

## ECONOMY

## Off the beaten path

*How the proposed Coalfields Expressway could transform the far Southwest's economy.*



by **Markus Schmidt**  
July 6, 2022



The Coalfields Expressway in West Virginia. Courtesy of Famartin.

When Paul Elswick founded Paul's Fan Company in 1958 as a small shop repairing underground mining equipment, he had no idea that one day he would expand to manufacture and ship thousands of ventilation systems across the USA, Canada, and Mexico. But more than 60 years later, Elswick's son Todd, who now runs the family business, is unsure if he can afford to keep his operations in Buchanan County, the only Virginia county to border both West Virginia and Kentucky.

Headquartered in Grundy, a small Appalachian town of about 1,000 residents surrounded by majestic mountains on the banks of the Levisa River, Paul's Fan Company is two hours in any direction from any kind of major thoroughfare or interstate, making it an extremely challenging location for an international distributor of ventilation fans.

“When we try to hire LTL (less than truckload freight shipping) trucks or hired trucks, they won’t come here because we are so far off the beaten path,” Todd Elswick said in a recent phone interview. “That’s one of our main problems of where we are, and a reason why other industries won’t locate here. If we were located in other places in the world, we would have a much better clientele just because of geographical location.”

The main reason why Elswick decided to hang in there is the promise of the Coalfields Expressway, a proposed limited-access highway designed to provide a modern, safe and efficient transportation artery through the coalfields region of far Southwest Virginia and southern West Virginia. Once completed, the approximately 57-mile section in Virginia – dubbed CFX by transportation officials and formally designated U.S. Route 121 – will travel from U.S. Route 23 near Pound through Dickenson and Buchanan counties to its connection with the West Virginia segments of the expressway leading to Interstate 64.



An example of the type of fans that Paul's Fans produces. Courtesy of Paul's Fans.

For businesses like Paul’s Fan Company, the CFX would be a lifeline to a wide world of commerce beyond remote Appalachia. “If I can get my product closer to where I can get it on a good hub, and decrease these costs, any kind of help will benefit my company directly,” Elswick said. “And being able to do that and holding my cost will make me more marketable towards my competitors.”

But despite being considered the largest road project in Virginia’s history with a price tag up to \$4 billion, more than 30 years since its inception progress has been slow for much of this time and the construction of the CFX in the commonwealth has not moved beyond its infancy stage.

However, efforts have begun picking up steam in more recent years, after the General Assembly in 2017 created the Virginia Coalfields Expressway Authority, which is tasked with improving transportation into, from, within and through Southwest Virginia, while assisting in regional economic development and generally enhancing highway safety in the affected localities of Buchanan, Dickenson and Wise counties.

The authority has a total membership of 12 members, including nine non-legislative citizen members and three ex officio members. Six of the non-legislative citizen members are appointed by the Speaker of the House of Delegates – two each from Buchanan, Dickenson and Wise counties. Three members are appointed by the Senate Committee on Rules, including one each from Buchanan, Dickenson and Wise counties.

“The Coalfields Expressway is a very critical issue for Southwest Virginia and for our economic development around here,” said Jonathan Belcher, who serves as the executive director of both the Virginia Coalfields Expressway Authority and the Virginia Coalfield Economic Development Authority.

Once the CFX authority started meeting in the fall of 2020, things started “moving along again and quite well,” in particular thanks to the recent federal funding secured by U.S. Senators Mark Warner and Tim Kaine, D-Va., as well as Rep. Morgan Griffith, R-Salem, Belcher said.

Congress recently allocated \$1.9 million in the Fiscal Year 2022 government funding bill to help with the planning, budgeting, and design required to expand the Coalfields Expressway. A new study will revisit a 16.5-mile section proposed from Grundy to the West Virginia state line. The appropriation is unrelated to funding in the Infrastructure Investment and Jobs Act of 2021, which included almost \$20 million for the Appalachian Development Highway System. The Virginia Department of Transportation (VDOT) estimates the cost for that section of the proposed route to be between \$1.5 billion and \$1.8 billion.

Kaine came to Grundy in April for a roundtable discussion with board members of the Virginia Coalfields Expressway Authority at the Southern Gap Transportation and Logistics Center to talk about the future of the project. “The Coalfields Expressway will allow Virginians to get around more easily and promote economic development throughout the region,” Kaine said in an email last week. “But in order for a project to be successful, it must be planned well,” he said.



A VDOT map of the Coalfields Expressway.

Kaine and board members discussed additional ways to continue to move the project forward. A next step includes seeking federal funding to pave 2.2 miles of U.S. 121 within the Corridor Q project to four lanes.

Corridor Q is adjacent to the industrial park at Southern Gap in Buchanan County, and current paving funds call for paving of just two lanes and a truck climbing lane. “From an economic development standpoint, it would be very beneficial to have four lanes adjacent to the Southern Gap industrial park,” Belcher said. “It’ll be open by 2027, but what you would see right now would be a two-lane unless we get the additional funding to make it a four-lane.”

In his email last week, Kaine said that he recently joined Warner in submitting a request for funding design and construction of the Hawk’s Nest portion of Corridor Q for Fiscal Year 2023. “I will continue to work with the Coalfields Expressway Authority so we can see those plans through,” he said.

Griffith, the congressman from Salem, attended a board meeting in Lebanon just last week, where he reiterated his commitment to the CFX project. “This roadway has a huge benefit in Virginia and will transform the economy, or at least gives us a fighting chance to transform the economy,” he said in a statement, adding that the Coalfields Expressway in Virginia and its connectivity to Kentucky and West Virginia also benefits those states by providing another transportation artery to the south. “This road will give us bigger and better opportunities to land some major job creators,” Griffith said.

While there are signs of hope for more federal help to pay for the project, stakeholders want to tap into more funding sources from the state – especially in a fiscal year that leaves the commonwealth with flush coffers. In May, members of the Virginia Coalfields Expressway Authority met at the Southwest Virginia Higher Education Center in Abingdon with VDOT officials, including Secretary of Transportation Sheppard Miller, to consider the region’s piece of the commonwealth’s overall \$51 billion six-year road plan.

“We have a problem – with transportation,” authority chair Jake Rife stressed at the meeting. He noted that while some road improvements related to Route 460 are underway, “we still need the Coalfields Expressway to get us to other points. Not only will it help Buchanan, Dickenson and Wise counties, but it will open up Scott and Lee and it will alleviate some of the I-81 traffic.”

Belcher said that while the authority is working to apply for grants at the federal level for the project, it is challenged in that it has never had any state funding, with state matching funds often being required to apply for federal grants. He urged that Virginia look at providing funding and also at including the CFX in the six-year plan.

Miller, however, said that when VDOT considers road projects, it looks long term. “We do not build roads for 10 years from now, but 30, 40, 60,70 years from now,” he said during the meeting. “We are thoughtful of how we spend your money and are a very data driven organization.”

Macaulay Porter, a spokeswoman for Gov. Glenn Youngkin, said in an email last week that the Youngkin administration understands the value that the region places on this project and that they are currently focused on completing Corridor Q. “We continue to look for funding and ways to advance the other pieces of the project,” Porter said.

Also in attendance in the meeting with state officials was State Sen. Travis Hackworth, R-Tazewell County, who asked VDOT to consider a study on the roadway commissioned by the Virginia Coalfield Economic Development Authority last year from Chmura Economics & Analytics, which pointed to its value to the commonwealth and the citizens in the region.

The Chmura study found that while construction of the Coalfields Expressway would cost \$3.1 billion, the cumulative economic impact of the CFX during a 50-year span would amount to 12.8 billion in 2021 dollars. The study also projects that construction of the CFX would inject an annual average of \$225.4 million into the local economy during a 25-year period and that it would generate 1,543 jobs each year in that period.

“I’ve been hearing about the Coalfields Expressway since I was a small child, that’s how long it’s been,” Hackworth said in a recent phone interview. Born and raised in Buchanan County, Hackworth moved to Tazewell County after getting married. “But I’m aware of the challenges that Buchanan County has experienced over the years with the lack of infrastructure and really no major road, besides US-460, and trying to get equipment, goods, manufacture materials from point A to 460 has always been a challenge,” he said.

Del. Will Morefield, R-Tazewell County – Hackworth’s colleague across the hall in the House of Delegates – said that he has spent some time since the meeting in May seeking a solution to help secure funding and expedite the construction of the Coalfields Expressway.

Morefield said that he may have found a path that may not require legislation or a budget amendment from the General Assembly. Instead, the project could benefit from a federal conduit bond program made available to Virginia that is rarely used.

Private Activity Bonds (PAB) available to provide interest free capital for privately backed projects could “potentially be used for private companies to build a portion of the CFX,” Morefield said. “It is possible for coal mining companies to help expedite construction of the project by surface mining coal in areas



where road beds must be constructed. This type of mining and road construction is often referred to as 'coal-synergy.'"

The incentive for the coal companies would be to surface mine the coal, and the commonwealth would get the construction of road beds at a lower cost, Morefield said. "Coal companies were successful in using coal-synergy practices to build roadbeds in the past and reduce the cost of construction for the project. The only difference today is that coal and mining related companies are finding it difficult to access the capital they need to operate."

The coal companies should qualify for PAB funding to build the roadbeds under the current qualifying guidelines, especially since inflation is increasing the cost of mining and operating a business to a point where it's becoming extremely challenging, Morefield said.

"The incentive for the coal companies would be the ability to mine coal and access interest free capital. This would increase demand for more coal mining jobs and help expedite the CFX construction without appropriating additional state funding at the current time," Morefield said, adding that he has already started conversations with some people in the coal industry about this idea. "There is interest," he said. "It is my hope that VDOT will be receptive to this idea and find creative ways to expedite construction."

For lawmakers and members of the Virginia Coalfields Expressway Authority, timing is crucial because the CFX really is a tri-state project bringing together the interests of Virginia, Southwest Virginia and Kentucky. "Without the completion of all of it, all three states suffer," said Belcher, the authority's executive director.

While West Virginia has been making good progress on its part of the Coalfields Expressway, the state's investments are not going to be fully realized without the completion of CFX stretch in the Virginia part of it, because "it won't really connect to anything meaningful on the western part of the West Virginia section," Belcher said,

In Kentucky there would be a gap as well. "You'd be able to travel US-460, but you won't have the east-west connection that the Expressway provides, so Kentucky would benefit from there, which is why it comes down to each state having to see to it that their part is completed," Belcher said.

In comparison, Virginia is way behind. With Corridor Q being the only section of the CFX currently under construction to be completed by 2027, more than 50 miles of the proposed highway remain unfunded and not under construction – with the expectation of \$1.9 million for the pre-engineering study for the 16.5-mile section proposed from Grundy to the West Virginia state line.

"That is what is really needed, is to get construction funding for it and that's the challenge right now given the price tag, and with inflation that increases by significant amounts," Belcher said. "It will grow beyond the \$4 billion easily the more time goes by."

And because of the difficulty of getting construction dollars, providing a timeline for a completed project becomes increasingly speculative, Belcher added. "I would like to see at least for Virginia to make some progress during the next 10 to 20 years," he said.

For Todd Elswick, the owner of Paul's Fan Company in Grundy, that might be too late, and he won't rule out moving his company of 63 employees to a different part of the state with better infrastructure. "We have thought about relocating and we are even thinking about that now," he said. "But our roots are here, I have three sons in the business now that are working with me, and the people that are here, the skilled workforce that I need and the good old fashioned work ethic is here. We would like to stay."

At a time when Virginia can take advantage of a historic budget surplus, Elswick struggles to understand why the dire transportation needs in the far Southwest are not being considered enough.

"I would like for folks who live east of Roanoke try and comprehend how difficult it is here, geographically, because of the lack of the roads," Elswick said. "It is a very, very unique situation here, and my lifelong statement has been that the state of Virginia does not end in Roanoke. There is another part of us folks down here who over the years have been major contributors to the state's budget with very little return on those monies that we sent, and that frustrates me."



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Map of the Virginia route. Courtesy of Virginia Department of Transportation.

POLITICS

# 'This will cost lives'

*Virginia Department of Health rations the cost-free distribution of Narcan kits as the number of fentanyl overdose deaths continues to climb.*

 by **Markus Schmidt**  
August 24, 2022



Narcan kits distributed by the Virginia Department of Health. Photo courtesy of Charles Tarasidis.

Amid the latest surge in opioid overdose deaths in Virginia, the state has begun rationing the number of naloxone kits that local health departments and civic organizations are eligible to receive and hand out in their localities.

The Virginia Department of Health – the agency that is responsible for distributing the medicine in the commonwealth along with the Department of Behavioral Health and Developmental Services – informed its community partners across the state of the cutbacks in an email on July 7, citing a funding shortage.

“As we anticipate increasing demand along with the current funding levels available, VDH has asked that orders be minimized to 1,000 kits per month, with no new sites being enrolled at this time,” Linda Scarborough, public information officer for the department’s Western Region office, confirmed in an email earlier this week.

The VDH’s move has caught off-guard many of the local departments and organizations that require significantly more doses, leaving them unprepared for a potential increase in deadly overdoses. “The drugs are getting stronger, and fentanyl is more and more out there, so these cutbacks are detrimental to folks that are using,” said Lisa Via, manager of the Council of Community Services Drop In Center North in Roanoke, which has been handing out between 1,200 and 1,300 kits in the valley every month.

Last year, 2,667 Virginians lost their lives in fatal drug overdoses, the deadliest year yet. Virginia is on pace to match that again this year, [according to an estimate](#) by the federal Drug Enforcement Agency.

Naloxone has been an important tool in the fight to prevent such deaths. It comes in two FDA-approved forms – injectable and as a prepackaged nasal spray, which is also known by the brand name Narcan. It is light to carry and anyone can use it without medical training or authorization.

If administered quickly, and sometimes repeatedly, it can revive someone who has overdosed. In recent years, health officials have been working to put more and more naloxone kits into the hands of people who use drugs or are around those who do so that they have the tool nearby. It is not known how many lives have been saved.

While the VDH has increased the number of naloxone kits dispersed by 52 percent to more than 55,000 in the last six months, an unexpected demand has forced them to cap the number of kits each of the authorized distribution sites may receive.

Via said that her team normally asks participants in their naloxone program how many kits they need, but because of the now limited supply they will have to start rationing to one or two boxes per person. “A lot of them take Narcan back to their friends they use with, so we’ll have to cut back there as well,” Via said.

And Danny Clawson, the executive director of the Virginia Harm Reduction Coalition in Roanoke, a nonprofit that hands out kits three times a week at various locations across the city, said that the VDH’s decision to ration will cost lives. “For your average organization, capping it at 1,000 kits may be reasonable. But we are distributing way more than other organizations,” Clawson said, adding that the supply the VHRC received before July was barely enough to meet the demand.

Clawson cited concern that the cutbacks by the state will stretch the limited supply even further. “Our goal is to get Narcan in every first aid kit, every car and every house, because you never know when you will come across somebody who is overdosing,” Clawson said. “It’s so prevalent, you just never know when anybody is going to come up on an overdose, which is why creating a ration mentality is very scary to me. If we can’t give out as many kits as our participants want, we will have overdoses. That is my nightmare scenario.”

The number of drug overdose deaths in Virginia continues to climb after the state declared a public health emergency in 2016. Three-quarters of the deaths now involve fentanyl, according to [the latest VDH data](#). Like morphine, fentanyl – a prescription drug that is also manufactured illegally – is a medicine that is typically used to treat patients with severe pain, especially after surgery, but it is 50 to 100 times more potent. It is also sometimes used to treat patients with chronic pain who are physically tolerant to other opioids.

When prescribed by a doctor, fentanyl can be given as a shot, a patch that is put on a person’s skin, or as lozenges that are sucked like cough drops. The illegally used fentanyl most often associated with recent overdoses is made in labs. This synthetic fentanyl is sold as a powder, dropped onto blotter paper, put in eye droppers and nasal sprays, or made into pills that look like other prescription opioids.



Narcan kits distributed by the Virginia Department of Health. Photo courtesy of Charles Tarasidis.



For opioid-induced overdoses Narcan has been a game changer, said Charles Tarasidis, a clinical pharmacist at Carilion Clinic in Christiansburg. “When an opioid gets on a particular receptor in the brain, it can create respiratory depression, first slowing down the breathing until the breathing stops and death occurs,” Tarasidis said.



Charles Tarasidis. Courtesy of Carilion Clinic.

Narcan became widely known in 2016, when music icon Prince was resuscitated by EMS personnel treating him with the nasal spray after he overdosed on a private plane on the way back to his hometown Minneapolis following a concert in Atlanta. The incident happened just days before he died from another overdose caused by prescription painkillers that unbeknownst to him were laced with fentanyl.

Narcan quickly reverses an overdose by blocking the effects of opioids. It can restore normal breathing within two to three minutes in a person whose breath has slowed, or even stopped, as a result of an overdose.

“When injected in the nose very rapidly and firmly, it gets up in the high sinuses, where there are a lot of membranes, and it gets absorbed into the system,” Tarasidis said. “That Narcan is like a very potent magnet with a much higher attachment and attraction to the receptors than the opioid.”

But there’s a downside: Narcan has a very short half-life of between just 30 to 60 minutes. “If more help isn’t coming and there is still a tremendous amount of opioid in the patient’s system, the big bullet is gone and it will create respiratory depression again,” Tarasidis said. “You can overdose twice on the same amount of drugs. That’s why we always call for help and stay with the patient.”

And because of the high potency of fentanyl, the demand for Narcan has increased dramatically in recent years as overdosing patients often require a second dose to stabilize. “You used to be able to get by with one dose for a regular heroin overdose, but now you might need two. It’s mean stuff,” Tarasidis said of the fentanyl. “It’s giving us some serious challenges in the EMS world. Heroin takes acres of poppy to make, but you can make fentanyl in your basement.”

To counter fatal overdoses at the beginning of the most recent opioid epidemic, the VDH started distributing naloxone at no cost to various community partners, including Community Services Boards, law enforcement, fire departments, EMS, VDH local health districts, the Department of Corrections, the Department of General Services Division of Consolidated Lab Services, and public schools.

In 2019, the department launched the Comprehensive Harm Reduction Partner Program that also includes the distribution of sterile and disposal of used hypodermic needles and syringes, education, referral to drug treatment, testing, and an array of other health services. In order to join the program, organizations must undergo a vetting and approval process. The program is administered by the VDH's Central Pharmacy and the Department of Behavioral Health and Developmental Services.

Of the six sites that are currently part of the program, half of them are located in Southwest Virginia: the Lenowisco Health District, the Mount Rogers Health District and Roanoke's Council of Community Services. The remaining three are in Harrisonburg, Richmond and Northern Virginia. At least three more applications are currently under review, including that of the VHRC.

During fiscal year 2021-22, the VDH Division of Pharmacy Services (DPS) distributed or dispensed 87,590 naloxone kits to all its partners. The department has entered into a proprietary information agreement with the manufacturer – prohibiting the department to share or disclose the pricing. The regular market price is \$75 at the public interest price for nonprofits for a two-pack of nasal Narcan, or about \$30 for two doses of injectable naloxone, said Stephanie Wheawill, the VDH's Division of Pharmacy Services Director in the Office of Epidemiology. “It is simply too high to match the need,” she said.

For the current fiscal year, the VDH has received \$1.3 million in state general funds to stock up on naloxone. The department also anticipates about \$3.2 million in additional federal funding during the current fiscal year, but this has not yet been fully realized. These funds would support the purchase of approximately 87,000 kits.

The VDH was forced to limit the distribution of kits due to increasing demand from its existing local and regional partners, Wheawill said. “We are working to solidify additional funding sources, and are optimistic that this will be a temporary measure to reduce distribution,” she said of the caps.

Del. Sam Rasoul, D-Roanoke, who during the last legislative period sponsored legislation directing the state to look into the feasibility of turning Catawba Hospital into a state-of-the-art campus offering substance abuse treatment, called the rationing of Virginia's Narcan supply concerning.

“We hear from first responders of the critical need and growing use of Narcan, and it's clear that lives are being saved. We should not be limiting but rather expanding the distribution of Narcan,” Rasoul said, adding that with the state's budget surplus, Virginia has the resources “to be helping in these situations, and we should be putting more dollars toward substance abuse treatment and emergency care treatment.”

Macaulay Porter, a spokeswoman for Gov. Glenn Youngkin, said in an email that many of the state's response programs are funded through a combination of federal and state grants. "We are supportive of these programs and their ability to meet the needs of the community. Alongside his Secretary of Health and Human Resources and Secretary of Public Safety, the governor is continuing to look at solutions to combat this epidemic," Porter said.

But for those working on the ground, a sufficient Narcan supply is a matter of life or death – especially in the midst of the current surge of fentanyl overdoses.

"Demand fluctuates depending on drug supply, and for our participants alone, each month we average around 700 kits for our syringe service participants. But that doesn't include people who cannot make it to our meetings, because they live an hour or so away and they take 12 to 15 kits to bring back to their communities," said Clawson, the VHRC's executive director.

Government needs to do whatever it takes to provide an unlimited supply of Narcan, Clawson added. "So many lives can be saved, and we shouldn't be giving Narcan only to people who use drugs themselves," Clawson said. "Often it is another family member finding a loved one who overdosed, and if they had Narcan and knew how to use it, it would save their lives. We should be making massive campaigns to get it in every school, every office, and every household."

Tarasidis, the clinical pharmacist at Carilion Clinic, is pushing to make Narcan kits easily available, including in vending machines. "I know there has been a lot that has gone out, and that's great," he said, "but in terms of harm reduction volunteers who work in the street to not have the Narcan with them when the overdose occurs in front of them, that's gonna be tough. And I'm scared."

*Correction: An earlier version of this story stated that the Virginia Department of Health and the Virginia Department of Behavioral Health and Developmental Services informed their community partners via email of the Narcan cutbacks. But the latter agency did not send out the email, it was sent by the VDH's Division of Disease Prevention at the Office of Epidemiology.*



POLITICS

# Inside the budget battle

*Youngkin frustrated with the legislature's stalemate over the state's biennial spending bill.*



by **Markus Schmidt**

April 8, 2022



The State Capitol. Photo by Markus Schmidt.



RICHMOND – When lawmakers adjourned after a short work day at the state Capitol that rang in the special session Monday, they went home to their districts without doing what they came to do – vote on the state’s biennial budget. But House GOP leadership gave members of its caucus some advice on the way. “We have been asked not to make any long-term travel plans from now through July 1,” said Del. Will Morefield, R-Tazewell County, referring to the date set in the Virginia Constitution on which a new budget must go into effect. The unusual request is a sign that despite claims from lawmakers that they are close to coming to an agreement, they are preparing for a budget battle that could take weeks, if not months.

Nobody is more dismayed at the General Assembly’s lack of action than newly elected Gov. Glenn Youngkin, who had pinned his hopes on having a budget on his desk earlier this week after previously having summoned lawmakers back to Richmond to work out their differences and get the job done. For Youngkin, the budget is a crucial component of his ability to make good on his campaign promise to provide Virginians with tax relief, among a slew of other things. But without a budget, his hands are tied.

“I’m really disappointed they didn’t do more work during the break, and particularly last week,” Youngkin told *Cardinal News* during a visit at a recycling plant in Chesterfield County on Thursday. “I am hopeful that they are working this week.”

Despite his sense of urgency, Youngkin said that he would continue to refrain from interfering with the negotiations. “I respect the legislative process, it is a budget that needs to come from legislators. But it’s time to pass one, Virginians have been waiting long enough,” he said, reiterating his push for tax relief, salary increases for teachers and law enforcement, and investments in the state’s health and mental health system.

“All of that can be done right now, and Virginians deserve it. So I’m frustrated, I want them to move faster, I want them to send me a budget so that Virginians can get on with things. The time is now.”

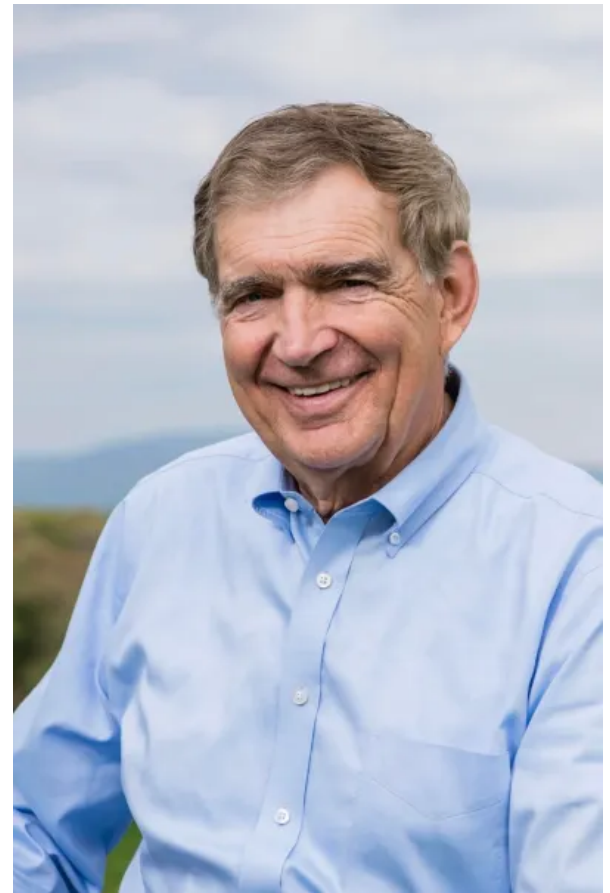
But Virginia’s budget process wasn’t designed to accommodate the wishes of the governor and the immediate needs of those living and working in the commonwealth. It’s often a slow-moving, at times excruciating process that, unless all three branches of the state government are controlled by one party, requires the ability of all stakeholders, elected or not, to work together and compromise.

“If you have one party rule, you can push things through, but I believe it is a better process when there is a series of give-and-takes and compromises that lead to a better product,” said Sen. Emmett Hanger, R-Augusta County, who as one of the 14 budget conferees is familiar with the ongoing closed-door negotiations. “Quite often it’s hard to get to a final product, because the process seems convoluted and

sometimes you can't meet your deadlines, but if people work in good faith and for the benefit of Virginians, that's a great thing," Hanger said in a phone interview on Wednesday.

Virginia's legislature adopts a two-year budget every other year, and unlike the federal government, the commonwealth must remain funded to avert a detrimental impact not only on the state government but localities relying on cash from the state. The biennial budget is enacted into law in even-numbered years, and amendments to it are enacted in odd-numbered years.

Developing the budget usually takes several months and involves many stakeholders, from state agencies to the legislature, and the public. During the development phase – usually in September – the governor and his cabinet work together with the Department of Planning and Budget to prepare a budget proposal based on several factors, particularly the administration's priorities and a revenue forecast.



State Sen. Emmett Hanger, R-Augusta County.

In December, then-Gov. Ralph Northam rolled out his final \$158 billion budget for fiscal 2022-24. A strong economic recovery and federal aid during the pandemic allowed the administration to set aside \$1.7 billion to the commonwealth's revenue reserves, including a \$564 million voluntary deposit, bringing the total reserves amount to more than \$3.8 billion, or 16.8% of state revenues, and more than double the 8% that the administration set as a goal four years ago. A record surplus of \$2.6 billion allowed Northam to push some ambitious ideas that would have been unthinkable just two years ago, including a \$500-million investment to address Virginia's dire school construction needs.

Northam then submitted his proposed budget to the General Assembly, which reconvened for its 2022 session on Jan. 12, in the form of a budget bill that was referred to the Appropriations Committee of the House of Delegates and the Finance Committee of the Senate. Since Youngkin was sworn in as Virginia's 74th governor on Jan. 15, and GOP candidates had regained the majority in the House, Republicans amended the House budget with the new governor's priorities in mind.

"We developed the Senate budget based on amendments, and the House did the same thing," said Hanger, who is a member of the Senate Finance Committee. "When the House bill came over to the Senate, we laid on our amendments and they did the same thing with the Senate bill. Then we set up a conference to resolve the differences."

This year, 14 legislators – the so-called conferees – were tasked with resolving any differences between the budget versions passed by the two houses, resulting in a single enrolled bill. The conferees are appointed by the chairs of the two money committees, based on their qualifications for certain subject matters. The six House conferees include Del. Terry Austin, R-Botetourt County, and the eight Senate conferees include Hanger and Sen. Steve Newman, R-Bedford County. Austin could not be reached for this story.

As the budget is usually one of the last things to get approved, the conference committee began meeting in the first week of March on the 14th floor of the Pocahontas State Office Building in Richmond's Capitol Square. Sometimes conferees met in a House conference room on the 13th floor, at other times in a leadership conference room on the 6th floor. "Generally we float around these locations during session," Hanger said.

On some days, the conference committee broke up into smaller focus groups, dealing with more specific issues, said Hanger, who took a lead on Health and Human Resources – the largest area of expenditures in the state budget. "Then you have another pairing group looking at education, general government, and public safety, and others. You sometimes break out into even smaller groups, when dealing with the judiciary and other areas. This year we had pretty substantive meetings in all of those areas, and we did a lot of work before the regular session concluded."

But when the regular General Assembly session adjourned after 60 days on March 12, lawmakers went back home without a budget vote, because conferees were unable to close the \$3 billion gap that still separates the spending bills of both parties, with most disagreements relating to different versions of tax relief. Most notably, Youngkin wants to see his \$5.5 billion package of proposed tax cuts in the budget – a plan that several Senate Democratic conferees are grappling with.

"The big thing this year, of course, that cannot be resolved, is tax policy which has changed our resources, and we are discussing how much of our projected resources we are going to allocate, since we are having some surplus," Hanger said. "Tax policy changes have been the sticking point, and there has been the governor's agenda, including the proposed gas tax holiday."

Stephen J. Farnsworth, a political scientist at the University of Mary Washington, said that Youngkin's impatience and his push to get the legislature to pass his tax relief proposals sooner than later left most Democratic lawmakers unimpressed.

"The impasse wouldn't be a surprise for anyone who pays attention to how long it takes the legislature to do things, and it seems like the governor's effort to force a more rapid agreement backfired," Farnsworth said. "While the governor can reconvene the legislature, he can't make them reach an agreement. The

effort to try to force a deal when the parties weren't ready to agree on terms seemed to stiffen the resolve of the Democratic Senate majority to hold out for their priorities.”

The normal approach in Virginia politics is to fight things out in the 11th hour, Farnsworth said. “When there is a divided government, there are two approaches and they tend to not get resolved quickly. The core issue for Virginia lawmakers is the state’s AAA bond rating, so both parties never want to do anything to call that into question. That’s why shutdowns federal government style rarely happen in Virginia, and when it does happen, it doesn’t happen for long.”

Sen. David Suetterlein, R-Roanoke County, blamed a small number of Senate Democratic conferees for the budget impasse. “If you put the doubling of the standard deduction on the Senate floor, I’m sure it would pass, and there is broad bipartisan support for the repeal of the grocery tax,” said Suetterlein, who is not a member of the budget conference, referring to the Republican proposal to eliminate the entire 2.5% tax on groceries and essential personal hygiene products, which passed the House of Delegates by a 80-20 vote in February.

“The vast majority of House Democrats have already voted for it, and I think many of my Senate colleagues want to see a full repeal as well. Unfortunately, a handful of Senate Democratic conferees are obstructing the process and holding hostage tax relief for working Virginians and Virginia’s largest investment in public education.”

However, Gianni Snidle, a spokesman for the Democratic Party of Virginia, rejects the notion that Democrats are the ones obstructing the process. “We have been clear about standing up for public education funding, health and mental health infrastructure services, which are two very important things that we need to get out of this budget,” Snidle said. “These are generational investments that will help our students and hospitals, especially in rural areas where they have staff shortages.”

Snidle added that Democrats are not against tax cuts. “Our budget provides for tax cuts. But especially the gas tax holiday, how much will that save Virginians, maybe \$40 a year on average?” he said. The Senate budget, Snidle continued, includes rebates that would save Virginians between \$400 and \$500 a year, in addition to more funding for public education and school construction. “If they are taking money away from education, we don’t want that to happen,” he said.

Farnsworth, the political scientist, said that when looking at the current budget impasse, it is important to remember that Virginia politics has become a lot more partisan in recent years, when compared to previous years. “For generations there always was a voice of centrist Democrats and centrist Republicans that told extremists on both sides how things would be going down, and that created very little



brinkmanship. That's very different from where we are now, neither party seems to have many centrists anymore," he said.

But there is still time to resolve the disputes before the veto session, which is April 27, Farnsworth said. "A key measure of the willingness of the two sides working together will be whether they are going to work out the remaining differences within the next few weeks. Even when lawmakers say they aren't far apart, the issues that remain at the end are often the most difficult ones," he said.

It is often regular Virginians who have to bear the cost of a budget stalemate caused by a partisan divide in the legislature. "The local governments are in a posture because they need to make timely decisions," Hanger said. "Because they don't have the luxury of waiting, they need to hire teachers or enter in construction contracts, they need timely decisions. We are already at the point where this creates urgency."

Or take the residents in Buchanan County who were denied federal disaster funds after flooding, mudslides and rockslides triggered by a downpour in August wiped out dozens of homes in the Guesses Fork section of Hurley, washing many others downstream. One person was killed during the disaster. Homeowners who had insurance found that their policies wouldn't cover their losses – even those who held flood policies were denied coverage for damage caused by mudslides.

The two-year state budget proposed by House Republicans includes \$11.4 million in state funding for the victims of this major flood, who under an emergency clause would receive the much needed help once Youngkin signs the budget.

"With slim majorities it only takes a handful of votes to significantly change the fate of legislation," said Morefield, the Republican delegate from Tazewell County who sponsored the measure to help the Hurley flood victims that is now tied up in conference.

Several of the Democrats and Republicans on the Senate Finance and Appropriations Committee have already expressed support for his proposal, Morefield said. "Dozens of families lost everything they owned, and most of them had no insurance or insurance claims were denied. We can only hope that a budget will be adopted well before July 1."

Hanger said that while lawmakers were waiting for about 10 days for Youngkin to summon them back to Richmond, at least some work still went on behind the scenes. "There were conversations on the Senate side and the House side, between the chairs of both finance committees and staff, to refine the work we had done so far," he said.

But there was no substantive movement during those days. “I had hoped we would make progress and lay the budget on the table when the governor announced the special session for April 4th, that’s what I was in favor of. But it didn’t work out because of people’s schedules. We were running into some issues and some decision makers just weren’t available.”

On Monday afternoon, after the General Assembly adjourned for the day, conferees met in Richmond for about four hours to go over the updated numbers prepared by staff, showing them where they were at and what would happen if they made certain concessions.

And then, everybody packed up and went back home again.

“Sometimes there is a sense of urgency because members want to get it done, and sometimes it breaks off and we need a cooling-off period and see more of how the revenue projections are going,” Hanger said.

And what’s next? “We now rely heavily on the leadership of the committees to communicate and set up a work schedule, so I anticipate that some work will be done soon,” Hangar said. “Once that happens, I hope that we would then proceed with in-person meetings. I had hoped that this would conclude before Easter, but that was probably overly ambitious.”

Del. Sam Rasoul of Roanoke, the lone Democrat from Southwest Virginia in the House of Delegates who is known for his willingness to work with Republicans, said that for most lawmakers, it’s a wait-and-see mode.

“We certainly have been part of budget negotiations that have stretched out into June before,” said Rasoul, who has served as a legislator since 2014. “But I’m going to be more optimistic and state that in a divided government, there are differences of opinion, and generally speaking, we tend to figure out what might work best and how to get things done in time. Because we operate on a cash basis where we must have a budget to move forward, I think everyone feels the urgency in getting it done,” he said.

Rasoul added that his caucus meets virtually several times a week to discuss any updates and to “figure out what can be done that is palpable for all sides. He hopes that by the end of April the General Assembly will be able to vote on a budget during the veto session.

Once a budget is approved, Youngkin has 30 days to review the enrolled appropriation bill. He may sign it, veto the entire bill or selected line items, or recommend amendments. “At that point, it will be up to the governor to sign it and move on,” Rasoul said.

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