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The Budget At Crossover—Where Do We Go From Here?

I have grave concerns over the projections that have been used in terms of state revenues for fiscal years 2009-2010. The current estimates show the revenues growing by only 2.2 percent in 2009, but it assumes a growth rate of 6.8 percent for 2010. The 2009 figure seems more realistic, yet I am still skeptical that we will see that kind of growth. The 6.8 percent for fiscal year 2010 seems to place us in a procedural position to use additional funds out of the Rainy Day Fund, two years from now.

My concern is that we are now projected to take the maximum amount out of the Rainy Day Fund in 2008 to pay for new programs, when we should be reducing the size of state government across the board to keep from tapping that fund. Beyond that is my concern over the use of debt to keep projections on line and on time. Please do not mistake my concern. As a business person, I understand the necessity of using debt appropriately to invest. However, too much at the wrong time and at the wrong place can come back to haunt you.

The other part of the debt picture is that last year in the transportation bill we utilized \$3 Billion worth of debt for highway construction. The impact of this debt is that it will come out of the General Fund, competing with the same dollars for schools, higher education, health care and Medicaid.

The current proposal is to issue an additional \$2.5 Billion in debt for new facilities. These two areas, when combined, total \$5.5 Billion worth of debt, on which the general public has not yet had a voice. When fully implemented, the repayment of this would cost us nearly \$600 Million a year for 20 years — all coming out of General Fund revenues.

I think the Senate of Virginia should moderate its stance with regard to the revenue estimates, and I feel it should reduce the amount of debt authorized by at least \$1 Billion. Some of the debt should be used to cash out projects that were in last year's budget in order to supplement the current budget needs and reduce the reliance on the Rainy Day Fund.

There is a vote coming up later this week that will finalize the Senate budget. Then the Conference Committee of the House and Senate will attempt to negotiate the differences. Typically the Senate budget is more restrained than that of the House. I expect this year will be no different. The last chapter is still two to three weeks away.