enforcement expenditures minus the portion allocated for the sheriff's department, such percentage to be equal to the ratio of the town's population as determined by the Department of Planning and Budget to the total population of the county.*

*§ 14.1-84.6. Minimum training standards required.—The salary of any law-enforcement officer of any county, city or town who has not complied with the minimum training standards as provided in §§ 9-109 (2) (a) and 9-111.1 of this Code, unless such officer is granted exemption from the minimum training standards as provided in §§ 9-109.3 and 9-111, shall be deducted from the law-enforcement expenditures used to determine the calculated law-enforcement expenditures for such county, city or town.*

*§ 16.1-69.48. Fees and fines.—(a) All fees collected by the judge, substitute judge, clerk or employees, but not including fees belonging to officers other than the judge, clerk or employees, of the general district court or juvenile and domestic relations district court of any county, except*

any county having a density of population in excess of five thousand per square mile or city, shall be paid promptly to the clerk of the circuit court who shall pay the same into the State Treasury. All fees collected by the judge, substitute judge, clerk or employees, but not including fees belonging to officers other than the judge, clerk or employees, of the general district court or juvenile and domestic relations district court of any city or of any county having a density of population in excess of five thousand per square mile shall be paid promptly to the clerk of the circuit court who shall pay the same into the treasury of the city or county, respectively. Fees collected for services of the Attorney for the Commonwealth shall be paid by the clerk of the circuit court, one half of such fee shall be paid into the treasury of the county or city in which the offense for which warrant issued was committed, and the other one half of such fees shall be paid by such clerk on his monthly remittance into the State Treasury. Fees collected pursuant to §§14.1-123(6) and 16.1-115(1) shall be retained by the clerk of the circuit court when such papers are required by law to be transmitted to the circuit court.

(b) Fines collected for violations of city, town or county ordinances shall be paid promptly to the clerk of the circuit court who shall pay monthly into the treasury of the city, town or county whose ordinance has been violated. All fines collected for violations of the laws of the Commonwealth shall be paid promptly to the clerk of the circuit court who shall pay the same into the State Treasury.

(c) The word "fees" as used in this section shall include all moneys from every source, except collections for child support or support for a spouse or parent, including by way of illustration, but not limited to, the fees collected pursuant to §§ 14.1-121, 14.1-123, 14.1-128.1, 14.1-200.2, 18.2-268, 18.2-271.1, 19.2-163, 19.2-368.18, 29-163.1, 46.1-342, 46.1-342.1, 46.1-347 and 46.1-413.

*§ 32-40.4. Local percentage determination.—In the event a county, city, or combination thereof enter into a contract for the creation of a health department as provided in §§ 32-40.1 and 32-40.2, the percentage of the health department's budget which the local governing body will be required to contribute shall be computed in accordance with Chapter 27.1 of Title 2.1 (§ 2.1-406.1 et seq.). Until the fiscal year beginning July one, nineteen hundred eighty-two, no county or city shall annually receive less from the State in support of its district health department budget than was received by such county or city for such budget for fiscal year 1977-78.*

§ 37.1-199. Same; allocation of funds by Department; withdrawal of funds.—(a) At the beginning of each fiscal year the Department may shall allocate available funds to the community mental health and mental retardation programs for disbursement during the fiscal year in accordance with such approved plans and budgets the provisions of this section. From time to time during the fiscal year, the Department shall review the budgets and expenditures of the various programs and if funds are not needed for a program to which they were allocated, it may withdraw such funds as are unencumbered, after reasonable notice and opportunity for

hearing, and reallocate them to other programs. It may withdraw funds from any program which is not being administered in accordance with its approved plan and budget.

(b) ~~Allocations to be made to each local board shall be determined by the Department after careful consideration of all of the following factors:~~

~~(1) The total amount of funds appropriated for this purpose,~~

~~(2) The total amount of funds requested by the local board,~~

~~(3) The financial abilities of all of the cities and counties participating in the local board to provide funds required to generate the requested State match,~~

~~(4) The type and extent of programs and services conducted or planned by the local board,~~

~~(5) The availability of services provided by the local board in the area served by it, and~~

~~(6) The ability of the programs and services provided by the local board to decrease financial costs to the Department and increase the effectiveness of patient treatment by reducing the number of patients being admitted to or retained in State hospitals from the cities or counties participating in the local board.~~

*(b1) The amount of State funds to be allocated to each local board for mental health or mental retardation services shall be based on the ratio of the population served by each board to the total population of the Commonwealth. Population figures to be used shall be those published by the Tayloe Murphy Institute of the University of Virginia.*

(c) ~~Allocations to any one board shall not exceed the following proportions:~~

~~(1) For the construction of facilities: ninety per centum of the total costs of such construction.~~

~~(2) For salaries and other operational costs: ninety per centum of the total costs.~~

~~(3) [Repeated.]~~

(d) Any fees collected may be kept by the board and used for operational costs.

*§ 37.1-199.1. Definitions.—For the purposes of this chapter, the following definitions shall be applicable:*

*1. "Base per centum" shall mean twenty-five per centum.*

2. "Per capita fiscal ability" for a board shall mean the index of wealth per capita as determined for use in the distribution of basic school aid. Such calculation shall be made for the board's jurisdiction as a whole.

3. "Need" shall mean the need of the population served by the board for mental health or mental retardation services, based on factors determined by the Department as best measuring such need.

4. "Tax effort" for a board shall mean the ratio of the average effective true tax rate for real property imposed by the localities within the board's jurisdiction and considered as a whole, as most recently determined by the State Department of Taxation.

5. "The range of State support" shall be thirty-five.

6. "Relative fiscal ability" for a board shall be calculated as follows: the difference between the per capita fiscal ability of the board and the lowest per capita fiscal ability of any board shall be divided by the difference between the highest per capita fiscal ability of any board and the lowest per capita fiscal ability for any board. The quotient thus obtained shall be multiplied by the range of State support.

Example: Assuming the following values, the relative fiscal ability of a board would be determined as follows:

Lowest per capita fiscal ability	.6135
Highest per capita fiscal ability	1.6393
board's per capita fiscal ability	.7143
$(.7143 - .6135)/(1.6393 - .6135) \times 35 = 3.44$	

§ 37.1-199.2. Determination of percentage of local support.—A. After determining the need and tax effort of each board, the Department shall rank each board according to need and according to tax effort. The board with the highest need for services shall be assigned a rank of 1 and the board with the highest tax rate shall be assigned a rank of 1. To determine either the need factor or the tax effort factor for a board, the Department shall subtract the rank of the board from the highest rank and multiply by .33.

Example: Assuming the ranks of a board as given below, the need factor and the tax effort factor would be calculated as follows:

Highest Need	Board's Need	Need Factor
Rank	Rank	
36	1	$\times .33 = 11.55$
Highest Tax	Board's Tax	Tax Effort

<i>Effort Rank</i>		<i>Effort Rank</i>		<i>Factor</i>
36	-	31.5	x .33	= 1.49

*B. The percentage of its total budget for mental health and mental retardation services that a local board shall fund shall be equal to the base per centum plus the board's relative fiscal ability minus the board's need factor minus the board's tax effort factor.*

*Example: Using the figures calculated in previous examples, the percentage of its budget the board would fund would be determined as follows:*

<i>Base</i>		<i>Relative</i>		<i>Need</i>		<i>Tax</i>		<i>Local</i>
<i>Percentum</i>		<i>Fiscal Ability</i>		<i>Factor</i>		<i>Effort</i>		<i>Percentage</i>
						<i>Factor</i>		
.25	+	3.44	-	11.55		1.49	=	15.4

*§ 37.1-199.3. Additional funds; meeting of standards.—A. Nothing in this chapter shall be construed to prevent a local board from contributing funds in excess of the amount required by the formula established in § 37.1-199.2.*

*B. No State funds shall be used by a board in any program that does not comply with standards developed and promulgated by the Department.*

**§ 52-26. Cooperation with other law-enforcement agencies.—**The Superintendent is authorized to maintain liaison and to cooperate with law-enforcement and criminal justice agencies of all counties ~~and~~ , cities and towns and all other agencies, departments, and institutions of the Commonwealth, other states and of the United States in order to develop and carry on a comprehensive uniform crime reporting program for the Commonwealth. Uniform crime reports for the Commonwealth shall be published by the Superintendent and distributed to all law-enforcement agencies, Commonwealth's attorneys, courts, and to the General Assembly and the office of the Governor, annually.

**§ 52-28. Duty of State and local agencies to make reports.—**All State, county and ~~municipal~~ city law-enforcement agencies and the police departments of those towns receiving or desiring to receive State funds for law-enforcement expenditures shall submit to the Department all periodic uniform crime reports setting forth their activities in connection with law enforcement. The provisions of this chapter shall not apply to ~~town police~~ or to any police agency not paid entirely from public funds.

**§ 63.1-92. Reimbursement of localities by the State.—**Such funds as are received from the United States and agencies thereof as grants-in-aid for the purpose of providing assistance grants shall monthly be paid by the Commissioner to each county, city or district fiscal officer as



reimbursement of the federal share of such grants as have been paid by each county and city under the provisions of this law. Within the limits of the appropriations of State funds, the Commissioner shall also reimburse monthly each county, city or district fiscal officer to the extent of sixty-two and one-half per centum of the balance of such assistance grants as have been paid by each county, city or district fiscal officer after crediting them with the reimbursement made from federal funds; provided, however, that on and after January one, nineteen hundred seventy-two, within the limits of the appropriations of State funds, the Commissioner shall make such reimbursements for the entire balance of such grants as have been paid by each city, county or district fiscal officer after such credits. Within limitations of State funds the Commissioner or the Director of the Virginia Commission for the Visually Handicapped shall reimburse monthly each city, county or district fiscal officer ~~to the extent of sixty two and one half~~ *an amount not less than fifty per centum no more than eighty per centum* of such expenditures made in connection with assistance provided under §§ 63.1-25.1, 63.1-31, 63.1-85 and 63.1-106 of the Code of Virginia. Within limitation of State funds the Commissioner shall reimburse to each county, city or district fiscal officer an amount not less than fifty per centum ~~or~~ *nor* more than ~~sixty two and one half~~ *eighty* per centum of such expenditures, not federally reimbursable, made for the care of children placed in family homes or institutions pursuant to § 63.1-56 of the Code of Virginia. *The exact amount to be reimbursed shall be computed by using the difference between one hundred per centum and the local percentages calculated in accordance with § 2.1-406.4. Until the fiscal year beginning July one, nineteen hundred eighty-two, no city or county shall annually receive less from the State in support of such programs than was received by such city or county for such budget for fiscal year 1977-78.*

Administrative expenditures made by the localities in connection with the providing of assistance grants, other benefits and related services, including child welfare, shall be ascertained by the State Board, and the Commissioner shall, within the limits of available federal funds and State appropriations, monthly reimburse each county, city or district fiscal officer therefor out of such federal and State funds in an amount to be determined by the State Board not less than fifty per centum of such administrative costs.

The Commissioner also shall reimburse monthly, to the extent of funds available for such purpose, each county, city or district fiscal officer out of State and federal funds, to the extent provided in the preceding paragraph, for monthly rental payments for office space provided the department of public welfare or social services in publicly owned buildings, for payments which are based on the cost of initial construction or purchase of a building or a reasonable amount for depreciation of such building, and/or the cost of repairs and alterations to either a privately or publicly owned building, provided, however, that no monthly rental payment shall exceed a reasonable amount as determined by the Commissioner.

In the event State issuance of checks is adopted as provided in § 63.1-92.1, local boards issuing emergency payments as authorized by law shall be reimbursed by the State for such payments as provided in this

section.

Claims for reimbursement shall be presented by the local board to the Commissioner, and shall be itemized and verified in such manner as the Commissioner may require. Such claim shall, upon the approval of the Commissioner, be paid out of funds appropriated by the State and funds received from the federal government for the purposes of this law, to the treasurer or other fiscal officer of the county or city. Wherever two or more counties or cities have been combined to form a welfare district pursuant to § 63.1-44, reimbursements by the Commissioner under this section shall be paid to the district fiscal officer or other person designated to receive such funds by the governing bodies of such counties or cities. Provided, however, effective July one, nineteen hundred seventy-two, the State shall reimburse each county and city the full amount of assistance grants provided for aid to dependent children.

§ 63.1-135. Allocation and payment of funds to counties and cities.—(a) The State Board of Welfare shall allocate semiannually to the counties and cities of the Commonwealth on the basis of population as shown by the last preceding United States census, such funds as may be appropriated by the General Assembly for this purpose, such funds for services so allocated to be used by such counties and cities for meeting ~~one half~~ *a portion* of the cost to such localities of hospitalization and treatment including outpatient and emergency room service, at hospitals and health clinics approved by the Board, of indigent persons residing therein, provided that localities may expend out of their local funds at a per diem hospital or health clinic rate in excess of the maximum rate fixed by the State Board, but no reimbursement of such excess shall be made from State funds. *The portion of such cost to be contributed by any locality shall be equal to the local percentage calculated in accordance with § 2.1-406.4.* Any funds for services allocated to a county or city which remain unused at the end of any six-month period shall be added to and made a part of the reserve fund as provided for in paragraph (c) of this section.

(b) All payments to counties and cities out of funds appropriated to the Department of Welfare and duly allocated for use by such localities or for matching their costs in excess of such allocations under the terms of this chapter shall be made by the State Treasurer on warrants of the Comptroller issued on vouchers duly executed by the Director of the Department of Welfare on satisfactory proof of the amounts expended by the respective localities for hospitalization and treatment of indigent persons including outpatient and emergency room service.

(c) In addition to the funds appropriated by the General Assembly for allocation to the counties and cities of the Commonwealth as above provided, the State Board of Welfare shall establish from funds appropriated by the General Assembly for the purpose, a reserve fund to be expended as hereinafter provided. Such reserve fund shall be expended in meeting ~~one half~~ the cost incurred by counties and cities for hospitalization and treatment, including outpatient and emergency room service at hospitals and health clinics approved by the Board, of indigent persons residing therein provided that such county or city seeking

reimbursement from the reserve fund has exhausted the allocation to it under paragraph (a) of this section.

*(d) Until the fiscal year beginning July one, nineteen hundred eighty-two, no city or county shall annually receive less from the State in support of the hospitalization and treatment of indigent persons than was received by such city or county for such budget for fiscal year 1977-78.*

2. That § 16.1-69.49 of the Code of Virginia is repealed.

3. That the amendments to §§ 14.1-33, 14.1-64, and 16.1-69.48, and the repeal of § 16.1-69.49, as contained herein, shall be effective on and after July one, nineteen hundred eighty.

4. That the enactment of Article 10 of Title 14.1, containing §§ 14.1-84.1 through 14.1-84.6, shall be effective on and after July one, nineteen hundred eighty. In the event that the funds appropriated for the fiscal biennium 1978-80 for the "Revenue Deficiency Reserve" are not expended, the Governor shall utilize any monies remaining in such fund to reimburse counties and cities for their law-enforcement expenditures in 1978-80 on the basis of the formula established in Article 10 of Title 14.1 and to the extent funds are available.

