



COMMONWEALTH OF VIRGINIA

HOUSE OF DELEGATES

RICHMOND

APPROPRIATIONS COMMITTEE

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BARRY D. KNIGHT, CHAIRMAN
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Opening Remarks: 2023 HAC Retreat

Good morning. Welcome to the House Appropriations and House Finance Committees' annual meeting. I'd like to thank Chair Robinson for taking part in this event today and welcome the Finance Committee Members. I'd also like to welcome the leadership of both parties for joining us today.

Given that this is most likely the last opportunity to address many of you who are retiring, I just wanted to take a moment to honor your service. I'll begin with our longest standing member, Delegate Plum. Also leaving us are Delegates Fariss and Wampler (note: And Brewer if she comes but she wasn't quite a maybe) from Appropriations. From House Finance, Chair Robinson as well as Delegates Murphy and Greenhalgh. You all will be missed.

This has been a long year. A very long year. As you will hear throughout today's presentations, working on a budget until September has a number of implications for the coming year. On a positive note, we have addressed most of our FY 2024 needs. On the other hand, adopting a budget after the close of the fiscal year means we already have spent FY 2023 surplus resources that typically would be available to us next Session.

We have had strong revenue growth in recent years and have been able to address both needed tax reductions and grow our investments in the Commonwealth's core public services.

I am proud to say that we now have:

- The highest level of Revenue Reserves in Virginia's history, which will total \$4.6 billion at the close of the biennium, almost 19% of Virginia's general fund budget. This provides a healthy cushion to address any future economic downturn.

- Taken other actions to ensure our long-term financial stability by improving the VRS's funded status by making an additional payment of \$1.0 billion, bringing down our unfunded liability
- Made substantial investments in capital outlay using cash, not debt
- Together we passed the largest education budget in history, providing a record \$10 billion annually for our public schools
- The highest labor participation rate in over a decade, and highest employment level since we began tracking it decades ago
- Committed to investment in site acquisition and development to prepare all areas of Virginia for better economic opportunities and growth
- Made substantial investments in the health of the Chesapeake Bay
- Worked to keep tuition costs down, improving college affordability

In summary, the legislature's spending actions have made investments in areas that have been underfunded for years and have ensured we are a Virginia that takes care of its citizens when they need help the most, while making investments to protect our children's futures.

Because of our actions, Virginia has weathered the financial roller coaster of COVID-19 and emerged in a stellar position to continue our triple-AAA status as a national leader in financial stewardship.

We begin our presentations today with a national economic outlook provided by Sonya Waddell, Vice President and Economist for Regional and Community Analysis, at the Federal Reserve Bank of Richmond. Following her presentation, Secretary Cummings will present the Monthly Revenue Report, after which we will have a series of staff presentations on some of the budget drivers likely to be debated this coming Session.

Again, welcome back to Richmond, and please enjoy the day. I look forward to getting back some hunting and fishing time in the year to come.