

Senator Houck Reports From Richmond  
Week of June 5, 2006

Senate and House budget conferees sat down together this week to hammer out differences on the 2006-2008 biennial budget. The budget conference was able to resume due to the Senate's major concessions to the House of Delegates- adoption of a budget bill that did not include transportation legislation.

Budget negotiations began with a discussion of capital outlay projects. Capital outlay is the area of the budget specifying which state buildings, such as state hospitals and college facilities, will be built and at what cost. The Senate has argued that using long-term debt for capital outlay projects was not fiscally responsible when over \$1.4 billion in surplus, one-time revenues were available for that purpose. The House leadership felt differently.

The Senate budget provided about \$60 million to plan several critical projects, including four projects related to the mental health restructuring initiative, the renovation of the School for the Deaf and the Blind in Staunton, and several high priority capital projects at the Virginia Community College System and other colleges and universities. The Senate's position is that planning is critical for improving the accuracy of funding required for a capital project, especially large renovations of older facilities.

Because of the House conferees' insistence that only full projects could be funded, about six versions of a capital plan went back and forth between the conferees over the course of three days. Concessions were made by both sides to move the discussion along. Near the end of the week, the Senate believed that an agreement on capital projects was within reach.

For the past several months, the House leadership has insisted that transportation discussions take place after the completion of the budget. On Friday, the House conferees reversed this opinion and re-inserted transportation funding into the budget. After receiving this proposal, the Senate decided to break off talks and continue them this week. The Senate has maintained that a long term sustainable revenue stream is necessary for transportation improvements. We strongly feel that transportation should not come from funding for school children, frail senior citizens, or law enforcement officers.

It is my hope that this report provides insight into the discussions and debate that occur during budget negotiations. I will continue to report to you from this perspective over the upcoming weeks.