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More Holistic Approach to Virginia’s Budget Needed, Critical to Advancing Racial Justice

New reports assess Virginia’s initial budget response to economic uncertainty, lay out budget priorities and options to avoid mistakes made during Great Recession

RICHMOND, VA – Virginia communities are still being harmed by budget decisions made during the Great Recession. As state lawmakers navigate the current recession resulting from the COVID-19 pandemic, the initial cuts-only approach to Virginia’s budget will worsen those harms and undo the much-needed progress that advocates saw in the regular legislative session earlier this year. Lawmakers can choose another approach.

New reports from The Commonwealth Institute for Fiscal Analysis offer lessons and pathways for lawmakers to consider in budget negotiations. “[Budget Choices for Today and Tomorrow](#)” looks more broadly at lessons for budget writers from the Great Recession, ways past decisions have created current challenges for Virginia, and ways to balance the budget without cutting important advances that were made during the 2020 legislative session.

The report also details a variety of funding options available to lawmakers in order to move Virginia forward, including full use of available federal funds, raising new revenue, and expanding flexibility to maximize use of both of the state’s reserves.

A second piece, “[Budget Priorities to Advance Racial Justice and Meet COVID-19 Challenges](#),” takes a closer look at key short-term budget decisions, including the choice facing legislators of whether to re-allot investments that would advance racial equity and whether to take a closer look at older budget items that may no longer be priorities.

“While this moment is unique due to the impact of the COVID-19 pandemic, Virginia has faced deep revenue holes before. Choices made during the last recession offer a mix of positive and negative lessons for today’s policymakers,” said Laura Goren, Research Director at The Commonwealth Institute for Fiscal Analysis and co-author of both reports. “Virginia has an opportunity to do better and must use all available tools to navigate this crisis and maintain the progress that was made earlier this year.”

In addition to budget choices made in direct response to the last recession, additional barriers to health care and limited access to key work supports such as paid family and medical leave have particularly harmed communities of color and have left Virginia less prepared to face the current pandemic.

“The impact of COVID-19 on Black and Latinx communities puts the harm of past choices into sharp focus,” says Freddy Mejia, Policy Analyst at the Institute and co-author of the reports. “Hitting pause on all new investments will also have an overwhelming impact on low-income communities of color, because the 2020 legislative session prioritized investments in communities that had been left out for too long. Especially in this environment, policy that particularly advances the well-being of families with low incomes and communities of color must move forward.”

In addition to a call for lawmakers to do away with a cuts-only approach, The Commonwealth Institute lifts up a number of items that remain in the budget that could be paused or removed in order to make room for the priorities of Virginia communities.

“Virginia shouldn’t prioritize budget items based on how long they’ve been in the books,” says Chris Duncombe, Policy Director of the Institute and co-author of the reports. “Much has changed in Virginia — not just the last few months, but over the years — and the budget priorities of the past don’t necessarily reflect the needs and priorities of Virginia families today. We need to take a serious and comprehensive look at what and who we are valuing in today’s budget conversations.”

The Commonwealth Institute specifies a number of items that could be deprioritized, including:

- Reduce the presence of School Resource Officers (SRO) in schools and replace them with mental health and support professionals
- Renegotiate the Tech Talent Investment Fund due to severe financial challenges
- Pause payments to preservation and business promotion funds, and
- Reallocate or halt payments to the United Daughters of the Confederacy.

To meet the needs of the current moment and to follow through on long-overdue progress, the authors of the report call on lawmakers to lift up other priorities, including:

- Expand rent and mortgage relief, and restore funding for affordable housing that was unallotted
- Restore funding to end Virginia’s “40-quarter rule,” which keeps many immigrant families from accessing health coverage
- Protect education funding in the initial budget passed by the General Assembly in March, and
- Protect investments in Virginia’s Historically Black Colleges and Universities

The Institute cautions that it will be challenging, if not impossible, to rely solely on prioritizing within existing spending, and that lawmakers must expand their resources.

“Now is not the time for austerity,” stated Ashley C. Kenneth, Senior Vice President for Policy and Legislative Affairs at the Institute. “By meeting current and historic challenges with thoughtful consideration and smart choices, Virginia policymakers have the opportunity to protect critical services, invest for tomorrow, and set the state on a more equitable path. Fundamentally, that means avoiding the worst mistakes of the past and taking a holistic, balanced approach to the budget.”

The full reports, "[Budget Choices for Today and Tomorrow: Learning Lessons from the Great Recession and Setting Virginia on a More Equitable Path](#)" and "[Budget Priorities to Advance Racial Justice and Meet COVID-19 Challenges](#)," are available at www.thecommonwealthinstitute.org

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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.