

Naughty or Nice Budget?

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Newspapers continue to reprint the 1897 piece "Yes, Virginia, There Is a Santa Claus" written by Francis P. Church of the then *New York Sun* in response to a letter from an eight-year-old who had asked him for the truth about Santa Claus.

"Yes, Virginia, there is a Santa Claus. He exists as certainly as love and generosity and devotion exist, and you know that they abound and give to your life its highest beauty and joy," Church wrote. "How dreary would be the world if there were no Santa Claus. It would be as dreary as if there were no Virginias."

Many of the 140 men and woman who are the members of the General Assembly hope that there is a Santa Claus – not just in spirit but in reality as well. The state's budget crisis continues to persist, and it is clear that no amount of economic recovery alone is going to resolve it. Tough decisions need to be made coming down essentially to the choices: What are we going to do without? How can we raise revenue to cover the cost of basic services?

Over the past two years the state general fund budget of approximately \$25 billion has been reduced by six billion dollars. Another billion will need to be cut to keep the budget in balance. State personnel positions have been reduced by 5,000. College tuition has increased. Waiting lines for mental health and mental retardation services have gotten longer. All state services have been cut back.

On the demand side of the budget, the number of public school children is increasing each year with Fairfax County gaining two to three thousand new students each year, many of whom speak English as a second language. Estimates are that more than 50,000 additional students will be seeking to enter our colleges and universities each year. Our prisons are filling up under the no parole policy. Medicaid costs are soaring as the population ages and health care costs rise. Waiting lists of many health and human services exceed a thousand people.

To balance the budget while meeting the cost of core services, Governor Mark Warner has proposed a tax reform package that provides a tax cut for nearly two-thirds of taxpayers while raising an additional billion dollars for the biennium. Tax cuts include reducing the tax on groceries from 4 to 2¢ and phasing out the entire car tax by 2008. Increases include raising the general sales tax from 4 to 5 percent and adding another income tax bracket for taxable income over \$100,000. To see what all these tax changes do to you, visit the website <http://taxreform.governor.virginia.gov> to calculate your new tax under the reform proposal.

Yes, Commonwealth of Virginia, there may be a Santa Claus in spirit, but he will not be able to solve your budgetary problems. Tough choices will have to be made. Priorities will need to be set. The kind of Commonwealth we want in the future is on the line.

May you feel the spirit of love and generosity and devotion that the holiday season represents. Jane and I wish you the best of the holiday season. Please let me know whenever I can be of assistance to you – kenplum@aol.com.