

Virginia General Assembly

2024 Report from Delegate

Vivian Watts

I send my annual newsletter between the close of one Session and start of the next to give you a better sense of ongoing challenges. Dealing with tax law, as Chair of Finance Cmte, and criminal law, as Chair of Criminal Subcmte, I'm no stranger to controversy, but I particularly value hearing from you on issues closest to my heart: schools, environment, and mental health.

Please share your thoughts —

Vivian

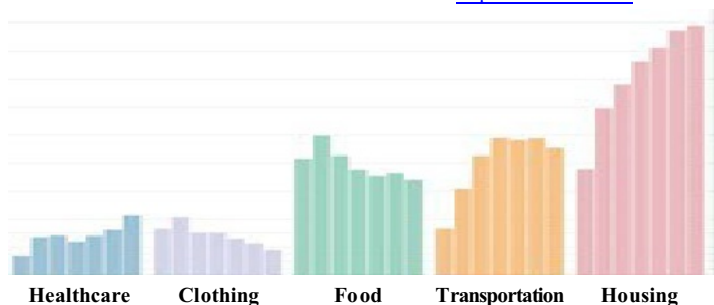


OUR ECONOMY

Inflation for the last 12 months is now down to 2.9%. But price hikes driven by COVID's impact on consumer goods still stress many households. The most serious – and stubborn – is the cost of a place to live.

75 Years of How Americans Spend Their Money

1941-2014 Bureau of Labor Statistics <https://howmuch.net>



Housing Prices:

For first-time buyers, reducing interest rates is key to more affordable mortgage payments. It also will get more houses on the market from owners who won't move if it means taking on a higher interest loan.

However, the core problem is how **little affordable housing has been built in decades**. While 2023 saw the largest increase in new multifamily construction since 1988, Gen Z and millennial pent-up demand grew even faster.

The GA did add \$175 million over the next 2 years to finance more low-income access. I support expanding construction tax incentives that are tied to units being kept affordable on re-sale.

Tenant / Landlord:

Last year, **5 of the 10 U.S. cities with the highest eviction rates were in Virginia** – over 90% for non-payment. This was also true pre-COVID. Only one bill passed to improve this dismal standing: automatically purging the eviction charge of a tenant who catches-up on back rent. Cleaning the record is important to

finding a future rental. Other bills, like controlling add-on fees, were vetoed.

Raising the Minimum Wage:

This January, Virginia's minimum wage will increase to \$12.41. The Governor vetoed a bill to raise the minimum wage further; however, a bill we passed before he became governor does **at least start keeping the minimum wage in line with inflation**.

Best State to Do Business:

Virginia again ranks #1 for the 3rd time in the last 5 years and the 6th time since the CNBC ranking began in 2007. Our balance over 128 factors is unmatched by any state. Educated workforce, access to markets, cost to do business, and quality of life all ranked high.

CLEAN ENERGY

Virginia leads in developing **off-shore wind power**, with 176 turbines set to deliver 2.6 gigawatts in 2026 – enough to power over a million homes. Two new off-shore leases could double or triple that generation.

We currently rank 8th in producing **solar power**. Output will grow due to a bill that substantially increases the solar power Dominion customers can buy from other sources. However, incentives for rooftop solar and parking lot canopies were lost in the final budget.

The greatest loss in the final budget was no longer funding weatherization of old, low-income houses, which had been paid for by fossil fuel energy generation plants. This was a major **energy saving** measure that also resulted in lower electric bills for those who can least afford them.

Virginia lags behind neighboring states in developing **new green energy jobs**. Of 325 major clean energy projects funded under the 2022 federal infrastructure act, **only 4 have Virginia connections, while**



Georgia attracted 27; South Carolina, 24; and North Carolina, 19.

Far more can be done to create jobs in Virginia's former coal and tobacco producing regions and – while we increased state funding to develop remote sites to attract employers – the Governor vetoed creating a “green bank,” as other states have, to funnel more federal dollars into funding private green energy jobs.

DATA CENTERS

Artificial intelligence (AI) internet searches draw 10 times the electricity of traditional searches, fueling projections that data center demand could take 9% of U.S. electricity generation by 2030. Even if such projections are exaggerations, it is still essential to look at who bears the cost of meeting data center demand.

This GA launched a 2-year study of Virginia's regulatory oversight of electric power reliability, affordability, and demand reduction. It's important that this study is State Corporation Commission directed, instead of just a response to electric utility filings. I'm looking to see ways to use rates to incentivize big users to integrate energy conservation and on-site solar.

Meanwhile, the GA put a detailed study of data centers on front burner for JLARC (Joint Legislative Audit and Review Commission). In December, we'll have recommendations to deal with energy needs, taxation, and reducing the impact of data centers on nearby residents and the environment.

TAX RELIEF

Loudoun County's real estate tax rate is 30% lower than Fairfax County's. Loudoun gets 1/3 of its budget from R.E. taxes paid by data centers. This revenue is a driving force behind their spread across Virginia.

When my kids were in school, I got deeply involved in how to pay for the quality education we parents wanted. As a citizen, I came to the conclusion that no tax is fair – I could argue against every one. The goal should be a balanced system where no one gets off and what each pays is related to the ability to pay.

We cut Virginia taxes over \$5 billion in the last 2-year budget but we held the line this year. Why? Because the largest share of Virginia taxes is sent to local schools, cutting state taxes ultimately ends up raising local real estate taxes.

Over half of any local government's budget in Virginia comes from taxing real estate – the colonial measure of wealth. A century ago, cities and towns were given broader authority – without voter referendum – to tax commercial activities, like

restaurant meals, hotel rooms, and cigarettes. It wasn't until 2020 that I finally got a bill passed to treat counties more like cities.

SCHOOL FUNDING

This history of local taxing authority explains why Fairfax County is so dependent on real estate taxes. It's also a major reason why the share of state support we get for K-12 is inadequate.

The court-ordered goal of state school funding is equalizing opportunity for every kid to get a basic education throughout Virginia, no matter how poor the locality. The problem is the degree to which the formula to carry out this goal uses income to measure local wealth – even though no locality can tax income and, until recently, only cities could broadly tax ways people spend income.

In addition, the cost-of-living is 50% higher in Northern Virginia (NoVa) requiring more income just to cover basic living and, yet, this higher basic income contributes to reducing the state help we get to educate our children.

I've tried again and again to change how local ability-to-pay is measured but, basically, no one will vote to give their localities less to strike a fairer balance for us. This means there has to be more state funds directed to K-12 funding.

That basic fact was underscored a year ago by a major JLARC study that found state education funding is significantly lower in Virginia than in other states. It would take over \$3 billion in new state funding, annually, to address major shortcomings to:

- ▶ educate high need students (low-income, English learners, developmentally/intellectually disabled);
- ▶ support competitive salaries (especially in NoVa); and
- ▶ support the staff every school actually employs.



Half of the over \$1 billion increase put in the Budget for K-12 simply reflects level funding for the number of students, utility and transportation costs, and some of the inflation impact on salaries. However, in an effort to address gaps for low-income, English learners, and disabled students, we did add \$250 million.

Thank you for sharing ..Cảm ơn chia sẻ .. Gracias por compartir .. 공유해 주셔서 감사합니다

Vivian, my personal concern about Virginia is

My biggest ongoing concern(s) are ☐ Education ☐ Health Care ☐ Mental Health ☐ Environment
☐ Equality ☐ Law Enforcement ☐ Tax Reform ☐ Personal Freedoms Other _____

----- ✂ Please cut to include your name and address, which is printed on the back, with your response. ✂ -----

HIGHER EDUCATION

- ✓ We increased student aid and financial support over \$140 million to help Virginians avoid crushing student debt.
- ✓ We increased funding over 20% for community college students to get credentials in health care, digital, and other essential professions.
- ✓ Legacy admissions and admissions based on donor status will no longer be permitted at Virginia's public universities in view of the U.S. Supreme Court's decision to strike down affirmative action.
- ✓ We had to take a separate vote to remove Budget cuts to tuition benefits for disabled veterans and their families that were made without public discussion.

HEALTH CARE

- ✓ My victory last year to require minimum nursing home staffing, as most states do, was tied to using new federal standards. The new standards are out and take effect April 2026. In fact, the new minimum federal requirements are in line with what I proposed. This means, with 60% of Virginia nursing home residents on Medicaid, over \$45 million a year in new state funding will be needed to match federal dollars.
- ✗ In 2022, Virginians spent 36% more per person on prescription drugs than average. Regrettably, we could not get enough bi-partisan support to override the veto of a Prescription Drug Affordability Board that could set limits on what consumers pay for certain high-cost medicines, for example, capping the cost of insulin to the Medicare rate.

ABORTION

- ✓ My bill was signed into law to protect personal menstrual tracking data from any subpoena or court warrant.
- ✓ All bills to end or control private family-planning decisions or jeopardize a woman's health were defeated. Virginia laws continue to uphold choice.

SAFE STREETS

- ✓ Wherever the state has set a 25 mph speed limit, any locality can now reduce it to as low as 15 mph. Fairfax County will no longer need VDOT approval.
- ✗ About 13,000 people died in the U.S. due to drunk-driving last year. Enforcement sources say, if drugs could be accurately determined, deaths due to impaired driving are 10,000 more. Serving on the Forensic Board, I understand how difficult it is to test for drugs, making me all the more concerned that we didn't reach agreement on controlling legal marijuana sales. Consumers need information on THC concentration, just as they get buying alcohol.

GUN SAFETY

- ✓ Parents may be charged if their child has access to a gun after being notified the child poses a threat of violence.
- ✗ However, the Governor vetoed over 25 other bills, including possessing "ghost guns," which can pass through metal detectors and have no serial number. He also vetoed a person being barred from having a gun when a court determines there's a threat to an intimate partner, just as we currently protect family members.

OPIOIDS AND FENTANYL

- ✓ The Budget adds \$42 million to combat the fentanyl and the opioid tragic epidemic plus establishing two facilities for children under age 21 with severe substance use and mental health conditions that need inpatient treatment but not medical acute care.

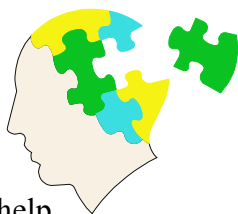
GAMBLING

- ✗ Just as there was no agreement on regulating marijuana, there was no agreement on controlling the rapid spread of gambling machines. Without regulation, these aren't games of skill or chance. Machines can be set to stack the odds. Age limits aren't enforced. And, while I oppose these machines as a way to get taxes from those least able to afford it, they're un-taxed.

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MENTAL HEALTH

The brain is supposed to help us survive and thrive; but injury, drugs, hormones released by memories, aging, and the physical brain we were born with can trigger major barriers. The GA continues to try to help all survive and thrive:



- ▶ The **biggest challenge is staffing**. Initiatives ranged from funding new psychiatrist residencies to removing barriers to using addiction survivors.
- ▶ In Virginia, we have an **over-dependence on state mental hospitals**. Funding included more local centers to stabilize people in crisis and prevent unnecessary hospitalization, as well as, community services to support people ready for discharge from state hospital care.
- ▶ Too often, responding to people in crisis is a **police response when it should involve healthcare expertise** and may need family input. In addition to funding police training and mental health backup, one of my bills launched a study of diverting autistic, senile, and other people with neurologic disorders into proper treatment. My bill to reduce felony charges was vetoed.
- ▶ Significant funding was added to address **long waiting lists to get support services** for people with brain injury or developmental/intellectual disability.

- ▶ **Prevention initiatives included adding services for children** across the mental health crisis continuum, more school-based health clinics, expanding services for infants and toddlers with developmental disabilities, COLA increases for foster care payments, and **guardianship training to improve decisions made for people of all ages**.

MEASURING SCHOOL SUCCESS

People I'd represented when they were starting out in Annandale's most affordable housing, today, live in many neighborhoods. Their kids started in elementary schools like Annandale Terrace, Braddock, Parklawn, Bren Mar, and Weyanoke. Then, our middle and high schools served them well as their families drove for success.

But as these families moved to wider opportunities, new students – who again start with limited resources – moved in. Educating student after student in this cycle causes me **deep concern about changes to how schools are measured**.

The State Board of Education re-valued high test scores to over twice as much as a student's growth. Schools that start with students at a high level will rank at a high level. What's more, schools with English learners will look worse because test scores in all subjects will now be counted after just 3 semesters instead of the current 11.

I'd like to believe that the administration's intent is to funnel resources to schools who need it most. Instead, **what I've seen is** diverting public funds to private alternatives.