July 26, 2010

To: Chief Operating Officers of Virginia Cities, Counties, and Regional Jails

Item 473.10, of the 2010 Appropriation Act (http://leg1.state.va.us/cgi-bin/legp504.exe?101+bud+21-473.10) requires a $60 million reduction in state aid to local governments in FY 2011. The Appropriation Act further requires the Director, Department of Planning and Budget (DPB) to provide localities a list of the state aid to local government programs that serve as the basis for calculating each locality’s share of the $60 million savings.

The purpose of this communication is to notify you that the listing of programs and reduction amounts for FY 2011 have been finalized and can be found on the DPB Website at http://dpb.virginia.gov/.

Similar to last year, your locality may select the manner for achieving its reduction using one of the following methods; 1) you may designate that these reductions be taken out of the payments for one or more of the programs in the list provided by DPB, 2) you may make a reimbursement payment directly to the Commonwealth for all of your locality’s reductions, or 3) you may choose a combination of program reductions and reimbursement payment. The option you select for your locality, along with the corresponding reduction amounts for each program, if applicable, must be submitted to DPB by August 30, 2010.

If a locality has not notified DPB of its selection by October 1, 2010, the State Comptroller will begin withholding the locality’s rolling stock and recordation distributions. (The annual rolling stock distribution and the remaining recordation distributions will not be allocated until localities have made their reduction selections.) If withholding the locality’s rolling stock and recordation tax distributions for FY 2011 is not sufficient to fully cover its reduction amount, DPB will take action to withhold the remaining reduction amount from the local program deemed most discretionary by the department.

Attached is the form that your locality must use to select its reduction strategy for FY 2011. The form contains a tab with instructions for your reference. The form for your
locality contains the list of the state programs from which you may choose to make reductions. In determining your share of the $60 million reduction, DPB received projected FY 2011 locality distributions from each of the cognizant state agencies responsible for the programs on the list. This estimate is shown in the column entitled “FY 2011 Base.” Since this is an estimate, actual funding may differ especially in those cases where local funding is made on a reimbursement basis.

In order to maximize flexibility for localities to implement these reductions, the Governor will be seeking an amendment to the 2010 Appropriation Act to allow an annual designation of their selections. Therefore, this form seeks your selections only for FY 2011. Next year, DPB will solicit local selections for FY 2012.

A calculated reduction for each of these programs is also included for your reference in the column entitled “FY 2011 Calculated Reduction.” You are not obligated to use the amount listed for these individual programs; however, you must ensure that the total of your elections adds up to the total calculated reduction for your locality.

To select a specific program, enter the amount in the applicable row for that program in the column entitles “FY 2011 Locality Elected Reduction.” If you wish to select the calculated reduction amounts, you would simply copy the amounts from the “FY 2011 Calculated Reduction” column to the “FY 2011 Locality Elected Reduction” column.

If you are making a direct payment to the Commonwealth for all or a portion of your locality’s share of the reduction, there is a row in the form where you should enter in the column entitled “FY 2011 Locality Elected Reduction” the amount of the payment. The FY 2011 reimbursement amount must be paid to the Commonwealth prior to January 8, 2011. Local jurisdictions that elect to reimburse the Commonwealth may pay by check, wire, or deposit the funds directly into the state account in which they normally deposit state funds. Instructions for making the reimbursement are found in Attachment A.

After you have completed the form, e-mail an electronic copy to budget@dpb.virginia.gov and mail a hard copy along with a memo certifying your locality’s reduction elections, signed by the city or county administrator or equivalent approval authority, to the following address:

Aid to Locality Reductions
Virginia Department of Planning and Budget
1111 E. Broad St. Room 5040
Richmond, VA 23219-1922

Your elections will not be considered complete until both the electronic and hard copy versions have been submitted. Be sure that the electronic and hard copy versions reflect the same information.
If you have any questions, please do not hesitate to contact the Department of Planning and Budget Management Team listed below:

**Department of Planning and Budget Management Team:**
Don Darr (Budget Operations)  (804)-786-1131  
Jerry Edwards (Commerce and Trade, Natural Resources, and Finance)  (804)-786-1817  
Michael Maul (Education, Transportation, and Public Safety)  (804)-786-6657  
Mike Shook (Health and Human Resources)  (804)-786-8853

Thank you in advance for your cooperation,

Dan Timberlake  
Director, Virginia Department of Planning and Budget
Attachment A
Reimbursement to the Commonwealth
(The reimbursement must be made no later than January 8, 2011)

If payment by check

Make check payable to: Commonwealth of Virginia

Mail to: Department of Accounts
P.O. Box 1971
Richmond, VA 23218-1971
Attn: Melinda Pearson

Street Address if sending Overnight:
Department of Accounts
Attn: Melinda Pearson
101 North 14th Street
Richmond, VA 23219

If payment by wire

Wire funds to the State Treasurer’s Account at Bank of America.

Account Name – Treasurer of Virginia
Account Routing Number – 026009593
Account Number – 0000000026

On the day of the wire transfer please notify Ken VanAuken at the Department of the Treasury with the amount, locality name, and purpose of the wire (“Locality Budget Reduction – Chapter 879”). Ken may be contacted by e-mail at Kenvanauen@trs.virginia.gov or by phone at 804-225-2221.

If payment by deposit

Deposit the funds in the State Treasurer’s Account in which you normally deposit state funds.

Specific Deposit Certificate (DC) Coding:

Batch Agency: 998
Transaction Code: 001
Transaction Agency: 997
Fund: 0216
Revenue Source: 09005

Please ensure your FIPS code is included on the DC. On the day of the deposit, please enter the DC into CARS and notify Melinda Pearson, Department of Accounts at
Melinda.Pearson@doa.virginia.gov. If you have any questions regarding the deposit methodology please contact Melinda by e-mail or by phone at 804-225-2376.