Richmond City Council
The Voice of the People — Richmond, Virginia
Office of the Council Chief of Staff

Education & Human Services Standing Committee
July 9, 2026
Prep Document for Committee Members

Previous Meeting: June 11, 2026 **Next Meeting:** August 13, 2026

Legistar Link: [City of Richmond - Meeting of Education and Human Services Standing Committee on 7/9/2026 at 2:00 PM]

Presentations:

- None

Discussion Items

- RPS Updates: Jason Kamras, Superintendent
- DCAO HS Report: Amy Popovich, DCAO for Human Services
- Confirmation of presentations for EHS meetings through February 2027
- August Committee Meeting

Papers for Consideration

1. RES. 2026-R028: Authorizes a referendum for a local sales tax of up to one percent for public school construction and renovation.
2. ORD. 2026-169: Amends the FY 2026–2027 General Fund Budget to rename and reappropriate certain Outside Agencies appropriations and authorize execution of related agreements to administer grant funding for designated organizations.

Board Vacancies

- [none]

Outstanding Follow-Up Items/Reminders

- [none]

Next Meeting Preview (Thu, 8/13)

Presentations:

- [none]

RES. 2026-R028: 1% School Construction/Renovation Local Sales Tax

Staff Notes:

Legislative Overview

- The authority to seek voter approval for this additional local sales tax was a component of the City of Richmond's 2026 General Assembly Legislative Program, as adopted by the Council in December 2025 (Res. 2025-R051).
- The referendum is authorized by the 2026 General Assembly through amendments to Virginia Code § 58.1-605.1, which now allows all Virginia cities and counties to seek voter approval for an additional local sales tax for school capital projects. Previously, only a limited number of Virginia localities had this authority.
- This proposal would impose an additional 1% local sales tax on eligible retail purchases and requires voter approval before it can take effect.
- The legislation does not require Richmond to hold the referendum in November 2026. Council is choosing to pursue the earliest practical opportunity. If the resolution is not adopted or the referendum is not ordered in time, the City could seek voter approval at a future general election, subject to the applicable statutory deadlines.
- Council is seeking to place the referendum on the November 3, 2026, General Election ballot, rather than waiting until 2027, because federal general elections have historically experienced higher voter turnout than state general elections.

Fiscal Impact & Revenue

- Preliminary estimates provided by Richmond Public Schools indicate the proposed tax could generate approximately $45 million in annual revenue.
- If approved by voters, revenues may only be used for capital projects for the construction or major renovation of public school facilities, including bond or loan financing costs. The revenues may not be used for school operating expenses, such as salaries, instructional materials, or day-to-day operating expenses, or to repay debt issued before the tax takes effect.
- Virginia Code § 58.1-605.1 includes a safeguard to ensure the revenue would supplement, rather than replace, existing local funding for school capital needs. In other words, the tax is intended to provide an additional funding source for school construction and major renovation projects, not to reduce or supplant current local support.
- In 2018, the City increased the meals tax from 6.0% to 7.5% to generate additional revenue for school capital improvements (ORD 2018-017). At the time, the increase was projected to generate approximately $9.1 million annually, supporting approximately $150 million in school construction bonds. Pursuant to City Code § 12-47, 20.3% of meals tax revenues are credited to a special reserve established under § 12-42(b)(1) to support public schools. The proposed referendum does not amend the City's meals tax or any other existing local tax. Instead, it would authorize voters to consider an additional local sales and use tax dedicated exclusively to school construction and major renovation projects.

Implementation

- The additional local sales tax generally follows the same rules, exemptions, and enforcement provisions as Virginia's existing sales tax. However, the additional local tax does not apply to food purchased for human consumption or essential personal hygiene products.
- If approved by voters and subsequently imposed by Council, the additional local sales tax would be administered and collected by the Virginia Department of Taxation. Revenues would be deposited into a special fund in the state treasury and distributed back to the City of Richmond by the Comptroller following monthly collections.
- Following voter approval, Council would need to adopt a separate ordinance imposing the tax before collections could begin. Under state law, the tax may become effective no sooner than 120 days after adoption of the implementing ordinance.
- The proposed tax would expire:
    - when any bonds or loans financed by the tax are fully repaid; or
    - if no bonds or loans are issued, no later than June 30, 2046, as provided in the resolution and state law.

Potential Questions:

Communications and Public Engagement:

1. How will the City communicate the purpose, impact, and limitations of the referendum to ensure voters understand what they are being asked to approve?

Fiscal Impact, Financing, and Capital Planning

1. Is the issuance of bonds anticipated? If so, what level of bonding capacity is anticipated?
2. Has Richmond Public Schools identified priority capital projects that would be funded if the referendum is approved?
3. Have we evaluated how approval of the additional sales tax would affect the City's overall revenue strategy, including whether any changes to other local taxes or dedicated revenue sources should be considered?
4. Can we confirm how much annual revenue we project the additional 1% local sales tax will generate, and what assumptions were used to develop that estimate?
5. How much revenue does the City currently receive from the meals tax each year? Of that amount, how much is credited to the special reserve supporting public schools pursuant to City Code § 12-47, how much has the additional 1.5% increase generated since 2018, and what school capital projects have been financed with those proceeds?
6. A 2018 Finance presentation proposed a Capital Acceleration Program (CAP), creation of a special reserve fund, and annual reporting to provide transparency regarding meals tax revenues. Were these measures implemented, and can staff provide an update on their status and effectiveness?

Policy and Implementation

1. What policy and equity considerations should we be aware of in considering this tax?
2. If voters do not approve the referendum in November 2026, may Council place the same referendum before voters at a future election? Will General Assembly approval be needed again?

<u>ORD. 2026-169: Grantmaking Ordinance</u>

- Beginning in FY27, the City transitioned from a City-managed nonprofit grant application process to an external grant maker model. The new model is intended to improve efficiency, transparency, and expertise in awarding competitive grants.
- The Grantmaking Partners include:
  - United Way of Greater Richmond & Petersburg – Economic Mobility and Children & Families
  - Richmond & Henrico Public Health Foundation – Health
  - Culture Works – Arts & Culture
- Reappropriates approximately $3.84 million from FY27 reserve line items to the City's selected grantmaking partners:
  - United Way of Greater Richmond & Petersburg: $1,885,431 (Economic Mobility and Children & Families)
  - Richmond & Henrico Public Health Foundation: $1,044,310 (Health)
  - Culture Works: $520,000 (Arts & Culture)
- Transfers $390,515 to the Department of Neighborhood and Community Services to procure grant administration services. This funding comes from the existing reserve appropriations for each grant category and does not represent new funding.

Potential Questions:

1. What accountability measures will the City use to ensure grantmaking partners administer funds equitably and in accordance with City priorities?
2. How will the City monitor the performance of each grantmaking partner, and what metrics will be used to evaluate success?
3. How will nonprofits and City Council receive updates on grant awards and program outcomes?
4. What role will the Department of Neighborhood and Community Services play in overseeing the grantmaking partners beyond contract administration?
5. Why was $390,515 determined to be the appropriate amount for grant administration services, and how does that compare to the City's previous administrative costs under the former grantmaking process?