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July 13, 2011

Honorable Robert F. McDonnell
Governor
Commonwealth of Virginia
P.O. Box 1475
Richmond, VA 23218

Dear Governor McDonnell:

The Appropriation Act contains \$60 million in across-the-board cuts to cities and counties for both FY11 and FY12. Under this budget provision, localities are required to either elect to take reductions in particular state aid programs, or to send in a check to the state for the amounts determined by the Department of Planning and Budget.

The services included in the menu of programs affected by the across-the-board cuts are indisputable core public services. They include law enforcement, jail administration, social services and election administration, to just name a few. With very few exceptions, the services affected by the across-the-board cuts are mandated by the General Assembly; local governments do not have the authority to default to the state the business of administering elections, for example. Cities and counties cannot refuse to house and care for state prisoners in local and regional jails.

Further, the state budget cuts are not accompanied by any reductions in state-imposed standards and service requirements. Nor do these state cuts provide any additional administrative flexibility for local agencies. These reductions do nothing more than shift state costs to local taxpayers.

These budget reductions were first included in the state budget when the Commonwealth's economy and revenue collections were in freefall. We are delighted that state revenues have begun recovering. State tax collections in May of this year exceeded the prior year's amount and have done so for 14 out of the past 15 months. We are also delighted to learn that the state expects to have a revenue surplus for the second year in a row.

The news about local revenue collections is not rosy. Local government revenues continue to reflect the depressed state of the housing market, and indeed are not expected to begin their recovery for at least another year.

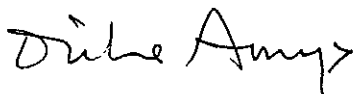
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There simply is no reason for the state to continue to rely on local governments to fund state mandates and responsibilities. We ask that you include a budget amendment to reverse the \$60 million-a-year reduction for the current year, FY12, and that you eliminate the aid to localities reduction in your budget for the upcoming biennium.

We would be happy to answer any questions you have on this important issue.

Sincerely,



R. Michael Amyx
Executive Director, VML



James Campbell
Executive Director, VACo

Cc: Honorable Ric Brown, Secretary of Finance
Dan Timberlake, Director of Virginia Department of Planning & Budget, Julia C.
Hammond, Director of Legislative Affairs, Office of the Governor
Betsey Daley, Staff Director, Senate Finance Committee
Robert Vaughn, Staff Director, House Appropriations Committee