

2020 Virginia General Assembly Special Session #1 Recap

When the General Assembly adjourned in March, Virginia had a \$2.2 billion budget surplus making historic investments in areas such as early childhood education, healthcare for vulnerable populations, and environmental stewardship to name a few. However, that surplus turned into a revenue shortfall of \$2.8 billion in a matter of weeks due to the COVID-19 pandemic. In the same timeframe, the state's unemployment rate rose from 3.3% in March to 11.2% in April, crossing into double digits for the first time.

Because the pandemic coincided with the end of the regular session, significant changes could be made to the budget to address the potential crisis. The Governor was able to hand down amendments to the budget before its final approval that "unallotted" the bulk of the new funding that had been approved a month before. This action allowed the legislature to head off more drastic cuts to state government and services. All of this took place during the normal period between session ending and the Reconvene session where the legislature deals with actions taken by the Governor on the budget and all other legislation passed during the regular sessions. Additionally, the timing of Virginia's biennial budget beginning on July 1st, allowed lawmakers to withhold a large deposit into the states "Rainy Day" fund. In short order, the pandemic's negative impact on state revenues triggered a forecast that required lawmakers to return and enact more long-term changes to the budget.

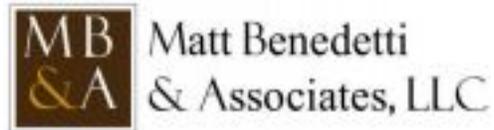
In the spring Virginia received \$3.3 billion from the CARES Act. The bulk of these funds were distributed to localities to address immediate needs such as PPE, technology to support virtual learning, COVID-19 testing, etc. The remaining \$1.1 billion had been held in reserve by the Northam administration with the hope that Congress will allow states to use the funds to support their budget shortfalls. Ultimately the Virginia House and Senate concluded that this relief was not coming and that they need to make the hard decisions to address the shortfall.

Both the House and Senate released their respective spending proposals so that formal negotiations could begin. In addition to public health concerns related to COVID, the Governors call for a special session included matters of social justice and police reform in response to the death of George Floyd at the hand of the Minneapolis Police. In attempting to address both in a special session, the General Assembly came to a grinding halt by day one when the two bodies met literally a mile apart and could not agree on a procedural resolution for conducting business.

Eventually, the House and Senate passed significant criminal justice reform measures including expanding [earned sentencing credits](#) for early release, limiting the [use of force](#) by law enforcement officers, banning the acquisition of [military equipment](#), allowing localities to establish [citizen oversight boards](#) to investigate and discipline local law enforcement departments, [banning pretextual stops](#) by law enforcement (expired inspection sticker, driving without lights at night, the odor of marijuana from a vehicle, and more). Many of the reform measures were whittled down from their original language, much to the chagrin of the patrons and advocacy groups.

Six weeks after the session began and much of the non-budget related legislation was finalized, the House and Senate could finally deal with the budget. As mentioned above, Virginia was uniquely

positioned from the beginning to insulate itself from drastic cuts. By withholding a deposit into its Rainy-Day fund, the



House and Senate budget proposals were not far apart from each other dollar for dollar. However, a bitterly debated issue from the 2020 Regular Session flared back up during budget negotiations.

The Senate budget included language that would help establish the bipartisan [Redistricting Commission](#) *should* the constitutional amendment be approved by voters on Election Day. The majority of House Democrats oppose the amendment and threatened to delay the budget process if the language remained. The Senate relented and agreed to remove the language, with the assurance that the Governor will delay action on the budget until after Election Day. If voters approve the redistricting amendment, the Governor will hand down an amendment reinserting the Senate language. Also included in the budget is a language that allows any CARES Act funding unspent by December 30, 2020, to revert to the Virginia Unemployment Trust Fund.

A side by side comparison of the budget proposals and the Conference report as compiled by the independent Commonwealth Institute for Fiscal Analysis can be found [here](#).

While the budget sits on the Governor's desk awaiting the results of the election on November 3rd, work begins on a scheduled economic forecast prior to the 2021 General Assembly session. That revised spending plan will be unveiled by Governor Northam on Dec. 15, 2020.