Statement by Ashley C. Kenneth, Senior Vice President for Policy and Government Affairs, The Commonwealth Institute for Fiscal Analysis, on Governor Northam’s Budget Amendments:

Policymakers Must Use Available Resources to Help Virginia Families and Communities

“Virginia families and communities are struggling right now just to pay rent, buy food, and stay afloat during the ongoing pandemic and serious recession. With the ending of the additional $600 in federal assistance for unemployed people, state policymakers must step up and do more to help Virginia families.

Unfortunately, this budget proposal leaves unfunded critical investments that would help Virginia families and communities respond to the current health and economic challenges. Instead, it largely continues the unfortunate path set in April of removing support for almost all new initiatives, many of which would have removed long-standing barriers for communities of color, and as a result takes Virginia back to a budget that reflects the priorities of the past.

It doesn’t have to be this way -- Gov. Northam’s proposed budget changes do not make use of Virginia’s revenue stabilization fund or Virginia’s revenue reserves leaving over $1 billion in combined reserves, despite the projected 2.2% decrease in general fund revenue in the current fiscal year (FY 2021) compared to the recently completed fiscal year (FY 2020).

This has serious consequences for schools and communities that have the least ability to make up for unallotted state funding with their own resources. The proposed amendments only restore a little more than 1% of the funding for K-12 schools that was unallotted in April. The suspended funds for school divisions with the highest child poverty rates are twice as large per student as they are for the lowest-poverty school divisions — $261 per student compared to $131. School divisions with the highest percentage of students of color will lose out on 23% more per student than school divisions with the lowest percentage of students of color — $235 per student compared to $191 — across the biennium.

And the proposed budget changes also do not restore funding for key health care initiatives that would help families at this challenging time, including funding to remove barriers to health care for lawfully present immigrants and making sure more new mothers have continuous health coverage up to a full year.

There are some good initiatives in this budget proposal. We applaud the restoration of funds for Virginia State University and Norfolk State University to help those colleges better meet the needs of their students, many of whom are the first members of their family to pursue a college education. The restoration of funding for eviction prevention, proposed moratorium on evictions until April 30, and additional money for the
housing trust fund are also good steps, although far more money is needed to meet the need for rental and mortgage assistance.

It’s raining in Virginia and the country as a whole, and policymakers should use all available tools to help protect families and communities. Virginia can and should use its rainy day funds to meet immediate needs as well as close tax loopholes and ask those who are doing well to chip in to make sure we can all get through this together.”

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Additional context for Virginia’s budget choices are provided in two reports released on Friday by The Commonwealth Institute.

“Budget Choices for Today and Tomorrow” looks 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.

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