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Rosy Surplus Numbers Don’t Erase the Damage from Budget Cuts

New report looks at where Virginia’s budget stands, how it impacts local communities, and what to do about it

RICHMOND, VA – In Prince William County, middle and high school class sizes have ballooned from 21 kids to 30 kids, and there’s been talk there of ending full-day kindergarten. In Norfolk, there are school buildings with deteriorating asbestos tiles and windows with cardboard where panes of glass belong. At Longwood University, state funding per in-state student is $3,062 per year below Virginia’s own estimate for how much the state should pay, leaving the school with little choice but to make it up by charging higher tuition. Outside Williamsburg, the Jamestown Settlement/Yorktown Victory Center had to eliminate its summer teacher’s institute and cut back on educational outreach after state funding was cut over $900,000. Fewer programs mean 15,000 fewer Virginia schoolchildren will learn about the role of Jamestown and Yorktown in the history of Virginia and the nation.

These are just a few snapshots of the damage done from years of state budget cuts that have shifted costs onto Virginia’s local communities and families, and which, in too many cases, have resulted in declining schools and public services.

And while Virginia’s recent revenue in excess of projections is a good thing, it doesn’t make up for the hundreds of millions of dollars in recent cuts to Virginia’s colleges, communities, and public services that occurred as a result of overly pessimistic revenue forecasts.

That’s the bottom line from the first in a series of two papers by The Commonwealth Institute for Fiscal Analysis about Virginia’s state budget. The second paper will forecast Virginia’s revenue and budget situation over the next two years.
“As Virginia’s general assembly candidates debate the issues facing the commonwealth, that conversation needs to include an honest look at where Virginia stands right now, to inform where we want to go in the future” says Michael Cassidy, President and CEO of the Institute.

The new paper looks at both the short-term story—what happened this past year—and where Virginia stands in the bigger picture looking back nearly a decade.

In the short term, boomeranging revenue forecasts created a technical revenue surplus this June. But that news masks the significant cuts that lawmakers allowed to continue even as revenue started to tick back up this Spring. For example, policymakers retained cuts of about $38 million in state support for Virginia’s public colleges and universities compared to previously-approved amounts. Declining and uncertain public funding for the public colleges contributes to tuition increases and the continued shift in college costs onto students and their families.

Over the longer term, these cuts come on top of years of recession and too-slow recovery, during which policymakers repeatedly slashed public support for critical functions as revenue failed to keep up with the growing needs of a growing state.

Among the report’s key findings:

● State support for K-12 schools is down 14 percent—$884 million—compared to 2007 levels, after adjusting for inflation and rising enrollment, and in too many cases that means growing class sizes and crumbling buildings. When the state fails to meet its commitments, families across Virginia feel the impact, but the damage is particularly severe in less wealthy communities and localities that can’t fill the gap themselves.

● Support for public colleges and universities is down 27 percent—$650 million—after adjusting for rising higher education costs and population growth, and students and their families are bearing the cost. In less than a generation, Virginia has shifted from covering an average of 58 percent of the basic costs of in-state students’ undergraduate education, to covering just 36 percent of the basic costs.

● Virginia’s revenue—the money that policymakers can use to invest in public schools, local communities, and job training—has shrunk compared to the state’s needs and its economy. The only significant new revenue that has been raised since 2007 was set aside almost entirely for transportation, leaving everyone else to fight for their piece of a too-small pie.

“Virginia is a high income state that used to proudly support top-quality schools and colleges. But in recent years policymakers have pulled back from this commitment, allowing schools and services to languish from insufficient state revenue,” continued Cassidy. “We can’t afford to continue down that path.”

The full report, All is Not Well, is available at www.thecommonwealthinstitute.org.

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