

Virginia General Assembly

2009 Report from Delegate

Vivian Watts



Changes in state laws took a backseat to grappling with major challenges from the economy and state budget cuts. In addition, many neighborhoods in the 39th District are heavily impacted by the Beltway HOT Lane construction and Fairfax County Parkway safety issues. Working on these serious problems, I continue to be impressed with so many sincere people who are determined we will act together for the common good.

The Economy

... how national news plays out in Virginia

Virginia's challenges are very different from the federal government's. Our budget must be balanced. We can't run up a deficit ...we can't print money.

Therefore, every time we pass a budget, we must project what state tax revenues will be more than 2 years out. Typically, we underestimate income rather than over-commit spending ...Virginia is not California. In fact, Virginia consistently is ranked* at the top of all states for the quality of our economic management. (*www.pewcenteronthestates.org)

Nevertheless, despite every effort to accurately forecast revenue, we've had to make spending cuts 3 times since March 2008. Instead of a conservative* 2.2% revenue growth as originally projected, for just the 3rd time in the last 50 years state revenue has actually declined and we're now experiencing a -4% revenue loss. (*State revenue typically grows 6-7%.)

... last to recover

Everyone is disturbed by high unemployment. Even though Virginia is 2 points below the national average because we have a diverse economy, we're still at a 25-year high. In Fairfax, unemployment insurance claims more than doubled this year.

National news focuses on the fact that hiring always trails behind economic recovery. It is rarely mentioned that state government revenue recovery always trails job recovery.

63% of Virginia's general revenues comes from the individual income tax and 20% from the sales tax: No job, no income tax... No job, little spending.



... jobs

Having more than \$1 billion stimulus money for general spending this year from the federal American Recovery & Reinvestment Act (ARRA) kept us from having to cut public education and make further cuts in public safety and Medicaid ... this year.

Some believe the federal stimulus should just target public construction projects. As critical as transportation needs are, a nursing home job, a state police position, a teacher, etc., etc. are just as important as a construction job. If state or local governments do not have funds, these jobs will be cut.

... choices ahead

Some are predicting that the state budget may have to be cut another \$4 billion. We've already made the "easy" cuts to address a \$3.7 billion deficit. These included \$1.6 billion in across-the-board job and program cuts plus another ½ billion dollar loss in transportation funds, eliminating salary increases for 2 years, and shifting \$350 million of capital projects to bond funding.

Further cuts will be extremely difficult. The fact that Virginia is 37th in state spending per capita means most programs are basic. Most of the 5,000 state jobs we cut in 2002-04 weren't replaced.

15% of Virginia's budget goes to match federal Medicaid, even though Virginia spends less than almost every other state. Indeed, public safety is the only area of state spending where we exceed national averages. Of great importance, about 50% of the state budget goes to local governments for schools, jails, mental health, emergency services, police, and car tax relief. Cutting such state support to localities could raise real estate taxes.

Unemployment

The most controversial item in the ARRA stimulus turned out to be rejecting \$120 million for unemployment benefits. To receive this federal money, Virginia had to expand coverage by choosing among various options.

Unfortunately, by a close vote, the House rejected extending unemployment benefits both to (1) people who've lost part-time work unless they're looking for a full-time job and (2) people enrolled in approved training programs.

Despite the fact that \$120 million was far more than the cost of these options, businesses feared that, once the federal stimulus ended, the expanded coverage could raise the unemployment tax they pay. In fact, only South Dakota has a lower tax than we do and, if Virginia kept the options, the cost would be just 22¢ per employee per month.

The Challenge of Poverty

Virginia has one of the greatest spreads between wealth and poverty of any state. One in 4 Virginia counties and cities have double-digit unemployment.

Despite this long-standing poverty, welfare reform in 1996 cut by half the number of Virginians qualifying for TANF (Temporary Assistance for Needy Families). The amount families receive has only been increased once in 23 years.

Poverty among the elderly heavily impacts Medicaid, which is the fastest growing area of state spending. Traditionally, half is covered by federal funds, half by state tax revenues.

Only 3 states spend less per capita than Virginia on Medicaid benefits. This means as needs grow with an aging population and increased health care costs, we have very little room to cut. Virginia's Medicaid program currently covers less than 70% of hospital costs, inflating the bills of other patients.

In fact, rather than further Medicaid cuts, I've tried to extend Medicaid and establish nursing home staffing standards. Unlike in most states, the 30,000 Virginians in nursing homes aren't protected by even minimal staffing requirements. My bill has always failed because it would cost \$25 million in state funds to match increased Medicaid costs.

Education

Virginia was the first state to pass its budget after Congress approved ARRA. \$996 million in new federal funds from temporarily increasing the federal Medicaid match to 55% gave us money to balance the state budget without cutting aid to local public schools. \$24 million of ARRA is coming to Fairfax County schools as part of the \$475 million FCPS will get this year from the state.

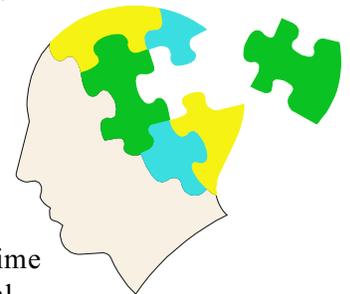
Higher education also benefitted from ARRA but funding was still cut. Since 2000, state funding to 4-year schools has dropped in constant dollars from \$10,675 to \$7,303 per student. Without the stimulus the drop would have gone to \$6,600. Community colleges were cut less as we've struggled to preserve this crucial path to an affordable college degree.

Mental Health

We preserved new treatment staff funded last year as part of comprehensive mental health reform that followed the Virginia Tech tragedy, as well as to provide mental health services for veterans, guardsmen, and reservists.

Reducing the long waiting list of intellectually disabled children and adults who need services to keep them from being institutionalized continues to be a priority. We funded 200 new slots.

Autism is growing at an alarming rate and now affects 1 out of 150 children. Early diagnosis and treatment to establish routine brain functions can unleash tremendous human potential and save the cost of lifetime care. After a bill requiring medical insurance coverage of autism treatments related to brain functioning was killed in committee, many of us supported a rarely used move to take it directly to a House vote. Although discharging the committee was voted down, the importance of the issue was heard.



Holding Officials Accountable

A number of measures never get a full vote, from closing the gun show loophole to simply keeping polls open until 8pm on election day. In the House, increasingly, bills are killed without a recorded vote by sub-committees that meet at 7am. People simply can't get there to testify or hear why elected representatives vote as they do. This year a broad coalition of business, labor, environmental, social service, and other citizen groups joined together to force a Rules change to at least have recorded votes.

Environment

Energy Conservation – We set a voluntary goal to reduce consumption by 19% by 2025 through steps such as building code changes and energy efficient public buildings. Electric utilities are to produce half the savings and report yearly progress.

New Energy – Wind turbines in the relatively shallow waters at least 12 miles off Virginia’s coast would capture significantly more steady wind power than the mid-west, avoid migratory birds, not interfere with Navy training, and allow efficient power transmission to population centers.



HOT Lanes – The loss of trees along the Beltway is devastating. The original contract didn’t have a penny for reforestation or landscaping. Working with affected neighborhoods, we lobbied the Commonwealth Transportation Board hard and got over \$90 million for landscaping and soundwalls shifted from projects elsewhere in the state that couldn’t go forward because of falling gas tax revenue.

Military

Services – In 2008, the Army reported 27% of non-commissioned officers on their 3rd or 4th deployment had post-traumatic stress disorder or depression compared to only 12% on their 1st deployment. We preserved state support of the private Wounded Warrior initiative. But, we need to do more to make sure community services are in place to help deal with drug abuse, domestic violence, and suicide.

Trailing Spouse – We changed Virginia’s law to match all but 6 other states and allow military spouses to draw unemployment insurance if they must quit a job when orders change. It won’t take effect, however, until Congress also covers “trailing spouses.” In addition, we voted to join a multi-state compact to allow children to stay in the school they’re attending.

Honor – Because I overheard a father being told his son, who died in a 2005 helicopter crash going to Fallujah, would not be honored on the walls of Virginia’s War Memorial, I became very involved with veterans and families of those who made the supreme sacrifice to establish clear appropriate policy.

Health

Smoking in Public Places – We passed a ban on smoking in restaurants that goes further than most states because it includes bars. (Private clubs are excluded.) The ban takes effect December 1st and also includes elevators, check-out lines, and public schools.

Patient Wishes – Changes to Virginia’s advance medical directive law allow people to be very specific about the life-prolonging procedures they do or do not want.

Home Care – The only tax reduction bill that passed gives an income tax credit of up to \$2,000 for making your home more accessible to the disabled.

Safety

Texting While Driving – Texting is prohibited for drivers of any age. (In 2007 we banned cell phone use by drivers under age 18.)

Neighborhood Parking – Fairfax County has been authorized to prohibit commercial trucks that are over 20 feet long from parking on narrow residential streets.

Real ID – Because the 9/11 terrorists had Virginia driver’s licences, Virginia has gone further than many states in what people must do to prove their identity and citizenship status. However, a 2005 federal law is about to require states to go much further. The biggest change for Virginia would be that all driver’s license renewals will have to be in person and DMV must determine you have a valid birth certificate. Hopefully, Congress will re-consider.

Vivian, the two issues I’m most concerned about are:

- Economy Transportation K-12 Education Health Care Mental Health
 Environment Higher Education Taxes Immigration Other _____

My concerns about #1 are _____

My concerns about #2 are _____

Transportation

The economy and global warming concerns devastated what was left of Virginia's transportation budget. Revenue from state sources dropped 13%, as revenue from the gas tax, car sales, and 1/2-cent retail sales tax earmarked for transportation all plummeted. Federal stimulus funds will keep some projects on track through 2010 but this does not address the very serious problems caused by not dealing with state transportation funding since 1986.

Construction – Virginia will get \$695 million in federal stimulus funds for construction. \$60 million was committed immediately to build unfunded Fairfax County Parkway connections to Rolling and Fullerton Roads. Inflation since the project was designed 15 years ago left state-budgeted funds far short.

Transit – \$170 million more in other stimulus funds will go to transit and rail around the state. In addition, we are competing for federal grants to improve passenger rail for the I-95 corridor.



Meeting at the homes of citizens who need answers about HOT Lane soundwalls

Crumbling Infrastructure – \$230 million of the stimulus money for construction will go to rebuild deficient bridges and pavements throughout the state from a high priority list.

Metro – As we saw in the tragic loss of 9 lives this June, one time stimulus money won't change the very serious problems of our 40-year-old system or the need to relieve crowding and carry more people by expanding use of 8-car trains. Each new car costs \$3 million.

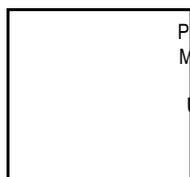
Reform – There have been 8 separate audits and studies of VDOT. 1,000 full-time and 450 part-time jobs are being eliminated, bringing staffing to its lowest level in over 20 years.

Fair Share – In 2001, we began taking money from construction to pay for maintenance. The drain has now grown to \$385 million, or 1/3 of the state construction budget. This is very unfair to Northern Virginia which gets a far smaller portion of the maintenance budget than we're supposed to get from construction.

Maintenance – Despite taking so much from construction, the maintenance budget still had to be cut by \$211 million. Mowing was cut back to only 3 times a year or eliminated in many interstate medians. Half the rest areas were closed. I deeply regret these decision but I don't want one penny more taken from construction.

There are no easy answers.
I welcome your thoughts –

Vivian



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