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**MAGAZINE**

VIRGINIA TOWN & CITY

April 9, 2020

Mr. Erik Johnston, Director  
Department of Housing and Community Development  
600 East Main Street, Suite 300  
Richmond, Virginia 23219

Dear Erik,

I appreciate you taking the time the other day to discuss further the issues raised in my March 26 letter.

I would like to offer two additional recommendations for Governor Northam and Secretary Layne to consider.

The first concerns general fund spending cuts in the new biennium. We assume that the proposed budget amendments for the Reconvened Session will not include the details for the agency budget cuts. If that proves to be the case, then we expect the Administration to direct state agencies to develop Reduction Plans to achieve the needed savings. It is VML's position that Agency Reduction Plans that include strategies to reduce financial assistance to local governments should be developed in concert with or at least reviewed by localities before implementation.

Localities will have to deal with the program services repercussions resulting from the cuts. And, we'll be doing so even as local revenues from business taxes, sales taxes, real estate taxes, meals taxes, hotel/motel taxes, and personal property taxes all decline.

It is important for the Commonwealth and localities to work together during this economic and health crisis. That is the basis for our second recommendation. The federal government's actions through legislation already passed and measures now being debated are, to say the least, not well understood by the public or by states and local governments. It is VML's position that neither the Governor nor the General Assembly should assume on April 22 that federal money can supplant general fund dollars. To that end, we recommend that state officials meet as soon as possible with the Virginia Congressional Delegation and local governments to jointly develop a strategic plan to maximize and effectively target the highest and best use of federal dollars. We believe this is the best way to meet the public health and economic challenges Virginians are now facing.

As I wrote earlier to you, local governments stand ready to work with the state to battle the pandemic and to manage the state and local revenue challenges. If we can be of further service to answer questions, suggest other ideas, or review state proposals, please call us.

Sincerely,

Michelle Gowdy, Executive Director  
Virginia Municipal League

Cc: Virginia Municipal League Executive Committee  
The Honorable Aubrey L. Layne, Jr.

P.O. Box 12164  
RICHMOND, VIRGINIA 23241

804/649-8471

www.vml.org