

Understanding Virginia's Budget Process

Presentation at Power Talking Advocacy Training Meeting

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Understanding Virginia's Budget Process

Overview

- Timeline of important dates
- Governor's role in the budget process
- General Assembly's role in the process
- Legislative Budget Process
- Snapshot of resources and spending

Virginia's budget process

Timeline of important dates

Budget Development

Agency Budget Preparation

August
DPB issues
instructions to
agencies

September
Agencies
generate &
submit requests

Review & Recommendation

November
Governor, DPB,
Cabinet review

December
Governor submits
document &
bill to GA

Budget Deliberation

Legislative Action

January
Budget bills
referred to
money committees

February
Senate & House
produce separate
budget proposals

March
Conference Committee
reports budget bill(s)/
GA approves budget

Gov's Review

March
Governor signs/vetoes/
or returns items to
GA with amendments



Who are the players?

Governor

- As the chief planning and budget officer, the Governor prepares the biennial budget and executes it once the legislature completes its actions.
- The Governor's proposed budget bill is presented to a Joint Session of the House Appropriations and Senate Finance Committees in mid-December.
- Governor gets the first "bite-at-the-apple" when allocating projected revenues. Also must propose reductions when deficits are projected.



What do you need to know?

Governor

- According to Virginia's Constitution, governors serve a four-year term.
 - The governor has a limited amount of time to accomplish his goals.
- Governors' initiatives are generally tied to campaign promises, the state's economic conditions, or unforeseen events.



Campaign promises & budget issues

Governor

Robb - K-12 funding/teacher salaries
Baliles - Transportation
Wilder - Fiscal Crisis
Allen - Parole abolition and Economic Development
Gilmore - Eliminating the Car Tax
Warner - Fiscal Crisis and Tax Reform
Kaine – Preschool, Transportation, Virginia Tech, and Fiscal Crisis



What can you do?

Governor

- Begin “spade work” now.
 - If you wait until January, you might be too late.
- Deliberate internally to identify issues and concerns and hone your organization’s message.
- Communicate issues and concerns to cabinet members, state agency officials, and program staff.
 - Explain why the governor should be interested.
 - Be concise and accurate.



Who are the players?

The General Assembly

- 40 Senators and 100 Delegates make up the Commonwealth's citizen legislature.
 - Members of the General Assembly have “other jobs” and come from all walks of life.
- Since 1971, the General Assembly has met annually.
 - Long sessions are held in even-numbered years and typically last 60 consecutive days.
 - Short sessions are held in odd-numbered years and last 45 consecutive days.
 - Special sessions are convened on an ad hoc basis.



Who are the players?

The General Assembly

- Like the Governor, one of the primary responsibilities of the General Assembly is to craft a budget.

- “The Governor proposes and the legislature disposes.”
 - The House and Senate budgets are actually amendments to the Governor’s introduced budget.

 - The General Assembly adds, modifies, endorses or deletes items in the Governor’s proposed budget.

 - The General Assembly also increases or decreases proposed funding levels.

- In even-numbered years, the General Assembly enacts a two-year or biennial budget. In odd years, the House and Senate tend to address unexpected increases or decreases.



Who are the players?

The General Assembly

- The House Appropriations, House Finance and Senate Finance Committees comprise the General Assembly's "money committees."
- Through legislation and the budget process, these committees establish the Commonwealth's fiscal policies.
- **House of Delegates:** Duties are split between the Finance Committee (tax policy) and the Appropriations Committee (spending decisions).
- **Senate:** Duties are combined under the Finance Committee.



Who are the players?

The General Assembly

- The House Appropriations and Senate Finance Committees have the only full-time legislative staff assigned to them.

- These non-partisan staff members provide the Committees:
 - Independent sources of information;
 - Professional expertise in various budget disciplines;
 - Recommendations on emerging funding issues; and
 - Guidance on spending and revenue trends.



Who are the players?

The General Assembly

- Staff members critically examine the Governor’s budget...
 - Analyze funded and unfunded items;
 - Consider alternative approaches; and
 - Develop and recommend funding policies.

- ...but also become involved with legislation.
 - Monitor legislation that might have a “fiscal impact”; and
 - Assist policymakers with “major” legislative proposals that will impact the Commonwealth’s finances.
 - Funding guidelines for higher education;
 - Civil commitment of sex offenders; and
 - Changes to the mental health civil commitment process.



What do you need to know?

The General Assembly

- Members of the General Assembly are relative newcomers to the process, and they are still learning.
 - Since 2000, sixty-two Delegates began serving in the House.
 - Since 2000, 19 Senators began serving the Commonwealth.

- Members are more inclined to pay attention to matters of local importance, related to their professional background, within their committee's jurisdiction, or of personal interest.

- The careers of General Assembly members are often longer than the Governor's, resulting in the development of an institutional memory that exceeds that of the Governor.

What do you need to know?

The General Assembly

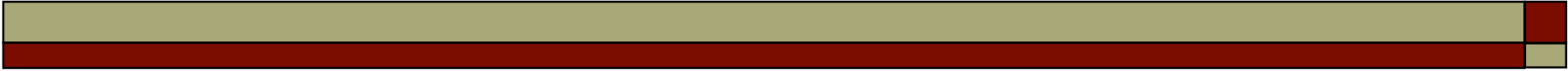
- The Commonwealth's “**long-session**” is 60 consecutive days.
- Time is a precious commodity for members of the General Assembly. Responsibilities include:
 - Participating in the legislative and budget process,
 - Meeting with legislative staff,
 - Attending committee meetings,
 - Monitoring floor sessions, and
 - Preparing budget amendments.
 - Communicating with interest groups and constituents, and
 - Traveling to and from their districts.



What do you need to know?

The General Assembly

- The Governor and the General Assembly largely operate on the margin when it comes to the budget.
- Many decisions are driven by federal mandates, state law, and previous “high-priority” commitments that often require funding changes related to enrollment changes and/or population growth.
- Discretionary spending proposed by Senators and Delegates competes with new spending proposed by the Governor.



What can you do?

The General Assembly

- ❑ Schedule visits with your Senator or Delegate before they head to Richmond in January.
- ❑ Monitor the work of legislative commissions that meet during the interim (e.g., Joint Legislative Audit and Review Commission (JLARC), Joint Commission on Health Care, Crime Commission).
- ❑ Attend public hearings on the Governor's introduced budget in January of each year.
- ❑ Schedule visits to Richmond with like-minded individuals when the General Assembly is in session.
- ❑ Communicate with money committee staff.



Legislative budget process

Budget deliberation

- House Appropriations & Senate Finance Committees begin budget deliberations in October and November.
 - Review agency requests and submissions to Governor.
 - Convene Committee “retreats” to examine fiscal outlook and emerging issues.
- After receiving Governor’s introduced budget, Committees hold 4-5 regional public hearings on budget in early January.
 - Each committee has 5 weeks to conduct budget review in long session (3 weeks in short session).
- Budget amendment requests by General Assembly members made to Committees usually by second full week of Session.
- Subcommittees review agency budgets and amendment requests.
- Committees act on Subcommittee Reports.
- Committees send budget bill with amendments to the House and Senate Floors for adoption.



Legislative budget process

Committee and Subcommittee Actions

- Committee Chairs:
 - Provide overall leadership and direction on the budget
 - Make subcommittee assignments
 - Work with the subcommittee chairs to develop budget priorities
- Subcommittees:
 - Hold weekly meetings during Legislative Session
 - Review budget amendments in assigned areas
 - Review all bills with fiscal impact assigned by Chairman
 - Recommend actions on bills to full Committee
 - Make recommendations for budgetary changes based on priorities of the General Assembly, Committee and Subcommittees
- Subcommittees structured along areas of government



Legislative budget process

Subcommittees

Senate Finance Committee

- Capital Outlay
- Economic Dev./Natural Resources
- Education

- Health & Human Resources
- General Government/Technology
- Claims

- Public Safety
- Transportation

House Appropriations Committee

- Capital Outlay
- Economic Dev./Agric./Natural Res.
- Elementary & Secondary Education
- Higher Education
- Health & Human Resources
- General Government
- Technology Oversight & Government Activities (includes Claims)
- Compensation & Retirement
- Public Safety
- Transportation



Legislative budget process

Committee must balance competing demands

- Examine programs and their funding streams
- Examine historical spending actions
- Examine program performance data, if available
- Listen to advocacy groups
- Listen to agency staff (e.g., budget, policy, program)
- Discuss pressing needs with Subcommittee members and Subcommittee Chairs
- Set priorities within budgetary constraints
- Look for creative and alternative sources for funding and providing services (e.g., federal, local, private, in-kind)
- Develop advance strategy for budget negotiations with House or Senate counterparts



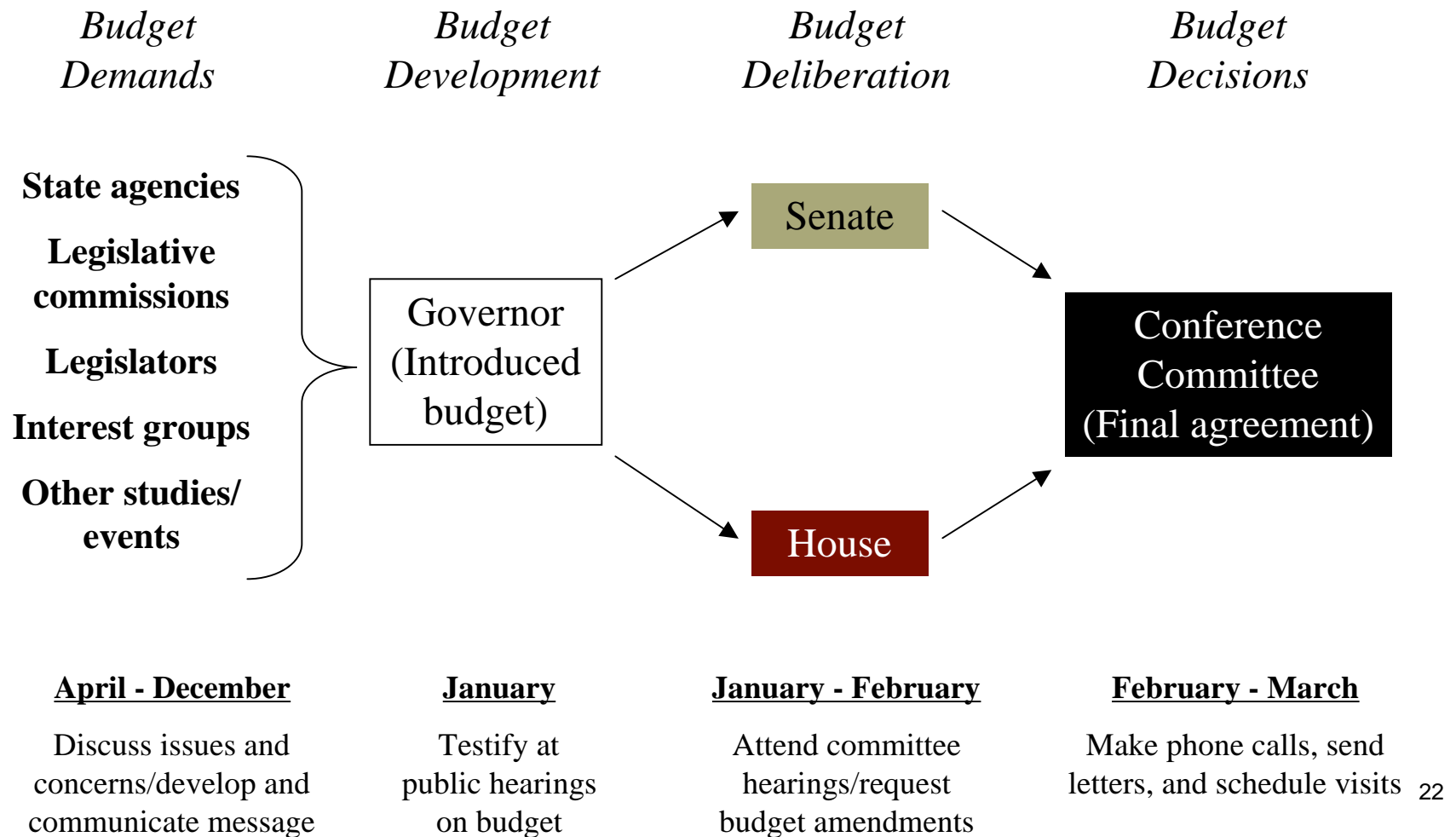
Legislative budget process

Finalizing the budget

- Once each chamber adopts its version of the budget, bills are sent to opposite house
- Committee of conference is appointed
 - Provides opportunities to correct mistakes and get additional input
 - Budget conferees resolve differences between House and Senate budgets
- Conference committee report is sent back to House and Senate floors for final approval – up or down vote
- Adopted budget sent to Governor for signature
- Governor's amendments or vetoes considered during Reconvened (Veto) Session

Virginia's budget process

When and how to influence the budget process?





Virginia's budget

Sources of funding

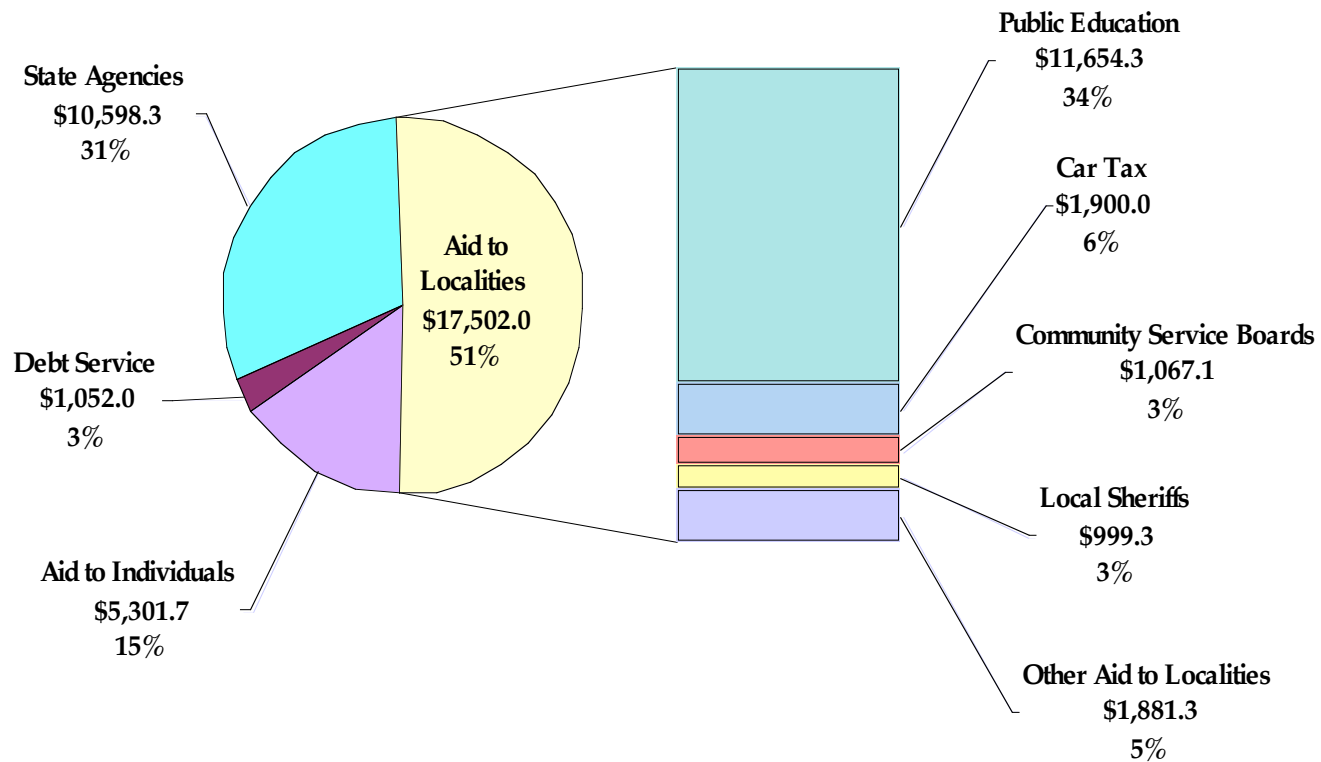
- State revenues are defined as either general funds (45 percent of the budget) or nongeneral funds (55 percent of the budget).
- General fund (GF) revenues include income taxes, sales tax, and corporate taxes that can be used for any purpose. GF revenues are primarily used for education, health care, public safety and social services.
- Nongeneral funds (NGF) include federal revenues, tuition and fees, and gas taxes. NGF revenues tend to be earmarked for specific programs or purposes.

Virginia's budget

A snapshot of recent spending

2008-2010 GF Operating Budget = \$34,454.0

Chapter 879
(\$ in millions)





Conclusion

- ❑ Now is the time to begin discussing your organization's budget needs.
- ❑ Work with the Secretary and state agencies to get in the Governor's introduced budget.
- ❑ Approach the General Assembly as a last resort.
- ❑ Provide clear and concise support for your position to your Senator or Delegate.