

Budget Priorities to Advance Racial Justice and Meet COVID-19 Challenges



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Much has changed in Virginia, across the United States, and around the world since the General Assembly first adopted a state budget back in March — on the very day the governor declared a state of emergency to combat COVID-19. Next week on August 18, legislators will return to Richmond to revisit those decisions in a very different landscape. They will decide if they want to accept the approach of enacting austerity measures that they took in April to freeze all new spending in the state budget, which put a pause on initiatives to advance racial equity that begin to address Virginia's long history of racial injustice, or if they will take a new approach.

With people and communities across the commonwealth facing many challenges, now is not the time for austerity. State leaders can take a new approach: one that prioritizes racial justice, criminal justice reform, economic security, housing, access to health care, and equity in education and that deprioritizes police spending, incentive payments to corporations, and non-essential services.

Below are some ideas for state leaders to consider as they revise the budget.

Policing

Reallocate state police resources to invest in public services that support and strengthen communities such as high-quality education, health care, and economic support

General fund (GF) spending on the State Police is up 33% in the budget year that began on July 1 (FY 2021) compared to 2011 after adjusting for inflation, despite falling crime rates. That's in line with national trends, which show a substantial, almost constant increase in spending on policing since 1960, with almost no correlation between change in spending on policing and change in crime rates. Returning to FY 2011 levels of GF spending on State Police (after adjusting for inflation and population growth) would save Virginia about \$62 million in FY 2021.

Reduce the presence of School Resource Officers (SRO) in schools and replace them with mental health and support professionals

Virginia spends \$4.7 million each year on the SRO and School Security Officer grant program. The governor and legislators took out \$50 million in newly approved funding for school counselors earlier this year in April, despite counselors playing a large part in addressing the social and mental health needs of students in ways that improve safety for all members of a school community. (Legal Aid Justice Center provides further resources to learn more about school policing.)

Economic Security

Front-line workers, including grocery, child care, and home health care workers, are providing essential services at the risk of their own health and that of their families. And Black Virginians are particularly likely to hold these high-risk frontline jobs. Black Virginians are also more likely than white Virginians to have lost employment in recent weeks, just as federal unemployment benefits are weakening.

Provide and require hazard pay and PPE for frontline workers

Virginia should provide hazard pay and personal protective equipment for front-line workers who directly or indirectly work for the commonwealth, including home health care workers who are paid through Medicaid and child care workers who are paid through state child care subsidies. Although the total cost will depend on the amount of hazard pay, raising wages for home health care workers to \$15 per hour through the end of the year, with the increase retroactive to the April 1 start of the Virginia stay-at-home order, would cost \$23.1 million according to published estimates.

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Help Unemployed Families By Raising TANF Benefits That Were “Unallotted” For Two-Parent Families

During the regular legislative session, policymakers raised cash assistance levels and removed barriers to Temporary Assistance for Needy Families (TANF) for families with low incomes. This includes removing the “family cap,” which was rooted in racist and sexist ideas about Black women, and restoring cash assistance to be closer to mid-1990s levels after adjusting for inflation. The erosion of TANF cash assistance was also rooted in anti-Black rhetoric and politics, and restoring benefits helped to move Virginia forward toward a more equitable future. Unfortunately, during the special session legislators “unallotted” the \$2.3 million of general funds that was needed to provide a parallel increase in TANF benefits for two-parent families who participate in Virginia’s TANF-Unemployed Parent (TANF-UP) program. Restoring these funds would help stabilize many two-parent families who are out of work due to COVID-19 or other barrier to employment.

Housing

The loss of jobs and income for many families due to the COVID-19 pandemic has sharply increased the number of families at risk of losing their homes nationally, with one study estimating that homelessness could rise 40-45% by the end of the year. This creates particular challenges for Black and Latinx families who are less likely to have a wealth cushion to fall back on and are more likely to have already been paying more than they could afford toward housing. More than 3 in 10 Black households in Virginia pay more than 30% of their income toward housing costs, compared to 2 in 10 white households. The numbers are similar for Latinx communities, who also face discrimination and are less likely to have inherited homes.

Expand rent and mortgage relief

Black and Latinx families are most at risk of eviction and foreclosure. This is due to both past and present discrimination leading to lower incomes and lower wealth, as well as direct discrimination on the part of landlords and lenders. Researchers at Virginia Commonwealth University’s RVA EvictionLab found that in Richmond City, “neighborhood racial composition is a significant factor in determining eviction rates, even after controlling for income, property value, and other characteristics,” with more evictions in neighborhoods with more Black residents and fewer evictions in neighborhoods with more non-Hispanic white residents. And a recent meta-analysis found that racial discrimination in the cost of mortgages has not decreased from the 1970s. While the administration has provided \$50 million for rent and mortgage relief, this is a small fraction of the total need.

The National Low Income Housing Coalition has estimated that it would cost Virginia \$2.8 billion to provide sufficient housing assistance between May 2020 and June 2021 for all Virginia renters who have been impacted by job loss — advocates in Virginia have requested a smaller allocation of \$1 billion.

Restore funding for affordable housing that was unallotted

During the April reconvened session, legislators accepted amendments from the governor that unallotted funding for the Housing Trust Fund (\$46.0 million), permanent supportive housing (\$25.6 million), and pilot programs for eviction defense/diversion and affordable housing (\$8.6 million).

Health care

Prior to Medicaid expansion in Virginia, Black and Latinx individuals were less likely to have access to health coverage compared to their white counterparts. Many non-citizens still face immense barriers to enrolling in affordable and comprehensive coverage. The COVID-19 pandemic has put into sharp focus the impact of long-standing inequities in access to health care coverage, services, and paid leave in Virginia. As of August 11, Black Virginians make up 25% of confirmed COVID-19 cases with known race data, while only 19% of people in Virginia identify as Black. Similarly, Latinx people make up 36% of confirmed cases with known ethnicity data, while only 10% of people in Virginia identify as Latinx.

Declare racism a public health crisis in Virginia

The race disparities that have resulted from the COVID-19 pandemic have made clear how public policy decisions (or a lack of policy response) reproduce racism in our health institutions and in turn impacts the health and well-being of people of color. A declaration of racism as a public health crisis would publicly acknowledge the severity of racism within the state, not just in health care but across all of its public institutions. Further, a declaration would highlight urgency and call on leaders to actively combat racism and move the commonwealth toward being a state where equity is a clear, stated priority.

Restore funding to end Virginia’s “40-quarter rule”

The U.S. government requires that lawful permanent residents – immigrants with legal status – reside in the country for five years in order to access Medicaid coverage. Virginia is one of only six states that adds an additional barrier to Medicaid coverage for lawful permanent residents: the “40-Quarter Rule,” which mandates a 40-quarter, or 10-year, work history in the U.S. Language and

funding (\$4.5 million) to remove this barrier were previously included in the General Assembly-approved budget passed in March 2020.

Restore funding to key Medicaid services

Based on pre-Medicaid expansion projections, Black Virginians — who previously were less likely than Virginians as a whole to have health coverage — have particularly benefited from expanded access to Medicaid coverage. Funding for maternal health initiatives such as extending postpartum coverage (\$3.2 million) and home visiting services (\$11.8 million) could be key policies to help make sure that Black women with low-incomes are able to survive and thrive during pregnancy, childbirth, and postpartum recovery equal to their white counterparts. Likewise, comprehensive dental coverage (\$34 million) would allow more families to meet their oral health needs, which can impact their overall health.

Education

Schools face immense challenges as they shift to virtual or hybrid instruction; provide computers, internet access, off-site meals for students; offer mental health services for students experiencing trauma during this time; and reshape the learning environments of the students that do return to the classroom. If these needs go unmet, they will deepen racial inequity in educational opportunity across Virginia.

Protect students, faculty, staff in communities and zip codes most heavily hit by COVID-19

Black and Latinx people in Virginia have been hit harder by both the health and economic impacts of COVID-19. Meanwhile, federal assistance falls far short of what it costs to meet guidelines for reopening schools. State assistance will be crucial if the federal government fails to act.

Increase access to high quality and accessible pre-k education
Children who start school behind tend to stay behind in school.
Children of color are more likely to be economically disadvantaged and lack access to preschool. The governor and legislators unallotted \$91.5 million in new state funding in April to expand access to the Virginia Preschool Initiative.

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Protect investments in Virginia's Historically Black Colleges and Universities (HBCUs)

These investments are needed because HBCUs in Virginia are historically underfunded. Public HBCUs overwhelmingly serve students of color who are low-income, first generation college attendees.

Protect education funding in the initial budget passed by the General Assembly in March

Removing new investments in K-12 funding from the budget will hit schools with the highest share of students living in poverty and with the highest share of students of color the hardest. It will also take away much-needed resources for students who face the most barriers to learning during this time. Similarly, higher education investments in need-based financial aid are especially important for students who are Black, Latinx, or low-income. The average tuition and fees at public four-year universities accounted for 25% of median household income for Black families and 19% for Latinx families, while it only accounted for about 16% for white families.

Corporate Incentives

Renegotiate the Tech Talent Investment Fund due to severe financial challenges

As part of Virginia's agreement to bring Amazon's new headquarters to Northern Virginia, the state is working with state universities on a new Tech Talent Investment Fund to increase the number of students who graduate with computer science-related degrees. Given labor market uncertainties and the significant financial challenges faced by higher education institutions, state lawmakers could explore renegotiating this agreement in a way that provides broader, more flexible support, such as financial aid funding, to participating colleges and universities.

Balance economic development efforts with real budget pressures

The state has several economic development incentive programs. State policymakers may look to these programs to support the economic recovery and help companies expand or retain jobs. However, new jobs and investment associated with economic development agreements may take years to materialize. Given the severity of the economic downturn, many businesses might not be in a position to relocate or expand, compared to just a few months ago. In the worst-case scenario, companies may struggle to meet agreed-upon conditions, such as job creation requirements.

In some instances, the state budget includes incentives for activities that are currently on hold due to the pandemic, such as film and TV productions. Even before the pandemic, research had been mixed on the effectiveness of these incentives.

In the near term, the state must balance economic development priorities with the real budget pressures on state and local governments and the jobs and investments they support across the commonwealth. State policymakers should evaluate existing economic development appropriations and identify savings that could be transferred to other critical needs. In some cases, unspent funds for certain economic development programs do not return to the state's general fund. Lawmakers could make a change to direct any savings to support other parts of the state budget, like education or health care.

Non-essential services

Pause payments to preservation and business promotion funds

The budget currently includes payments to a variety of preservation and business promotion funds, including \$10 million for land preservation, \$1.3 million for battlefield preservation,

\$2.8 million for wine promotion, and \$1 million for agriculture and forestry industries development. In the midst of an ongoing pandemic and serious recession, and when access to health care and important educational services is at risk, legislators should consider pausing these and similar payments to business promotion and preservation funds.

Reallocate or halt payments to the United Daughters of the Confederacy

The state has allocated resources to the Daughters of the Confederacy since at least 1950. These dollars go to the organization for the caring of confederate cemeteries and graves. Although a relatively small dollar amount (\$83,570 per year), legislators should reconsider whether the United Daughters of the Confederacy — a group that has devoted much of its efforts to promoting the “lost cause” mythology — is an appropriate entity to receive state funding. If legislators wish to continue allocating funds for the care of confederate cemeteries and graves, legislators could instruct the Department of Historic Resources to manage the allocation of the funds, as is currently done for historical African American cemeteries.

With a new set of priorities and expanded resources, the state can continue to make strides toward racial justice and to meet the needs of people and families during this crisis and long after.

(The summary draws from priorities listed by Black led organizations, the Virginia Legislative Black Caucus, and other advocates. This list only includes budgetary priorities with the understanding that there is also critical legislative action needed.)

Funding the Way Forward

To meet the needs of the current moment and to follow through on progress that was long overdue, it will be challenging, if not impossible, to rely solely on prioritizing within existing spending. There are other ways to expand resources during this time of need that have been discussed by TCI, such as expanding flexibility to draw upon the state reserve funds, modernize and improve the fairness of the state's tax code, and expand options for local governments to raise their own resources. Additional federal assistance is also absolutely critical. Taken together with a new set of priorities, the state can continue to make strides toward racial justice and to meet the health care and economic security needs of people and families during this crisis and long after.

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