

Virginia General Assembly

2010 Report from Delegate

VIVIAN WATTS

The continuing economic crisis makes this the most difficult newsletter I've ever written. After years of budget cutting, I wish I could assure you the worst is over. I cannot. I can only assure you that I value your involvement more than ever. Hearing and seeing first hand how services and neighborhoods are affected is essential in the struggle to balance priorities.



Virginia's Economy

... government spending

Virginia's budget must be balanced. We cannot run a deficit. We can't print money.

Also, Virginia has earned top rankings for the quality of our budget management (pewcenteronthestates.org.) Because we use many sources of economic information, we began cutting state spending in 2007, well before most states faced reality.

... how bad has the state been hit?

Through June, for the 1st time in Virginia's history, annual tax revenues went down 2 years in a row. Except for 1991 and 2002, our broad-based economy has always produced revenue growth.

Although Virginia currently has the 3rd lowest unemployment rate among states with over 1 million people, it's double what it was at the start of 2008. Home foreclosures now exceed 30,000 compared to less than 10,000 in mid-2007.

... signs of recovery ?

In March, we had to vote on a 2-year budget through mid 2012. Even though this budget is lower than in 2006, we did assume state revenues will grow again. The big question is: Were we too optimistic?

There are many indicators to watch. Here are just two. First the good news: state tax revenues were better than expected in April thru June, breaking a 19-month downturn. This was due primarily to corporate income tax growth and stock market gains.

Bad news: Foreclosures on prime loans are growing rapidly throughout Virginia, even though the number of subprime foreclosures has peaked. By mid 2012, we'll still have 20,000 homes in foreclosure.

... jobs

The Governor observed that the budget and the legislation we passed this Session give him "more tools than any other governor in recent memory" to help create Virginia jobs. Initiatives range from bio-tech research to movie production; green jobs to wine making; and, most important, high unemployment area investments to global outreach.

Congress' recent extension of the American Recovery & Reinvestment Act (ARRA) will allow us to preserve the jobs of numerous healthcare providers by restoring \$71 million in Medicaid cuts. New federal education funds will target the 1,000 jobs that were cut in public schools.

... the road ahead

We've cut state government spending by \$11 billion since 2007, not counting very serious transportation cuts. When we started, Virginia was 37th in state spending per person; therefore, ultimately, we've had to cut basic programs, including local public schools.

Thankfully, this year Fairfax County schools were spared. State support is tied in part to the value of local real estate and Fairfax's home values crashed before the rest of the state. Even though we had to fight to keep it, we will get \$61 million more for the next 2 years before new real estate value figures alter what each locality receives.

Besides the grave concern about whether we're going into a double-dip recession, this budget was balanced by not making an \$800 million deposit in the state retirement fund. Localities also were allowed to put off retirement fund deposits. This can't be done again. It must be repaid. As we've seen in other states, this kind of budget gimmick creates a very slippery slope.



How We Live

Home Owner Associations – Most Annandale and Springfield communities have less than 300 homes and are well-served by conscientious volunteers. However, in 2008, management problems and financial abuses in large professionally-managed HOAs, time-shares, and condos brought increased state oversight. Some requirements weren't appropriate for volunteer run associations.



This Session, I removed the prohibition on paying a community resident to handle financial records; eliminated requiring volunteers to be certified as if they were professionals, and ensured volunteer associations are represented on the state regulatory

board. I'm trying to get a more equitable share of oversight costs paid by large associations. (Learn about the program at dpor.virginia.gov/dporweb/cic_ombuds.cfm)

Foreclosures – Condo communities can be devastated if too many residents go into foreclosure. It's bad enough not to have units taken care of by owners, but associations lose fees to take care of common property. All property values suffer. I'm trying to get fees for maintenance and reserves paid – as back real estate taxes are – when the property is sold.

Car Tax Relief – Many couples put their cars in joint trusts to avoid ownership questions when one dies. However, people were being denied car tax relief because local government treated these trusts as business ownership. A change to state law removed the problem.

Small Estates – Comprehensive reform will allow many to avoid the cost and delay of probate. My bill provides that an heir can gain immediate access to an account under \$2,400 and can pay funeral expenses of up to \$3,500. After 60 days, an heir can gain access to assets of up to \$15,000 and no institution can deny access to assets of up to \$50,000 if all heirs agree in writing.

Gun Control – People who have a concealed weapons permit can now carry a gun into any place serving alcohol. They are not supposed to drink but servers won't know they're carrying a weapon. I believe passage of this bill was a mistake. Many people become more aggressive when drunk and over half the murders in the U.S. are committed by persons under the influence of alcohol.

Veterans

Wounded Warrior Program – The critical initiative to cooperatively address traumatic (PTSD) and physical (TBI) brain injuries by Veteran Services, by Behavioral Health and Development Services, and by Rehabilitative Services was expanded to serve all veterans, Guard, Reservists and their families – not just those who served in Iraq and Afghanistan. We also launched training for law enforcement and court personnel to deal appropriately with PTSD and TBI. (To get help, contact wearevirginiaveterans.org)

Employment – Veterans of Iraq and Afghanistan have a significantly higher unemployment rate nationwide, even though veterans as a whole have a lower rate. We added to Virginia's ongoing support programs by (1) eliminating the permit fee for veterans starting a small business and (2) adding a database of skilled veterans to the website of the Employment Commission for prospective employers.

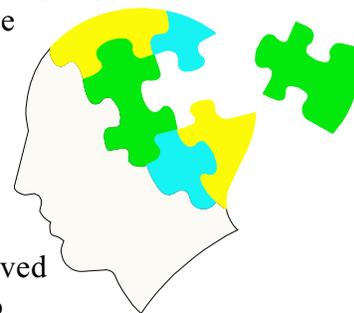
Vote YES – I hope you will vote YES in November for a state constitutional amendment to allow real estate relief for 100% disabled veterans or their spouses.

Health

Medicaid – There were numerous cuts in health services. For example, health care providers who serve Medicaid patients will be compensated only 64¢ - 68¢ on the dollar compared to 74¢ in the last budget. Nevertheless, total Medicaid spending will still increase \$777 million to meet growing caseloads.

Mental Health

Intellectual Disabilities – Longtime residents in our large training centers must be cared-for; however, parents are increasingly choosing support closer to home when it's available. We honored our commitment to provide community care by restoring the 200 slots that were cut out of last year's budget and adding 50 more.



Mental Health – I'm relieved we're still paying attention to dealing effectively with dangerous mental health conditions. The ability of authorities to supervise people in the community was strengthened. Also, we added \$6.1 million to address medical needs of individuals who are awaiting possible mental health commitment.

Environment

Off-Shore Drilling – Virginia’s 2006 comprehensive energy policy included exploring for natural gas 50 miles off-shore. The 2010 Session significantly expanded this policy to include drilling (not just exploration) and oil (not just natural gas.) I voted against it. Within 55 miles of our coastline, water depths are over 1,000 feet. Of the 4,000 active wells in the Gulf of Mexico, only 15 have been drilled at that depth. Tragically, the BP explosion underscored my concern about the lack of technology to drill safely at these depths. The federal lease sale – which would have been the 1st Atlantic sale in 30 years – was cancelled May 27th.



New Energy – However, 12 miles of Virginia’s coast is excellent for wind power. It has substantially stronger and more steady winds than the Midwest, avoids migratory birds, doesn’t interfere with Navy training, and allows efficient power transmission to population centers. Virginia recently joined an Atlantic state/federal coalition to develop wind power. In the 2010 Session, we also removed a long-standing roadblock to using coal mine methane gas as a commercial source of natural gas.

Conservation – Don’t forget the 4-day state sales tax holiday October 8-11 on Energy Star and WaterSense products priced at \$2,500 or less.

Federal Real ID

Renewing Your Driver’s License – Don’t let your license accidentally expire! Starting this year, all people who apply for a new license must prove citizenship with a passport or birth certificate; provide a social security card, W-2, or pay stub; and show two proofs of Virginia residency such as a utility bill and a lease.

Education

National Testing – 15 years ago, Virginia embraced statewide student achievement testing. The belief was we had to be able to compare learning across schools from early grades on up to be able to hold local schools accountable. Today the issue is whether Virginia should phase-out its test in favor of using a national test to achieve comparisons across states.

As Virginia’s Standards of Learning (SOLs) were developed, we endured constant controversy to improve quality and relevance. Is the new national test developed by the National Governors and State Education Chiefs equally tested?

Are the Governor and State Board of Education right that using the national test “would require us to essentially reduce the quality of Virginia's standards?” What about the poor performance of Virginia students on national and international tests? (See: ed.gov/nclb/accountability/results/progress/virginia.pdf)

What is the trade-off of students having nationally and internationally recognized credentials versus their education being compromised by the cost and disruption of curriculum changes dictated by what they have to know on a different test?

During the 2010 Session, we were urged to embrace national reform by supporting more use of private and public charter schools. However, in June, Virginia pulled out of the “Race for the Top,” which is also a major part of national reform. Achievement testing standards needs to be a major issue in the 2011 Session.



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

My website (vivianwatts.com) overflows with a decade of analysis, charts, initiatives, etc. on the need for action. It's now 25 years since state officials provided adequate revenue. The economy has made the crisis even worse as transportation revenues (per gallon gas tax, car sales tax, and 1/2-cent retail sales tax) plummeted. I worked with NV Republican and Democratic leaders this Session, but we got little more than excuses:

Excuse #1 – Government growth is out of control.

This is not the problem in VDOT. Staffing is 30% less than in 2000 and almost 50% less than 1990.

Excuse #2 – Government bureaucrats are inefficient, the private sector does it better. VDOT long ago turned that corner. Over 80% of VDOT's budget is contracted to the private sector to do the actual work.

Excuse #3 – Cut government regulation and redtape.

When VDOT signs a contract – from snowplowing to billion dollar construction – taxpayers pay the bill. If we don't demand on-time and on-budget delivery, businesses are perfectly justified in spreading their resources thin to expand profit opportunities elsewhere. VDOT has complied with over 10 different audits this decade. Continuing to drive out waste, fraud, and abuse is an ongoing duty, but it is not a solution.

Lack of maintenance is creating serious safety problems.



Excuse #4 – Private investment will pay the bill.

Virginia is a leader in Public/Private partnerships, but...

(1) Investors expect a return on investment. Private toll road users will pay more and – unlike the Dulles Toll Road funding a share of Dulles Rail – excess revenue isn't available for public needs. (2) The 5-6 projects identified by the Governor are as far as economic and engineering reality can go. There are over 2 billion dollars a year in big and small maintenance, construction, and transit needs that can only be met by public investment.

Excuse #5 – Take money from other programs.

Selling ABC stores for perhaps a \$500 million one-time windfall will take \$150 million a year from education, public safety, Medicaid, etc. Selling the ABC stores to avoid raising the gas tax shares another thing with past schemes (abusive driver fees, insurance premium taxes, and taxes from economic growth.) The money comes from Virginia residents; yet, over 20% of cars and trucks on our roads are from out-of-state.

Excuse #6 – Counties should take care of their own roads.

Notice the lack of potholes, mulched plantings, and timely snow removal in cities and towns. Most believe such maintenance is paid by city/town taxes. The fact is cities and towns receive twice as much (per lane mile) from state transportation taxes as VDOT spends in any county. If Fairfax could be guaranteed what cities get, we'd jump at the chance, but without new state transportation funding, it's an empty promise.

There are no easy answers.

I welcome your thoughts + *Vivian*

email:

PERMIT NO.1517
MERRIFIELD, VA
PAID
U.S. POSTAGE
PRSRT STD

Ann
871
Dele