

Virginia's Democratic governor calls for drastic budget cuts amid growing social crisis caused by COVID-19

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On August 18, Democratic governor of Virginia, Ralph Northam, announced a proposal for drastic cuts to the state budget. The proposal erases all of the previous spending gains such as raises for teachers and other state workers, as well as funding for mental health, tuition relief, transportation and access to health care that were part of the previous budget that was voted into effect in early March.

The state legislature is planning to vote on the new budget in a special session that began last month. The Democratic Party-controlled state will not restore most of the \$2.2 billion that was suspended in April under conditions of economic uncertainty caused by the spreading pandemic. The cuts have effectively gutted the few scraps that were thrown to workers in an already pro-business budget.

Gone from the budget is a \$400 million increase in the state's education fund, which included \$145 million slated to go to meager raises for educators. Virginia teachers are some of the lowest paid public professionals in the United States, despite the state being one of the country's wealthiest. Also gone is a \$145 million initiative to provide free tuition to community college students from low-income homes.

Increases to health care, public transportation and other services were likewise cut. Northam is seeking to use roughly \$1.3 billion in federal aid left over from the CARES Act passed by Congress in March to allot minimal funding toward voting access in November, housing assistance and other initiatives.

The Commonwealth of Virginia ended its fiscal year in June with \$234 million in lost revenue. These losses were considerably less than the previously estimated \$1 billion in losses that had been projected in the second

quarter due to the COVID-19 pandemic. The slightly cushioned losses are due to the fact that it is mainly low-income workers who have been affected by the economic downturn.

According to the *Virginia Mercury*, "Despite spiking unemployment claims, the state didn't see a severe drop in withholding revenue, the income tax money employers deduct from workers' paychecks and send to the state. While the federal Paycheck Protection Program helped Virginia avoid some job losses, officials say that trend is also explained by the fact that most of the people who lost jobs were in lower-paid positions, meaning their taxes didn't make up a huge chunk of state revenues."

While promising that he remained committed to the "progressive budget" that was passed earlier this year, Northam said that the impact of the coronavirus pandemic on state revenue meant that there no longer exists the necessary funding for programs of social uplift.

"Our economy was booming before the pandemic, and it can fully rebuild only when this virus is behind us," Northam said. "This means that as we make budget decisions, this week and into the next session, we must keep in mind that we can't know what is going to happen with the pandemic, when a vaccine will be available, or how much longer this will go on. ... So we need to follow the oath that doctors lead with: First, do no harm."

The latter statement is significant. Northam showed no such concern for the medical well-being of the population when his government began reopening the state's businesses in late May as the number of COVID-19 cases grew unchecked. Despite Northam's

retorical invocations of his professional background as a pediatrician, his advocacy of budget cutting, like his state's decision to begin reopening earlier this summer, is predicated upon the corporate and financial interests who dominate the state's political institutions from top to bottom.

Furthermore, Northam proclaimed: "Just as our revenues now look better than we predicted when the pandemic began, we expect the December reforecast to show additional improvement about 16 weeks from now. But for that to happen and allow us to return to these shared priorities, our economy must show improvement."

Northam's demanding of an "improvement" in the economy in exchange for funding various programs is part of the bipartisan campaign to cajole the population back to work amid the raging pandemic.

While Northam lies about the state's finances with a pious look on his face, there do exist the means to support struggling workers. In 2019, Northam approved the deal for net commerce giant Amazon to build its second corporate headquarters in Arlington, Virginia. As part of the deal, the corporation was offered \$750 million in tax rebates and subsidies. The state of Virginia currently possesses the highest number of local jurisdictions whose bonds are rated AAA, meaning the region is a prime investment destination for big business.

So dominated is the state by corporate interests that it will not seek to use its so-called "rainy day" fund of \$1.1 billion, presumably to be used during times of crisis, to address the shortfall of tax revenue.

"It's called a rainy day fund for a reason. It's pouring," Democratic state Delegate Sally Hudson told the *Mercury*. Hudson demanded Northam use the fund to meet some of the state's prior spending promises. "I think it's important to remember at a time when so many people are hurting, there have been winners from the COVID crisis ... Online retailers. Multi-state corporations. And it's important to make sure that a share of that revenue comes back to Virginia," she added.

However, other Democrats were more forthcoming about their priorities. Delegate Vivian Watts opposed using the funds because of the potential impact on Virginia's AAA bond rating, stating, "The expectation is that the first thing that you do is scrub your

spending," she said. "Once you've done that, then and only then can you make a better judgment of what your honest budget needs are."

It goes without saying that there will be no talk of raising taxes on corporations, which have benefitted enormously from the pandemic and the ensuing economic depression. It is urgent that workers in Virginia and throughout the United States draw the necessary conclusions and break with the Democratic Party and take up the revolutionary struggle against capitalism to meet their pressing needs amid the pandemic.



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