

Following quickly on the heels of crossover week comes budget week – the week that the House and Senate “money committees” (The House Appropriations and Senate Finance Committees) complete work on their respective versions of the Commonwealth’s next biennial budget. With much lighter committee workloads, legislators turn the vast majority of their attention for the remainder of the Session to understanding and working to complete the budget process.

## **Budget**

Many folks don’t realize that the state’s biennial budget is really just another piece of legislation that has to go through almost the exact same process as any other piece of legislation. The only real differences are 1) that the Governor, rather than a legislator, introduces the original budget as identical pieces of legislation in both the House and the Senate; 2) that the budget bills work on a different schedule than other bills; and 3) constitutionally, the budget bill that ultimately passes out of the General Assembly must be a House bill. The third difference is a consequence of a Colonial era belief that the budget must originate in the “people’s house”. Remember - in Colonial times, the upper house of the legislature was appointed rather than elected. The lower house - our modern House of Delegates - was the only body directly elected by the people.

This past Sunday, the House Appropriations Committee and the Senate Finance Committee officially passed their versions of the budget to the floors of their respective legislative bodies. This Thursday, the House of Delegates and Senate of Virginia will vote on these versions of the budget sent to them by their respective money committees. Then, after a fair amount of inane legislative procedural action, differences between the House and Senate versions of the budget will be worked out by a budget conference committee made up of six Senators and six Delegates.

In any case, here are a few items of interest in the House and Senate versions of the budget, as recommended by the money committees:

### **Dealer Discount**

- The House budget eliminates the discount for the largest 1,750 retailers (all who are required to submit their payments electronically), as well as the discount for gas, cigarettes and a few other items. It also reduces the discount by 50% for remaining retailers.
- The Senate budget eliminates the discount entirely

### **Pre-K programs**

- The Senate budget reduces funding for the Virginia Preschool Initiative (VPI) by \$14 million by eliminating unused slots. This is a cut of less than 10%.
- The House budget places VPI into a Lottery Proceeds Block Grant program that is local option allowing local systems to decide between funding VPI, at-risk programs, and early reading intervention. Block grants are funded out of the old line items for these programs at \$136 million in the first year and \$127 million in the second year.

- The House cuts Comprehensive Health Improvement Project of VA (CHIP of VA) funding by \$1.7 million over the biennium.
- The House cuts \$3.1 million from Healthy Families of Virginia (a provider of home visiting services) over the biennium, essentially reducing their overall state funding to \$500,000 over the biennium.
- The House eliminates state funding for the Virginia Early Childhood Foundation, a public private partnership that strengthens various early childhood programs around the state (\$2.55 million over biennium).

### **Education**

- The House and Senate Budgets both “unfreeze” the update to the local composite index, actions that negatively impact Capital region school systems. However, both budgets include “hold harmless” provisions that restore 80% of the losses (House proposal) or all of the losses (Senate proposal) to our local school divisions.
- The House and Senate budgets also borrow roughly \$500 million from the Virginia Retirement System to help reduce cuts to K-12 education and healthcare services
- Both budgets still make deep cuts to K-12 education
- Higher education institutions took deep cuts last year, and were spared the worst cuts this year

### **Planning District Commissions**

- The Senate budget removes all state funding (\$1.8 million) for regional planning district commissions (PDCs) across the state. PDCs perform important regional planning functions in areas such as transportation, economic development and water and wastewater management. Our local PDC also partners with the Chamber on the Capital Region Collaborative.

### **Tax & Fee Increases**

- The House budget strips nearly \$150 million worth of tax and fee increases out of the introduced budget - nearly all that were proposed.
- The Senate budget contains about \$50 million in tax and fee increases.