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August 17, 2012

‘Shell Game’ Avoids Real Solutions

New Report Highlights Gimmicks That Bring Virginia’s Budget into Balance

RICHMOND, VA -- Virginia lawmakers’ reliance on an array of budget gimmicks, accounting sleights of hand, and one-time deals in order to make recent budget shortfalls vanish has papered over the underlying fiscal challenges facing the state, according to a new report released today by The Commonwealth Institute for Fiscal Analysis.

“The gap between the resources we need to support our modern and growing state with a booming population and growing demands for roads, sewers and other infrastructure has created annual budget shortfalls for more than a decade. Yet the state has ignored the problem, imagining we can cut, borrow and contrive our way to prosperity,” says Commonwealth Institute President Michael Cassidy.

The report, *Shell Game*, calls out specific policies enacted and proposed in order to avoid addressing Virginia’s revenue problem at great risk to the state’s fiscal future:

- **Changing the Calendar** –The General Assembly found a way to conjure up a 13-month calendar in order to achieve a one-time boost in sales tax collections.
- **Going Further Into Debt** – Though many legislators decry the amount of borrowing done by the federal government, Virginia uses public debt to balance its own budget at significant cost.
- **Robbing Peter to Pay Paul** – In addition to using one-time funds for ongoing expenses, Virginia has taken money intended for one purpose and used the bulk of it for something totally different.
- **Grasping at Straws** – The state needs a dedicated source of funding for transportation, yet proposals to fund this core public service avoid the only real solution: new revenue.

“Gimmicks got the state through the worst of the recession,” says Cassidy, “but structural problems still exist and will resurface. Yesterday’s announcement of another budget surplus is welcome news, but we have to remember how we got there and we can’t let it distract us from the significant challenges ahead.”

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About The Commonwealth Institute

The Commonwealth Institute for Fiscal Analysis provides credible, independent and accessible information and analyses of fiscal and economic issues with particular attention to the impacts on low- and moderate-income persons. Our products inform fiscal and budget policy debates and contribute to sound decisions that improve the well-being of individuals, communities and Virginia as a whole. Visit www.thecommonwealthinstitute.org for more information.

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