



March, 2010

Since 1919 Dedicated to Responsible Citizenship and the Improvement of Local Government

B U L L E T I N



Next Meeting

**12 noon – Wednesday
March 3, 2010**

**The Colony Club is located at
10 East Franklin Street**

There is free parking in the rear or on the street. Directions — Approach headed East (one way street) on Franklin Street; left on Foushee; right into the Colony Club lot off of Foushee (this right turn is into an alleyway that runs parallel mid-block between Franklin and Grace Streets). Colony Club spaces are marked & are on the perimeter of lot. Proceed into Colony Club entrance —green awning leads into courtyard; proceed up courtyard to double glass doors.

Lunch is \$16 for members and \$18 for nonmembers.

You must make your reservation by calling (545-6656) or email info@richmondfirstclub.org



Raymond Owens

mond's own Federal Reserve Bank?

Raymond E. Owens III, research advisor and senior economist at the "Fed", will speak at the March 3 Richmond First Club meeting at the Colony Club, 10 E. Franklin Street.

In close contact with the local business community, Owens is a frequent speaker on economic conditions. He is also often sought after by media for insight on financial news.

Owens is a graduate of Virginia Tech, with both undergraduate and graduate degrees. He is also a member of the Richmond Fed's monetary policy group. He focuses on analyzing national and regional economic conditions. He conducts research in economic policy and urban economics.

Please join us in welcoming Raymond Owens as our March, 2010 speaker!

What *Does* the Federal Reserve Bank Do Anyway? And Does It Have A Crystal Ball?

Federal finances couldn't have been much more in the news than they have been for the last year. From failed banks to bank bailouts and not just a rocky economy but one more like an earthquake, the U. S. financial system and economy have dominated the news.

Who better, then, to discuss national and regional conditions than an economist from Richmond's own Federal Reserve Bank?

Reminder: To help us coordinate our planning with the Colony Club dining staff—

***Please RSVP for the monthly meeting
in a timely manner!***

Pat Ryan — 545-6656 — or email: info@richmondfirstclub.org

— Reflections —

—If you missed the February 2010 meeting —
Here is what our speakers had to say!

February 2010 Luncheon:

"Citizens Must Come Forward"

Speakers: James D. Campbell, R. Michael Amyx,
and James Regimbal

Some politicians have suffered at the hands of their opponents or voters because they voted FOR the Warner administration one half cent sales tax increase that brings in \$1.2 billion a year. That increase, prompted in 2004 because of an economic downturn, has been completely "blown", well, "neutralized" is the word that Jim Regimbal uses.

"Tax relief" has come in many forms--historic rehabilitation tax credits, low income tax relief, land preservation tax credits, reduced sales tax on food, estate tax repeal. These and a few others add up to \$1,830,000,000 general fund tax losses. The biggest chunk of committed state general funds is the car tax refund that takes nearly \$950 million to reimburse local governments for car taxes they had collected until the Gilmore administration car tax reduction.

That 2004 "bump" in state revenue has been given away. And therein lies just one part of the sad tale of how Virginia got in the worst financial mess it has been in since the early 30s. But there is much more, and worse.

Regimbal, a veteran of the Senate Finance Committee and now a consultant for the Virginia Association of Counties (VACO) and the Virginia Municipal League (VML), gave the Richmond First Club February 3, a primer on the state budget. He was joined by Jim Campbell, CEO of VACO, and Mike Amyx, CEO of VML.

This was just one of many bleak pictures presented by the three governmental finance experts.

The three long-time observers of Virginia finances are clearly troubled.

"Citizens need to come forward," Amyx said when asked what the public can do about the serious financial situation. They need to understand what is at stake, Campbell added.

Governor Tim Kaine, in the last two years, had to cut drastically from the state budget as resources shrank. His proposal to eliminate the state funds provided localities to reduce car taxes and increase the income tax by one percent was turned down immediately by the new administration and the House of Delegates.

The McDonnell administration, then, faces making further cuts in education and other state services to balance the budget before the General Assembly adjourns in March.

"Here is part of the problem," Campbell said, "We're blending four budgets. Governor Kaine presented his budget as he left office. But now the new Governor and the House and Senate will each come up with their own versions to balance the state budget. We haven't heard anything from McDonnell or the House or Senate. They're playing close to the vest."

Budgets will be melded

But the cards will have to be put on the table February 21 when the Senate and House of Delegates conferees meet in conference committee to try and meld the proposals of both governors and their own proposals into a single budget.

One outcome Campbell said, to expect is a new spelling for taxes and it is "F E E S."

"Virginia is 41st nationally in per capita income," said Amyx.

"We're a no-frills state. . . We've reached a critical point in public policy questions. We've started to hear 'we need to raise taxes.' But we have a philosophy in the House of Delegates that we will not raise taxes. We're going to see some real erosion going forward," Amyx said.

With state resources diminishing from all directions--fewer people working means less income tax. Fewer people working means fewer people spending--lowered sales tax receipts. Yet costs, such as Medicaid, continue upward. "Medicaid is driving our budget," Regimbal said. Federal Stimulus funds delayed the impact but they're going to be gone. Lowering Medicaid payments to servers when Virginia already is one of the lowest Medicaid payment states has serious results. "Doctors won't take Medicaid patients--the pay is too low."

Only Colorado, among all the states is tighter on Medicaid payment than Virginia. "If we cut Medicaid, we lose the federal match," Regimbal said.

Some examples of hits on the budget include:

State debt service is going up by 5%. Borrowing is out because the state's highly protected AAA bond rating would be threatened. Virginia has already been borrowing and the rating is already at risk.

Constitutional officers--sheriffs, police, commonwealths attorneys--have already taken a 20 percent cut.

Cuts in state funding will come to education and payment to the state retirement system.

Counties are going through their reserves. Chesterfield has one of the worst problems. Reliance on real estate taxes is a major Chesterfield problem but, also, the county's payment from the state's complicated composite index has affected education funds as well.

Possible Cuts in Education

Regimbal gave examples of possible school division budget reductions. They are

- Elimination of teacher training programs.
- Increase in "no transportation" zones and policies.
- Fewer special education, alternative education and other specialty programs (gifted and advanced placement offerings).
- Staff reductions.
- Pay reductions.
- Larger class sizes and fewer teachers.
- Reductions in summer school, pre-school and tutoring programs.
- Pay and benefit reductions for employees.

When a questioner asked why education costs can't be left to the localities, Campbell explained that Fairfax County, for example is already paying 80% of its school costs.

But, he said, "The state constitution requires the state to supply education to local governments."

"What can we do?" another questioner asked in response to comments that the public doesn't seem to understand that schools, roads and other government services cost money. Is it a lack of civics education?" Karen Raschke asked.

"A better educated public would help," Campbell said.



If you would like to refer to earlier issues of the
"BULLETIN" — please visit our website —
you will find them there!
www.richmondfirstclub.org

Richmond First Club Activities This Year Promote Good Government

Voters had their only opportunity to hear from House of Delegates candidates in challenged races Oct. 22, 2009, at WCVE-FM studios or by radio broadcast.

In a forum sponsored by The Richmond First Club, the League of Women Voters, Leadership Metro Richmond and the Partnership for Housing Affordability, incumbents, challengers and open seat candidates responded to questions in a forum moderated by Bill Miller, WCVE station manager.

Each candidate was encouraged to bring supporters and family members to the forum.

RFC invited the other organizations to join the project because there were so few opportunities for the public to hear from candidates for public office. The forum was taped and re-broadcast repeatedly on Comcast and Verizon cable stations until election day providing additional opportunities for awareness of the election, candidates and issues of concern to the public.



Redistricting Legislation Supported by RFC Joins Virginia Redistricting Coalition

Richmond First Club has actively worked to encourage legislative action on political redistricting this year. Doug Smith of the Virginia Interfaith Center, the first speaker of the 2009/10 Club year, described the work of the Virginia Redistricting Coalition, a group of organizations from across the state.

Our November speaker, former Del. Terry Suit, spoke to the Club about the pledge of Governor Bob McDonnell during his campaign that he would work toward bipartisan redistricting.

Subsequently, RFC joined the Coalition and participated in a news conference at the Capitol kicking off support for Senator Jill Vogel's redistricting bill, the Club spoke in support of bipartisan or nonpartisan redistricting and worked to encourage support of the bills before the General Assembly.

Political redistricting occurs every 10 years after the census is taken. If bipartisan legislation is not passed this year and if Governor McDonnell does not appoint a bipartisan redistricting commission there will be no further opportunities for 10 years.



Application for Richmond First Club Membership (or use this form for your annual renewal if already a member)

I am familiar with and will subscribe to the purposes of the Richmond First Club. I understand that members are expected to participate actively on a club committee and are encouraged to attend the club meetings as often as possible. I certify that I am a registered voter in the Richmond metropolitan area; and by signing this application, and upon being accepted for membership by the Board, I agree to fulfill the membership obligations set forth above.

Name: _____ (Name or Nickname used) _____

Home Address: _____

Business Address: _____

Name of Business: _____ (Position or Title) _____

Home Phone: _____ Business Phone: _____ Fax: _____

Email: _____ Preferred mailing address (please check one): Home Business

Signature of Applicant _____ Date: _____ Enclosed \$ _____

Annual Membership Dues \$85 (plus paying separately for each of 10 monthly luncheons attended.) — OR select the “Gold Star” membership with dues of \$210 annually (\$210 includes the fee for 10 monthly luncheon meetings as well as your dues). — If you attend all meetings you realize a savings of at least \$35 per year and don't need to remember to bring a check each month for your lunch! Look for the members with a gold star on their badge — they took advantage of the “Gold Star” membership benefit!

Please mail to Richmond First Club — PO Box 344 — Richmond, VA 23218-0344.

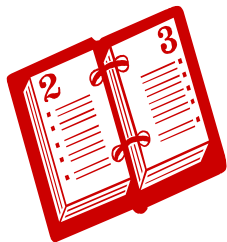


2009-2010 Board of Directors

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Website Committee: Nancy Finch, Brenda Finley, Mike Brooks

The public is welcome to attend membership meetings, which are generally held on the first Wednesday of each month. Please call or email Pat Ryan to make a reservation — 804-545-6656, info@richmondfirstclub.org.



Mark your calendar now
for the remaining monthly
luncheon meetings of the
Richmond First Club's
2009-2010

- March 3, 2010
- April 7, 2010
- May 5, 2010
- June 2, 2010

The Club meets on the first Wednesday of the month. Members are welcome to attend the monthly meetings of the Board of Directors — usually held on the Monday afternoon following the Wednesday membership luncheon meeting.

If you plan to come, you will be provided with an opportunity to offer your ideas, concerns, and/or other areas of interest. You may be looking for a way to become more involved in the club, or head up a committee. Please call or send an e-mail message to the President (above) for directions and to be included on the agenda.

Richmond First Club

Our Mission

The club's founders shared a common vision of a permanent organization that would inform the public and political leaders about a broad range of civic issues, policies and solutions.

The spirit of enlightened activism that initially inspired the formation of the Richmond First Club in 1919 carries on today in its active study of and involvement in issues currently affecting the Richmond metropolitan area.

During its 80-plus year history, the club has provided leadership on a number of issues critical to the quality of governance in the metropolitan areas. All the region's citizens have benefited from the club's energy and diligence.

The club pioneered the idea of cooperation among the political jurisdictions in the metropolitan areas. The club completed comprehensive studies advocating regional cooperation as early as 1981.

The lifeblood of the club is its committee structure, where members focus on and research civic issues vital to continued development in the region. Thorough and nonpartisan studies have been published by these committees, assisting in many high-profile accomplishments over the years.