

US: Virginia lawmakers prepare billions in cuts

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On Thursday, the two chambers of Virginia's General Assembly, the House and Senate, passed competing two-year budget proposals that will pose massive cuts to social spending in order to meet a \$4 billion deficit caused by a sharp decline in state tax revenue.

Both versions contain draconian cuts to state spending on health, education, the arts, and pension contributions for state workers. Over the next few weeks the two bills will be reconciled and presented in final form to recently-elected Republican Governor Bob McDonnell.

The new cuts come after \$7 billion in austerity measures enacted by the previous governor, Democrat Tim Kaine, during his last 18 months in office, including layoffs of state highway workers and reduced funding for higher education.

There are no substantive differences between the two bills. Both are predicated on the assumption that working class Virginians must foot the bill for the economic crisis. Both plans intentionally under-fund by about \$500 million, required contributions to the pension system for state workers.

The bill sponsored by the Democratic-controlled Senate raises \$540 million through sales taxes and "user fees" on state services, including sales taxes on internet purchases and higher tolls for use of state courts. Through these taxes—which target workers' income—the Senate bill imposes "only" \$700 million in cuts to social spending for the current year, compared to the \$1.4 billion proposed by the Republican-controlled House.

No measures were included in either bill to raise taxes on corporations or high-income individuals. According to the 2009 Forbes list of richest Americans, just five Virginia billionaires have a combined net wealth of

more than \$30 billion—more than seven times the state's two-year deficit.

The cuts will have a drastic impact on the lives of working class Virginians, and particularly on the state's most vulnerable residents.

The budget proposals have drawn wide opposition. Rallies at the state capitol have been staged by teachers, parents, students, artists, and those against health care cuts. Nevertheless, the Democratic controlled Senate passed their bill 30-10, with Republican support, after only hours of debate. In the Republican-dominated House of Delegates, the competing version passed on a 61-38 party-line vote.

Health care

The Senate bill would lean on six months of federal stimulus funding to avoid large cuts in Medicaid payments in the first year. The House bill calls for a reduction of \$125 million in Medicaid provider payments and tightens eligibility. Virginia already ranks 48th among states for per-capita Medicaid spending.

According to a statement from the Medical Society of Virginia released Tuesday, both proposals would "have severe consequences for vulnerable populations including children, the elderly, expectant mothers and the disabled, all who rely on Medicaid for the primary care they need. This is particularly troubling during a time when the economy has led to job losses, loss of insurance and other financial strains."

In a survey of 400 physicians statewide, the Medical Society found that under the Senate plans 64 percent of

doctors would limit or stop seeing patients, and under the House plans, 75 percent would do the same.

Recently, the House added \$37 million to fund Medicaid waiver services for people with disabilities, creating 178 new waivers. Only 100 waivers will be available in the first budget year, and 6,000 people are on the waiting list.

Education

Both the House and Senate plan call for severe cuts to public education. The Virginia Education Association estimates that “state lawmakers are poised to slash state spending on K-12 by as much as \$860 million. At least 23,000 education jobs are on the chopping block. Class sizes will go up and worthy programs, both academic and extracurricular, will fall by the wayside if the cuts are sustained. Overburdened staff have little hope of keeping up.”

The chair of the Virginia Parent Teacher Association, Kathy Burcher, told the Senate Finance Subcommittee that there have already been “increases in class size, elimination of summer school, cuts to enrichment programs and extracurriculars and more.” She added that “superintendents and school boards are actually pondering the question, ‘How much can some children bear so that others might succeed?’ knowing that the actions they take might change successful schools into underperforming ones.”

An analysis by Richard Salmon, an education expert at Virginia Tech, shows that cuts would mean \$12,000 less in spending per classroom. He told the Senate Finance Subcommittee “It’s a dagger in the heart of public education, and it will take generations to repair the damage to public schools.”

An editorial in the *Richmond Times-Dispatch* described the impact the city of Roanoke has faced. “In the past 18 months Roanoke City Public Schools has closed four of its 29 schools; privatized transportation; eliminated 88 positions; eliminated early retirement; frozen wages; and eliminated health insurance for retirees,” it wrote. In preparation for coming cuts, “The Roanoke City School Board is now contemplating the elimination of up to 146 more positions that directly

affect classroom instruction as well as the elimination of some academic and athletic programs and is also examining staff furloughs.”

Arts

Under the house bill, the Virginia Commission for the Arts is to be totally stripped of funding in two years. Begun in 1968, the agency provides funding to a wide variety of arts groups across the state. In many cases funding is only a portion of the organization’s budget, but groups note due to a recessionary drop-off in ticket sales and donations any cuts will lead to layoffs and curtailment of programs.

Supporters of the arts appeared in force inside the state legislature to protest the cutbacks—reportedly even outnumbering health care advocates—but no amendment to the House budget was offered to restore funding. Under the House proposal, 50 percent would be eliminated in the first year of the budget, and all funding would disappear in the second year.

The Commission for the Arts receives a mere \$4.46 million a year in funding from the state. By contrast, the Country Club of Virginia, a social club for Richmond’s elite, spent upwards of \$13 million to complete a new swimming pool complex this spring.



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