The Honorable Lacey E. Putney  
Comments to the House of Delegates  
on the Conference Report to House Bill 1500  
February 27, 2011

Mr. Speaker and members of the House:

On behalf of my fellow House Conferees I am pleased to deliver to you the Conference Committee report on HB 1500. The hard work of Kirk, Bev, Steve, Chris, and Johnny on behalf of this House is beyond measure. As Chairman, I could not ask for a finer group of individuals in which to spend the last two weeks with. We are more than a Conference Committee, we are a family.

Mr. Speaker, I want to apologize to the body for the delay in completing our work. However, I want to assure this body that the delay was not meant to cause inconvenience; rather I believe our actions recognized the many budget challenges that lie ahead. The decisions and recommendations made by the conferees regarding our finances will better position us for next year, as we undertake the development of the 2012-14 biennial budget without higher taxes.

In adopting the two-year budget last Session, we made some real spending cuts. We went through the budget and made painful choices between the “got-to-do’s” and the “nice-to-do’s”. We eliminated programs, consolidated state agencies, and closed inefficient facilities.

At the same time we enacted fees to cover the cost of providing services, allowed our colleges and universities to raise tuition, altered revenue collections, and delayed reimbursements.

While these latter actions helped mitigate the impact of programmatic cuts, they also create an imbalance between ongoing revenues and ongoing costs as we move forward.

Simply put, our budget while technically balanced is not “structurally” balanced.

While the House Conferees recognized that we could not prevail on every item, we remained true to our conviction with the steadfast belief that we must seize the opportunity and begin to correct many of the deficiencies in the budget that we adopted last year.
Early on in our discussions with the Senate we clearly and forcefully articulated the need to:

- Use one-time savings to fund non-recurring costs or to unwind structural deficits,
- Scrutinize any new spending,
- Set aside more funding for the Rainy Day Fund,
- Minimize state debt,
- Reduce the burden on Virginia’s businesses, and
- Address the funding of the VRS, while keeping our promise to state employees,

I believe that the conference report that is before you adheres to that philosophy.

Mr. Speaker, your House Conferees, working cooperatively with the Senate, has delivered -- perhaps not a perfect budget -- but a fair budget that strikes a balance between correcting numerous structural imbalances in the budget while also making prudent investments in public education, higher education and the health safety net.

Specifically, the budget conference report that you adopt today will reduce the amount of previously authorized debt by nearly $66.8 million.

The budget amendments also will roll back over $5.7 million of previously authorized fees. The largest is the nearly $300 annual fee that hit our hospitality industry particularly hard.

Likewise, the conference report reflects the pledge of this House to begin the phase-out of the accelerated collection of sales tax revenues that required nearly 9,000 retailers to pay July’s sales tax in June.

I am pleased that our recommendations will immediately begin the phase-out this June, resulting in 80% of the impacted retailers not having to accelerate their sales tax remittance.

With regard to the Rainy Day Fund, again, your House conferees prevailed and the reports endorses the House position of setting aside $114 million toward the required $228 million deposit the General Assembly will have to make in the next budget.

Mr. Speaker, while the first priority of the House conferees was to bring about a more fundamental sound budget, we also recognized that investment in education was also important to our economic success.

The budget today reflects a renewed commitment by the General Assembly that Higher Education must be moved to the front burner. We recognized that absent higher tuition increases, additional state funding would be needed if we are to meet the objectives outlined by the Governor’s Higher Education Commission. The conference report focuses nearly $100.7 million in general funds to:

- Improve affordability for in-state undergraduates
- Increase access for in-state students at UVa, Tech, JMU, and William and Mary
- Increase the number of STEM degrees, and
- Improve R&D opportunities

In the area of public education, the House conferees recognized the desire of the Senate to assist our school divisions as the federal stimulus funding begins to wind down. Specifically, the conference report provides a $104.0 million in a one-time supplemental payment of $130 per pupil. The funding recommendation also ensures that school divisions will receive at a minimum the same amount that they were previously allocated in the budget adopted last Session, under the hold-harmless provision.

In addition to mitigating education cuts, the conference report provides additional funding for the safety net for our most vulnerable citizens. Specifically, the conference report endorsed the House position of establishing a $30 million Trust Fund for ID Waiver slots to begin the process of discharging individuals in our training facilities back into the communities. We must recognize that this process will take time, as the Department works with families to ensure that the appropriate community support is in place for a successful transition. I believe that this historic commitment of funding will address a key finding of the Department of Justice report.

In addition to the Trust Fund, the conference report provides another $35 million in community specific support through the restoration of respite care hours, provider reimbursements and ID and DD Waiver slots.

In closing Mr. Speaker, I want to express my deep appreciation to every member of the House Conference Team. Your dedication to good fiscal stewardship is to be applauded.

Mr. Speaker and Members of the House, your Conferees, through many long nights, held strong in their principles, with an eye towards comprise, and a budget that I believe remains true to keeping our promises to fund the core services of government.

Finally Mr. Speaker, I would be remiss if I did not personally thank the Appropriations Committee staff. Their knowledge of the issues is second to none. They conduct themselves at all times with the right blend of professionalism, good cheer and a sense of humor. They worked day, night, and weekends to not only develop a sound House budget, but ultimately a budget for Virginia. Simply put, we could not have met our deadline without them. Please join me in thanking the entire staff for their service.

Mr. Speaker, and Members of the House, it is my privilege to deliver the Conference Committee Report on House Bill 1500 and I hope you will accept our recommendations.