



COMMONWEALTH OF VIRGINIA
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The Honorable S. Chris Jones
Comments to the Committee
House Bill 1700
February 3, 2019

Good afternoon. Today we meet to consider amendments to HB 1700, the biennial budget which we adopted as Chapter 2 last May.

Since the budget was introduced some 7 weeks ago, 4 public hearings were conducted across the state to receive input from the citizens on the priorities they would like to see addressed.

On January the 9th I announced that the Appropriations Committee would construct a budget, without using the limited time revenues generated from the Tax Cut and Jobs Act and instead deposit them into a newly created Special Tax Payer Relief Fund.

By setting aside 100 percent of these limited time revenues, approximately \$1.2 billion into a Special Tax Payer Relief Fund, we ensure that these monies will not expand our budget beyond its normal growth pattern, but more importantly guarantees these dollars will be available to go back to the affected taxpayers. This is not a windfall as some have described it, but these are the tax payers hard earned dollars and not the state's!

While we as a legislature have yet to agree upon tax policy and how we direct these monies back to the taxpayer, I believe prudence suggests that the decision to build our budget within the revenues generated through our expanding economy and budgetary savings is the proper starting point.

This approach required removing all of the new spending items from the Governor's introduced budget, starting over is never easy but in this case necessary.

First and foremost, this is a team effort and I am blessed to serve with subcommittee chairmen who listen and lead and a Committee that takes the long view of what is in the Commonwealth's best interest, who are not afraid to make the difficult and crucial decisions that have produced the document before you today. This is never an easy task as members of this committee can attest as there are no lack of good ideas and ways to spend and invest the taxpayer's money. They are keenly aware of their fiduciary responsibilities as members of this committee to the Commonwealth's and its citizens.

I believe it was a false choice that was put before us that in order to make new investments we had to raise taxes. Building a sound budget has always been about making tough choices and this year is no different. I was determined that the Committee would be in a position with the information needed to make the required choices to ensure that the budget is structurally balanced and would be built within the existing revenues and resources available. This is what we do with our household budgets and government should be no different.

You may recall that the staff walked through a document that identified our starting point in economic base revenue and savings of approximately \$928.5 million. Since that time, the staff have identified another \$221.6 million in savings, balances and transfers. In total, we have approximately \$1.175 billion to work with.

Mandatory and high priority spending contained in HB 1700 totaled approximately \$679 million. Discretionary spending proposed in HB 1700 totaled approximately \$652 million.

The difference between the resources we have available and mandatory and high priority spending leaves approximately \$519 million to meet the Committee's priorities.

In light of this background I will briefly outline the budget before you today before subcommittee chairs elaborate on their area of the budget.

HB 1700 invests in the core services of government and looks to the future, by making significant new investments in: education, mental health, the environment, broadband, economic development and workforce training to name a few.

So what are those priorities? Today we continue the path we began 5 years ago and in particular, build on the work from last Session. The biennial budget we adopted 8 months ago is not only structurally balanced, but our actions last Session focused on fully funding needs in both years of the biennium; so adjustments to spending should be limited to the “must do” and not to the “like to do” items.

The Committee’s spending priorities are strategic, focused and include:

- Funding a comprehensive salary package for state employees, teachers, college faculty and our state supported employees;
- Increasing the share of Lottery funds distributed on a per pupil basis from 40 percent to 45 percent; and to reduce the school counselor ratio at all schools;
- Addressing college affordability by providing \$45.7 million to offset the need for tuition increases. This is in addition to the \$28 million slated for FY 20;
- Addressing the unfunded liability of the VRS Post-Employment Benefits (OPEB), by reducing the amortization period from 25 to 20 years;
- Addressing school safety by increasing funding for School Safety Grants and School Resource Officers;
- Expanding behavioral health services by accelerating STEP-VA crisis services;
- Meeting and expanding our commitment to economic development and workforce training;
- Providing additional funding to the Water Quality Improvement Fund; and
- Expanding broadband access to Virginians by providing \$24 million over the biennium.

Budgets are about setting priorities and making choices. The budget process we used to examine the spending proposal put before us was methodical and carefully weighed the needs across all areas of government in a balanced manner.

This budget is making investments in our future while ensuring that the taxpayers of Virginia will not see an increase in their state income tax.

This budget is also about keeping our commitment to Virginia families by making significant investments in both public education and higher education.

By increasing to 45 percent the Lottery Profits going directly back to our school divisions, the schools get much needed flexibility in allocating dollars where they think it is best spent. This also results in relieving the burden on our local governments by not requiring them to match the dollars in order to receive the state's share. Which effectively provides our citizens with tax relief at the local level.

This budget continues our commitment towards access and affordability in higher education. Building on last year's budget, our investment of \$157 million in fiscal year 2020 to our colleges and universities will mitigate the need for a tuition increase next fall, based on the individual institution's own 6 year financial plan. The choice of taking this money rests solely with our university's Boards of Visitors. If they elect not to take the money, it will be transferred to the Revenue Reserve Fund.

In addition to making our colleges more affordable, this budget will make an initial investment of \$27.9 million to meet our commitment to the Tech Talent Pipeline by growing 25,000 new degrees over the next 20 years in the field of computer science and technology.

Finally, I am very pleased that we can continue to address our greatest asset, our state employees and teachers. Our employees are the ones that actually implement the policies and programs that we adopt. The budget we adopted last Session laid the foundation for what will be in this budget, a significant pay raise for both our teachers and state employees of 5 percent.

In closing, I believe that our budget recommendations adhere to our commitment to strategically focusing our resources. Keeping our promises to our employees, funding core services of government, making investments in our system of education, and to lay a path for our economic future by investing in both our workforce and infrastructure.

The work of the subcommittees has achieved these goals, I truly appreciate your dedication and input. I sincerely thank all of you for your efforts.

I would also like to thank the staff for their hard work and devotion to good fiscal management of our Commonwealth.

The Appropriations staff is second to none and I am constantly amazed at their intellect, creativity and dedication to the Committee, its members and the members of the House of Delegates. This is my 18th year on this committee and my 6th as its Chairman and there is not a day that goes by that I do not learn something new from each of them who are committed at the highest level to serving their Commonwealth and its citizens!

I would like to receive the reports of the Subcommittees, beginning with Delegate Peace, Chairman of the Elementary and Secondary Education Subcommittee.