



Virginia Association of Counties Virginia Association of Counties

CONNECTING COUNTY GOVERNMENTS SINCE 1934

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January 19, 2010

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Delegate Harry R. Purkey
House of Delegates
P.O. Box 406
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Dear Mr. Chairmen:

In recent weeks the news media has documented the extraordinary economic and budget challenges facing Virginia. It is our belief that flooding your committees with budget amendments to restore spending reductions in education, public safety, general government and tax relief would not be useful to you. Instead, we offer basic principles the Virginia Association of Counties believe are needed to best serve, educate and protect Virginians.

Local government officials understand all too well the difficult fiscal pressures that you face this session. Local revenues, like those of the state, have declined precipitously during the course of the recession. In essence, local governments are managing the impacts of declining state and local revenues while straining to meet increasing service demands.

Unfortunately, many of the reductions in the budget before you simply cut state funding for services without addressing the underlying needs that drive the costs. Funding responsibilities are passed onto local governments and ultimately to homeowners and businesses.

VACo asks you to help ensure that budget actions neither jeopardize basic public services working families depend upon, nor worsen the already difficult financial situation for local governments. Our goal is to work cooperatively with you and Gov. Robert F. McDonnell to help protect basic services.

Specifically, VACo promotes the following principles:

- 1) The General Assembly should strengthen the stability of the state general fund through significant tax reforms. In addition to stabilizing the general fund, reforms will help reduce local governments' reliance on real estate tax revenues to make up for state reductions to public education and public safety.

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2) The General Assembly should not take any actions to place additional restrictions on local revenue sources. Restricting current revenue sources will further erode funding for basic services.

3) If the state chooses not to make up the spending reductions, local government leaders will need flexibility to manage the reductions. For example, if the General Assembly does not fund a state requirement, then mandates for services should be relaxed thereby allowing greater local flexibility in the provision of services and funding.

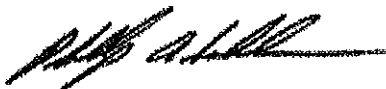
The proposed budget funds public education at the 2006 level. If this is the level of funding the state chooses to support, then the standards of learning and accreditation that have driven education spending since that date should be suspended and deferred. In 2009, the Board of Education revised the Standards of Quality to include a number of new requirements. However, the introduced budget does not include new funding to support the requirements:

- Require all students, beginning in middle school, to have an Academic and Career Plan.
- Students must take a course in economics and personal finance.
- Expand the types of diplomas that must be offered to the standard technical and the advanced technical diploma. Local schools have the responsibility for offering the special courses needed for students to meet the requirements for those diplomas.
- Raise the Graduation and Completion Index points required for full accreditation from 80 to 85 percentage points.

4) Gov. Timothy M. Kaine's proposed biennial budget does not include appropriations for the Personal Property Tax Relief Act. Consequently, localities that bill in the spring of Tax Year 2010 will not receive state reimbursements unless additional state funding is appropriated or the Kaine tax proposal is not adopted. (And as you know, all owners of personal use vehicles will have to pay a greater personal property tax beginning in Tax Year 2010 if another revenue source is not found.)

Local government officials are ready to work with you, the other members of the General Assembly and Gov. McDonnell in charting a course that will allow Virginia to remain a national leader. Thank you for your time and consideration.

Sincerely,



Phillip A. Bradshaw
President

CC: The Speaker of the House and members of the General Assembly