July 23, 2012

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

FROM: Daniel S. Timberlake

SUBJECT: State Aid to Local Governments

Item 472 of the 2012 Appropriation Act requires that state aid to local governments be reduced by $50.0 million statewide in FY 2013. The act further requires that, as Director of the Department of Planning and Budget (DPB), I provide you a list of the state’s aid-to-local-government programs that serve as the basis for calculating each locality’s share of the $50.0 million savings. This listing of programs and reduction amounts for FY 2013 is now available in a spreadsheet on DPB’s Web site at http://dpb.virginia.gov.

Official Form
The form that you must use to select your locality’s reduction strategy for FY 2013, along with instructions, is located on DPB’s Web site with this letter. Please note that this form must be submitted to DPB by August 30, 2012.

Reduction Options
Similar to last year, your locality may achieve its reduction by using one of the following methods:

1) You may designate that the reductions be withheld from 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 of Virginia for the full amount of your locality’s reductions; or
3) You may choose a combination of program reductions and a reimbursement payment.

Program Reduction(s)
Your locality’s form contains a list of the state programs from which you may choose to make reductions. Your locality’s share of the $50.0 million reduction is based on FY 2013 projections of state payments to localities that DPB received from each of the cognizant state agencies responsible for the listed programs. Each agency’s “estimate” is shown in the column entitled “FY 2013 Base.” Please note that actual FY 2013 funding distributions may differ, especially in the case where the payments are made on a reimbursement basis.
A calculated reduction (based on an equal proration) for each of these programs also is included for your reference in the column entitled “FY 2013 Calculated Reduction.” You are not obligated to use the amount listed for these individual programs. You must, however, ensure that the total of your elections adds up to the total calculated reduction for your locality, including any amounts that you wish to pay directly.

To select a specific program, enter the amount in the applicable row for that program in the column entitled “FY 2013 Locality Elected Reduction.” If you wish to select the calculated reduction amount, simply copy the amount from the “FY 2013 Calculated Reduction” column to the “FY 2013 Locality Elected Reduction” column.

**Payment**
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 provided on the form entitled “FY 2013 Locality Elected Reduction” where you should enter the amount of the payment. The FY 2013 reimbursement amount **must be paid to the Commonwealth prior to January 7, 2013**. If you elect to reimburse the Commonwealth by direct payment, you may pay by check or wire or you may deposit the funds directly into the state account in which you normally deposit state funds. Instructions for making the reimbursement are found in Attachment A.

**Important Note**
Effective October 1, 2012, the State Comptroller will begin withholding your locality’s rolling stock and recordation tax distributions if you have not notified DPB of your reduction option. (The annual rolling stock distribution and the remaining recordation tax distributions will not be allocated until you have made your reduction selection.) If withholding your locality’s rolling stock and recordation tax distributions for FY 2013 is not sufficient to fully cover the reduction amount, the remaining balance will be withheld from a local program that DPB deems most discretionary.

Note the 2012 Appropriation Act contains one new requirement. No new certifications or changes to previously submitted certifications will be accepted after November 14, 2012.

**Procedure for Submitting**
After you have completed the form –
1) E-mail an electronic copy to budget@dpb.virginia.gov and
2) Mail a hard copy to DPB along with a memo/letter, signed by your city or county administrator or equivalent approval authority, certifying your locality’s reduction elections. Mail the hard copy of the form and the signed memo/letter to the following address:
Aid-to-Locality Reductions
Virginia Department of Planning and Budget
1111 East Broad Street, Room 5040
Richmond, Virginia 23219-1922

The completed form and the signed memo/letter must be received by DPB no later than August 30, 2012. Please make sure the electronic and hard copy versions reflect the same information and be aware that your elections will not be considered complete until both the electronic and hard copy versions and the signed letter/memo have been received.

**Deadline Recap**

**August 30, 2012**
Email form to DPB; mail hard copy of form and signed memo/letter to DPB.

**October 1, 2012**
State Comptroller to begin withholding local rolling stock and recodration tax distribution if required information has not been received by DPB.

**November 14, 2012**
Deadline for localities to submit new certifications or changes to existing certifications. After this date, no such certifications will be accepted.

**January 7, 2013**
FY 2013 reimbursement must be paid to the Commonwealth of Virginia if making a direct payment.

Your cooperation is appreciated, and I encourage you to contact any of our Associate Budget Directors with your concerns and/or questions. The budget team is comprised of the following members:

*Don Darr*, Budget Operations, don.darr@dpb.virginia.gov, 804 786-1131;  
*Toni Walker* (acting), Commerce and Trade, Natural Resources, Finance, toni.walker@dpb.virginia.gov, 804 786-6755;  
*Micahel Maul*, Education, Transportation, Public Safety, michael.maul@dpb.virginia.gov, 804 786-6657; and  
*Mike Shook*, Health and Human Resources, mike.shook@dpb.virginia.gov, 804 786-8853.

If you have specific questions about a service area amount, I suggest you get in touch with the appropriate contact found in the spreadsheet on the tab labeled “agency contact.”
Attachment
Reimbursement to the Commonwealth of Virginia

Due no later than January 7, 2013

Payment by Check

Check payable to: Treasurer of Virginia

Mail to one of the following addresses:

United States Mail
Virginia Department of Accounts
Attn.: Ms. Melinda Pearson
Post Office Box 1971
Richmond, Virginia 23218-1971

Overnight Carrier
Virginia Department of Accounts
Attn.: Ms. Melinda Pearson
101 North 14th Street
Richmond, Virginia 23219

Payment by Wire

Wire funds to the State Treasurer’s account at the 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 – 2012 Appropriation Act”). Mr. VanAuken may be contacted by e-mail at ken.vanaumen@trs.virginia.gov or by phone at 804-225-2221.

Payment by Deposit

Deposit 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 Ms. Melinda Pearson, Virginia Department of Accounts at melinda.pearson@doa.virginia.gov. If you have any questions regarding the deposit methodology, please contact Ms. Pearson by e-mail or by phone at 804 225-2376.

(July 2012)