

The Remarks
Of
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and
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University of Virginia

To
Virginia's First Cities Coalition
Charlottesville, Virginia
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Thank you for the invitation to be a part of the Virginia First Cities Coalition meeting in Charlottesville.

[Acknowledge three impressive friends and members of the 1st Cities coalition: Kimball Reynolds (Vice-mayor of Martinsville), Jim Regimbal (Fiscal Analytics), Maurice Jones (City Manager of Charlottesville.)

I recognize that your coalition comprises 13 of the state's oldest and most historic cities and that you count yourselves as "proud centers of business, commerce and culture, with a diversity of opportunity for everyone."

I agree with your assessment. In the course of my career, I have visited your cities, and, more recently, your websites, and I am fortunate to have friends – and, in some cases, relatives – in your cities.

I am particularly impressed with your website's listing of legislative priorities and fiscal analysis.

The demographic information for your cities demonstrates a web of localities – people who live in one locality, work in another, and shop in yet a different jurisdiction. I can tell you from personal experience, that business prospects look at a region first. So do scholars and cultural leaders.

So the future of your cities and of adjacent counties will depend in large measure on whether the different parts of the region see the whole picture and can work together as a region. That will require, in my judgment, three "C's:" commitment, consensus, and cash. And lots of the latter.

So, I salute your focus on specific issues for the purpose of enhancing Virginia's First Cities Coalition. You have adopted an ambitious set of goals, and I have reached this profound conclusion: You have your work cut out for you, but you are right to be concerned about its future. A lot is at stake.

Your cities deal with a host of issues in education, public safety, land use, public health and natural resources. You are increasingly challenged by the costs of such services in an uncertain economic climate. Your task is to set the stage for the future. You have identified some of the challenges confronting you; now the question is what is required to move Virginia's First Cities and the rest of the Commonwealth forward and remain competitive in today's uncertain environment.

Let me begin by stating what is obvious to all of us assembled here.

We have witnessed extraordinary changes in our country and Commonwealth. For several decades, Virginia has been one of the fastest growing states in the country, not far behind Florida, California, Arizona and Texas. Some of that growth is internally generated, but for the most part, it is migratory.

The people who come here bring their ideas, their creativity, their biases, customs and traditions. That has had an impact on the development of the political, cultural and social life of Virginia to a far greater extent than some people have realized.

There is also recognition that the Commonwealth has become much more a part of the nation than it used to be. There was a time when regional influences and parochial interests could exist in a vacuum, largely uninfluenced by national and international events.

Those days are long gone.

So in this uncertain world in which Virginia finds itself, globalization, rapid communications, and advancing technologies are changing all the rules. Our state's population is growing older and more diverse, and more of us depend on proportionately fewer workers. The greater the uncertainty about the world and what Virginia may become, the more certain we must be of the importance of wise public investments for our future prosperity, and the responsiveness of governments at all levels to meet public needs.

Here's the way I see things.

In order to compete in a changing economy, there must be an educated citizenry, social and cultural amenities, and a good infrastructure, among other things, and it requires building upon the accomplishments of one's predecessors, not tearing them down and running from financing obvious public needs.

Sad to say, in the Commonwealth, a brand of politics has emerged in recent years – an undeniably successful brand of politics, that takes as its organizing principle the belief that Virginia can continuously prosper by ignoring capital investments required for Virginia's future.

While we have witnessed people arriving in Virginia by the hundreds of thousands – yes, even millions – we have experienced a lack of sustained commitment to our infrastructure, especially education and transportation.

Roads are congested.

Many of our schools are overcrowded. College buildings have had maintenance deferred for years.

Mental hospitals have lost and fought to repair, regain and maintain their accreditation.

The Chesapeake Bay is fighting to improve its health.

Thousands of kids are still at risk in their communities.

Instead of tax investments, we talk of tax cuts.

These are not one-time problems, and these challenges are often most keenly felt in our older and historic cities.

In the early years of the 20th century, one of Virginia's noted authors and editors, Virginius Dabney, once said, in commenting about Virginia's approach to investing in itself: "God granted Virginia many advantages in location and geography, and Virginia spent many years waiting for God to improve upon them."

I wonder what Virginius Dabney would say about our investment attitude today.

In my judgment, the foundation of any region's economic vitality and growth is education and transportation. They constitute its building blocks, and we know in an economy where education is the new coin of the realm, if we don't have an educated and highly skilled citizenry, we can't compete, and if we can't compete, we can't grow.

It's that fundamental.

Similarly, in an economy where the rapid and efficient movement of our people and goods from one destination to another is critical, if we can't move our people and goods, we can't compete. If we can't compete, we can't grow.

It's that simple.

Let me say it again, in plain English.

The future of the economic vitality of the Commonwealth – and our First Cities - is tied to the strength of its financial commitment to education and transportation. Increasingly, they are the engines that drive our economy.

Cut the funds, and you can count on bleeding.

Fail to sustain momentum, and you can expect a roller coaster ride.

Strong commitments and sustained momentum will help maintain an economy of growth that, in turn, will produce the revenues to improve education and transportation and finance society's interests in the arts and culture, our obligations to providing mental health services and medical care, along with meeting our responsibilities to protect our citizens, as well as our historic and natural resources.

So, where are we, and where do we go from here?

Frankly, no one knows at the moment. Clearly, the action or inaction at the federal level to deal with the increasingly larger annual deficits and national debt will affect state and local governments across the country.

Indeed, in the year 2012, we are likely to see a dramatic impact on Virginia's cities and counties. The timing and resources of public investments at the state level are made by the Governor and the General Assembly, and unless there are very dramatic improvements in the performance of the national economy, the vibrancy of our state's economic future will continue to be challenged. In some respects, the challenges confronting local governments are not new. For years, local governments' financial problems have been studied by the legislature. Reports and recommendations have been made, some of them comprehensive, thoughtful and intelligent.

Yet, despite all that, Virginia has failed to give local governments the support needed to do their best work. The decade of the 90's offered us a wonderful opportunity, but we didn't take it.

Instead, we watched state revenues increase significantly, strengthened by rises in revenues from the sales and income tax.

Meanwhile, localities were largely confined to stagnant property tax revenues, while the state continued to shift cost burdens to the counties, cities and towns.

In the Morris Commission report of several years ago, along with the many other studies undertaken, there were proposals that could potentially change the fortunes of local governments, improve their abilities, or address their challenges. They have been debated and largely ignored.

Today I want to focus on three separate and distinct recommendations that I believe should be central to your discussion about the future of Virginia's First Cities and their economic vitality. I've mentioned some of those thoughts to local government leaders on occasions past. But in Virginia, sometimes it takes a generation or so for the idea of change to be adopted.

Let me focus, first, on the powers and duties of local governments.

Many of the studies completed over the years have focused on revenue needs and sources of new income for local governments.

Obviously, resources are vitally important. You get what you pay for.

But some seem to suggest that an increase in resources alone, from whatever source, will straighten things out.

I do not accept that.

When you focus on money first, you put the cart before the horse.

We should first ask: What do we expect from local government?

And that gets into the old problem of definitions.

Think about it: What is a city? What is a county? Can you quickly define either one?

In years past, cities were manufacturing centers, densely populated, financially self-sufficient. Counties, on the other hand, were rural, thinly settled and administrative districts of this state, dependent upon state resources for basic operations.

Times have changed. But the nomenclature sticks.

And it's holding us back.

We now have rural cities and urban counties.

We have small as well as large cities, declining populations in some counties and explosive growth in others.

In many areas of the Commonwealth, cities and counties are indistinguishable.

They provide essentially the same levels of service. Yet, cities and counties are governed by different laws, and their funding can depend upon their status as a city or county.

For these and other reasons, the time has long passed for us to re-examine the definition question.

Even more fundamental is the question of what we want local governments to provide.

In my judgment, once we have determined what levels of service we want local governments to provide – and whether cities and counties should be different – then we should be in a position to take the next step.

The next step would be to define the powers and duties of local governments, draft a generic charter and allow local governments to operate within the frameworks of that clearly defined charter without having to trot to the General Assembly, hat in hand, on an annual basis.

In an era of global communication and transportation, when businesses and individuals can operate virtually anywhere and make contact instantly with anyone, do we really have to maintain an 18th century attitude toward local government?

I am not saying that we should create 100-plus individual fiefdoms, because local officials can be just as overbearing as state officials. What I am saying is that we live in a time when we can draw closer to Jefferson's ideal: that, indeed, we can locate political power – and resources – where people reside.

As I envision it, as a practical matter, the General Assembly's local government function would be confined to periodic reviews of the legislatively approved local charter framework and required revisions to it.

Since local governments are creatures of the state, the General Assembly also would bear the obligation to identify and earmark sources of revenues sufficient for financing the specified functions of local governments.

Local governments have long been heavily dependent upon the taxation of property as the source of local government revenues. The practice is based in the history of the Commonwealth, long before there were weekly paychecks and steady income streams.

Suggestions have been made that reliance on property taxes could be reduced if the state would provide or share revenues derived from taxation on incomes.

Perhaps.

The answer to that question, fundamentally, will be easier to determine once state definitional questions have been answered. If more is expected of local governments, the General Assembly must find other revenue sources for local governments, perhaps in return for a reduction or elimination of property taxes.

So, first things first. Outline what local governments should do and define the terms of cities and counties. If there is no difference, say so. In the end, local governments would be healthier and more responsive to local needs and concerns. That could help Virginia's First Cities to become first in economic, social and cultural vitality.

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Second, let me focus on another recommendation or option for this group of cities.

The term "regional government" is often used loosely, without definition or context.

Here is some context.

The General Assembly possesses the constitutional authority to create, change and abolish local units of government.

Initially, all of Virginia was contained within six shires, out of which were carved, in a steady western movement, today's 130 or so existing counties and cities.

And while the historical trend has been to create jurisdictions, there have been instances in which cities and counties have been abolished through merger.

In four mergers between 1952 and 1963, the voters of three Hampton Roads counties, five cities and one town abolished their existing local governments and formed four consolidated city governments: Hampton, Newport News, Virginia Beach and Chesapeake. Since then, Nansemond County and the City of Suffolk have become one entity. Williamsburg and James City County share some obligations for providing public services. But for different reasons, not the least of which is job protection and territorial imperative, today consolidation of cities or counties is believed by many to be almost politically impossible.

Thirty years ago, planning district commissions were created as a means of encouraging the development of cooperative regional planning and programs, but without the power of implementation.

The PDCs have had a mixed record of success.

Historically, the seats of local governments were established by the General Assembly so that no citizen would be more than a day's ride to the local courthouse.

Today, traffic permitting, no citizen is more than 30 minutes from the local courthouse and local government buildings. But with the arrival of technology, licenses can be renewed and taxes paid without ever visiting local government offices.

Clearly, any significant rearrangement of governing units now would have to be prospective in application – approved today, but not effective until, perhaps, ten years in the future – in order to overcome the practical and political problems of addressing positions of local power, employment, and influence.

Short of that consolidation step, there may be another way to achieve some of the benefits of efficiency and lower costs through cooperative programs, and increase thereby the potential of Virginia's Regional Competitiveness Act.

This proposal could be called the "carrot and stick" approach.

In some future budget session - say, two or three years from now - the General Assembly could appropriate a one-time increase in local government funding to help address some of the unfunded state mandates, and then declare that any future increases to local governments would be limited to a cost of living factor, UNLESS two or more adjacent jurisdictions, whether cities or counties, combined or consolidated several major functions of government, there by achieving greater efficiencies and cost savings.

In those cases, state appropriations to such localities would be increased by some significant percentage – say 25% to 35%. Whatever the percentage, it would have to be significant enough to be a persuasive political force. The combination of combined cost savings and increased state appropriations could go a long way to improving the delivery of local government services across the region.

Whether such an approach would work in today’s stressed budgets of local governments and legislative resistance to significant change is anyone’s guess, but there is a danger to the future of local governments and their economic vitality, from the failure to re-examine the form and function of public delivery of local government services. There are opportunities for increased efficiencies and improved public services, and they should be explored.

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Let me turn to the last of my recommendations – the reorganization of the legislative redistricting process and the impact upon local and regional governments.

It can be argued that some of Virginia’s local government problems can be attributed to inadequate or insufficient attention by their local representatives in the General Assembly. I happen to believe it.

Legislative districts are drawn in such a way to meet certain legal and political criteria, but the result is often a loss of “community of interest.”

Indeed, some localities across Virginia are divided among six or seven districts, with some legislators representing only a few precincts of those local communities.

Take a look at your own cities.

Meetings between legislators and local officials become difficult to schedule; attendance is spotty, interest may be not be fully appreciated, especially where multiple jurisdictions are included within a legislator’s district.

In Virginia, the House of Delegates is divided into 100 districts, the Senate into 40. The House and Senate districts are drawn separately for each body and often bear little resemblance to each other in terms of territory represented by legislators who actually may live in the same neighborhood or locality.

It can be argued that, to the extent possible, area senators and delegates should represent the same jurisdictions, yet in light of today’s number of delegates and senators, that is mathematically problematic.

So why not reconfigure the size of the House and Senate so that one senator and two delegates represent the same area?

If that were true, it would be possible to draw only one redistricting plan for Virginia's General Assembly, instead of two, making it easier to draw House and Senate districts that would avoid slicing and dicing local governments six ways from Sunday.

Since there are many calls for reducing the size of government, why not reduce the size of the House of Delegates to 80, leaving the Senate at 40? That would mean that each legislative district would consist of one senator and two delegates, all representing the same territory.

For those who find that unpalatable, I suppose they could increase the size of the Senate to 50, leaving the House at 100, to achieve the same legislative result.

Of course, that might sound an awful lot like big government to some!

In either event, legislative districts could be more compactly drawn, recognizing and respecting communities of interest, perhaps improving better representation of citizens and their local governments.

Do this, and I believe we would immediately gain a more substantive representative arrangement and, most likely, more coherent results for the various regions and localities across Virginia.

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So, those are my observations and three proposals for your consideration of the future of Virginia's First Cities. Add them to all the rest.

Certainly such proposals would need to be examined and measured in the context of the state's economic, social and political condition – and any required constitutional changes. And there would be some.

But let us avoid the debilitating disease of political inaction, of constant, unbroken procrastination.

Let's get at it, because there's a far better balance out there between state and local governments.

Once found, that better balance will diminish the fiscal stress presently bearing on local governments and regional prospects in Virginia.

Once found, that better balance will significantly improve the efficiency of governments at both the state and local levels.

Once found, local government officials will worry less over another round of unfunded state mandates and will feel free to focus all their energies on the citizens they signed on to serve and the vitality of their local economies.

Let me summarize our situation as I see it, pose questions for you to ponder in the days ahead, and offer some concluding thoughts.

Quite clearly, profound political change has become part of our era. It is rivaled only by the astonishing economic and technological changes taking place, as well as the extraordinary pressures arising from our population growth.

In recent years we have seen an international economy envelope the globe, placing new demands upon individuals, and new competitive pressures upon industries. Entire communities and regions have been affected. For Virginia's First Cities, this one is no different.

It should require us to re-examine our assumptions, to look at ourselves anew, and to do things differently if needed.

Fifty years ago, Virginia was a different place. The full power of our people and our resources had not been realized. Our economy was but a shadow of its potential.

Beginning in the 1960s our chance arrived. Virginians ushered in a new day by acquiring new leadership and building a new economy.

Unlike the politics of many decades past, Virginians started to invest in public services. We acted to realize our potential.

Virginia began to put record amounts into education and transportation programs, and made economic development a standing commitment. The beginning of regional planning occurred with the creation of planning district commissioners.

During the next several decades, major investments were also made in mental health, corrections and law enforcement, as well as in environmental programs and initiatives.

Yet, we always recognized there was more to be done.

Sometime in recent decades our politics began to change, and so did our commitment to investments. Public needs were judged through the prism of ideology.

“Government by gridlock” became the subject of many worried conversations. More recently, we have just begun to realize the consequences of ignoring the growing needs of a growing state.

When the population is increasing or declining – as has happened in different parts of Virginia – the demands on land use, transportation and school systems also change. Can we afford to ignore those pressures?

When businesses are arriving, as they are in some parts of Virginia, the demands on local governments for services and support become greater. The needs cannot be wished away – can they?

It doesn't stop there.

The costs of providing mental health services and support for the elderly are rising. Do we ignore all that, or do we try to find answers?

There are environmental tensions, also the product of a growing society. Do we put off the search for solutions, or do we try to bring people together for results, including more intelligent decisions regarding land use planning and related transportation issues?

Regional needs and local government pressures are increasing. How can we close our eyes and minds to their concerns?

In my judgment, these are some of the challenges confronting Virginia's First Cities and our Commonwealth, and they must be addressed, regardless of which political party is in power. These challenges will require Virginia's First Cities to think anew about their status, their role and their future. This is a sobering time, and we must do more than complain; we must become architects for future generations.

In case we've forgotten, the next generation is upon us.

It always is.

History tells us that the future is written in the actions of the present.

Our challenges in education and transportation, the environment and mental health, the arts and public safety, are such that we cannot afford to take a few steps forward and then take a break.

Our support of these public needs must be unrelenting, constant, and complete.

It must continue from year to year.

In Virginia, that commitment must continue from administration to administration – from generation to generation, and from state to regional and local levels of government.

Again, in my judgment, we can deal with the growing challenges of the Commonwealth and its First Cities, only if the political process exists as an instrument for constructive change, to be used as the means through which public attention can be focused on what lies ahead, and what we need to do today to prepare for it.

That is the real secret behind the four centuries-old success story that is Virginia.

It is also the key to Virginia's future – and whether Virginia's First Cities can be first for generations to come.

Thank you.