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CHAPTER SIX

Budgeting in Virginia: Power, Politics, and Policy

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As he stood before a packed house at the Richmond Marriot hotel on election night, November 4, 1997, Republican Governor-elect Jim Gilmore confidently predicted: "We will, in this administration, immediately move to eliminate the personal property tax on cars and trucks." Echoing a populist tone that defined his campaign, Gilmore summoned legislators to carry out the people's will: "The General Assembly of this state has a responsibility to eliminate this car tax and respond to the people of Virginia."[1] A few months later, as Gilmore struggled to push his campaign pledge through the General Assembly, he again resorted to a public relations campaign to regain the momentum that had faded after legislators weighed the value of repealing the car tax against competing budget priorities. Ultimately, a trimmed down version of Gilmore's proposal to repeal the car tax passed the General Assembly, yet Democrats also succeeded in enacting a state-funded initiative to repair and build local schools. According to many politicians and journalists, the car tax repeal and the school construction initiatives were 'historic" achievements.[2] Yet, the 1998 Session of the General Assembly also featured a continuation of partisanship, executive-legislative competition over the agenda, and increased participation by rank-and-file members.

In this chapter, we will first sketch out how budget making has evolved from an executive-centered, Democratic dominated process to one in which the executive and the legislature, Democrats and Republicans, share power. Secondly, the makeup of the budget will be analyzed, the major revenue sources and spending programs identified, as well as the trends in those realms. In doing so, we will highlight the constraints and opportunities facing the participants in the budget process. Finally, we will discuss how budgeting during the 1998 session illustrated several institutional and partisan features that had been in place before the session began.

The Evolving Institutional and Political Context

Executive Dominance

Historically, Virginia has had an executive-centered budget process, led by the governor, who, for much of the century, operated in a political system in which the Democratic Party controlled the executive and legislative branches (Palazzolo and Whelan 1993). Virginia was one of the first states to establish an executive oriented budget process with the passage of the Executive Budget Act in 1918. The Act made the governor the state's chief budget officer, responsible for overseeing the formulation of a budget for submission to the Assembly and the execution of the legislatively adopted budget. The office of governor is strong in Virginia, and significantly, legislators in a 1969 study ranked the budget powers as the governor's most important powers.

While governors had responsibility for formulating the budget, they customarily included key legislators in that process. Then, too, the Democratic Byrd organization's dominance of Virginia government from the mid-1920s to the mid-1960s normally assured a similar outlook among governors and legislative leaders on major issues. Still, the Assembly was poorly equipped to make independent evaluations of program alternatives. In fact, the Governor's budget staff assisted the House Appropriations and Senate Finance Committees when they reviewed the executive budget.

Yet the executive budget process was not without its own flaws. As part of an overall executive branch modernization process, the executive budget process was restructured in the 1970s. A Department of Planning and Budget was established, professional staffing upgraded, program budgeting introduced, and budgeting and accounting systems automated. The new 1971 Constitution had liberalized the state's capacity to borrow, a marked departure from the Byrd era, pay-as-you-go fiscal tenet. Thus, heading into the 1980s the state's executive-centered budget process was modernized to meet the enlarged governing mission facing Virginia governors and other key executive officials.

Legislative Emergence

In the 1960s, the Democratically-dominated General Assembly, reflecting a national state legislative reform movement, had begun to modernize its operations. The election in 1969 of the state's first Republican governor in the twentieth century, Linwood A. Holton, Jr., helped spur the reform process. Over the next decade, the Assembly moved to annual sessions, permitted under the new Constitution, and added professional staff, office facilities for members and staff, automated information and bill drafting systems, and a nationally recognized oversight unit, the Joint Legislative Audit and Review Commission (JLARC).

Spearheaded by the House Appropriations Committee (HAC), the legislative budget process also underwent change. The HAC had long enjoyed a privileged position in the legislative budget process, compared with its counterpart, the Senate Finance Committee (SFC). Until the early 1980s, the Executive Budget Bill was first introduced in the House and only late in the session after the HAC and its parent chamber finished their review would the SFC and then the Senate begin their deliberations. The 1970s saw the HAC move to strengthen its position. Full-time, year-around, professional staff were hired, monthly meetings of the committee between sessions became a routine, and subcommittees were established, enhancing member specialization. In the late 1970s, the SFC followed suit, hiring their first permanent professional staff in 1979, and four years later, in a tradition breaking move, introducing their own budget bill at the outset of the session. The SFC had some institutional features that made it a formidable counterpart to the HAC. The SFC had jurisdiction over both taxing and spending matters; the HAC shared those responsibilities with the House Finance Committee. Additionally, the SFC had a more inclusive chamber membership, especially among the key power figures.[3] Both Committees, dominated by senior Democrats, were accustomed to a good deal of autonomy in their respective chambers, deliberating in private on important issues and enjoying considerable deference when they brought their budget proposals to the floor.

While the executive now confronted a more challenging bicameral review process than had been the case a decade earlier, a good deal of cooperation persisted among the governors and the budget committee leaders. As political scientist Alan Rosenthal

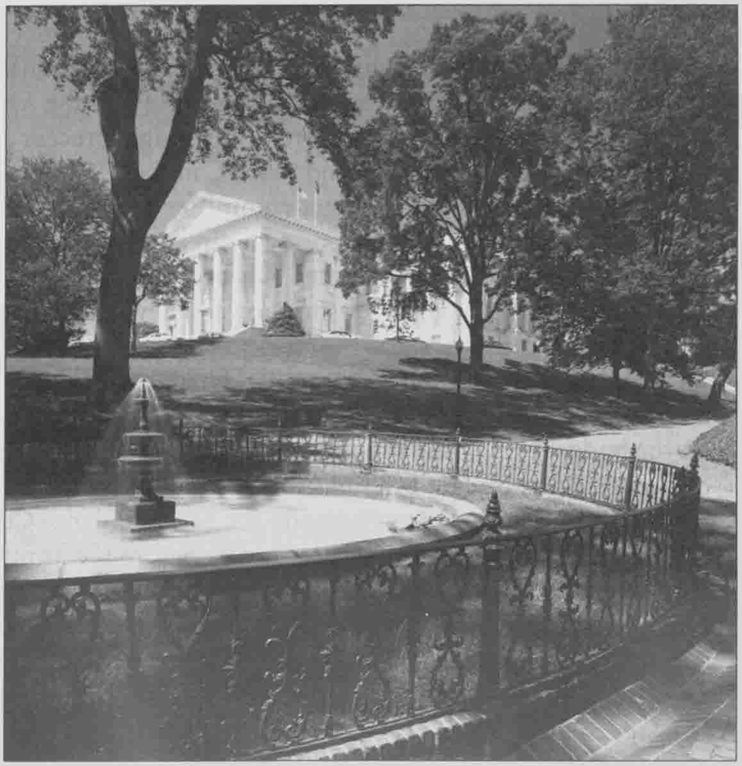

Figure 6.1 The capitol building in Richmond. Courtesy of PhotoDisc, Inc.

pointed out in his description of gubernatorial-legislative relations in Virginia during the late-1980s:

> In Virginia . . . the legislature works from the governor's budget bill. But the budgetary process is "wired" in the sense that the governor will not send over a budget that will make key legislators unhappy. The budget is worked out beforehand. Governor Baliles has an open process in developing the executive budget. Legislators come to the governor with their wish lists. The leaders, more often than not, have their priorities included in the governor's budget. If they do not, the governor will usually figure out an alternative way of funding their priorities. Throughout the budgetary process, Baliles maintains contact with legislative leaders and committee chairs, so that they are familiar with the recommendations he will make. Therefore, few public confrontations take place (Rosenthal 1990, 137–138).

Thus, though the legislative committees became less dependent on the executive for information and analysis, Democratic legislators worked together with governors of both parties to formulate the budget.

The New Budget Politics

The last phase of legislative budget developments has been unfolding since the late-1980s and is characterized by three important trends. First, the budget committees' autonomy has been challenged by more frequent participation of non-budget committee members in the process. Second, the level of partisanship increased, culminating in Republicans gaining power sharing status with Democrats by 1996 in the Senate and 1998 in the House. Finally, by comparison to traditional norms, we have seen an unusual degree of conflict between the governor and the Assembly.

As we have noted, participation in the budget process expanded with the emergence of the HAC in the 1970s and the SFC in the 1980s. Yet by the late 1980s, and especially in the 1990s, non-budget committee members began to participate more actively in the budget process, posing a direct challenge to the committees' autonomy. For instance, budget committee bills became subject to floor amendments. While it was unusual for the challenges to succeed, they signaled an increased restiveness in non-budget committee ranks.

For their part, the budget committees have become more responsive to outsiders, both in and out of the Assembly. Since 1992 the committees have solicited public input on the budget by holding pre-session hearings around the state. The committees also have conducted budget briefings for non-budget committee members during this period. Indeed, since the 1992 session the Senate Finance Committee has held a two-day "retreat" for the entire Senate shortly before the annual session. And in 1992, Delegate Robert Ball (D-Henrico), the HAC chair, sponsored legislation which required the governor to submit the executive budget by December 20, adding approximately a month of pre-session review time for interested parties.

Underlying the restiveness in non-budget committee ranks was a growing partisanship, especially in the House of Delegates. Republican strength had grown considerably in the Assembly, more than doubling from 1974 to 1994, with the Party increasing its seats in the Senate from seven to eighteen and in the House from twenty to forty-seven. Despite those gains, Republicans remained underrepresented on the budget committees. For example, if the majority-minority party ratio of seats in the budget committees had been proportional to the chamber as a whole in 1994, the Republicans would have had nine seats instead of five on the twenty-member HAC and seven seats instead of three on the fifteen-member SFC.

The Republicans' status would change abruptly in the Senate in 1996 and in the House in 1998, as the party gained parity with the Democrats in the respective chambers, forcing historic power sharing agreements. As part of the 1996 Senate agreement, Republicans gained co-chairmanship of the SFC and eight of the seventeen seats in the expanded committee. On the House side, Democratic leaders, protecting a slim and eroding majority (52 Democrats, 47 Republicans, and 1 Independent), were, if anything, more adamant in protecting party prerogatives, including control of the budget process. Republican strength in the HAC, already underrepresented, was reduced from five to four seats. Two years later, however, House Democrats were forced into a similar power sharing agreement, which in the budget realm gave House Republicans co-chairmanship of the HAC and fifteen of the thirty seats on the expanded committee.

Still, House Democrats retained some procedural advantages. By re-electing the Speaker, Thomas W. Moss, Jr. (D-Norfolk), in a controversial opening-day power move,[4] House Democrats maintained control of the chamber's presiding officer, capable of making important floor rulings. The Speaker, under the House version of power sharing, also retained the important committee assignment role. Still, Republicans for the first time in this century share in running the Assembly and the legislative budget process in particular. Currently, Virginia has the only state legislature where both chambers function under power sharing agreements.

Finally, while executive-legislative relations will be marked by episodes of both co-operation and conflict in any separation of powers system, Virginia experienced uncharacteristic episodes of conflict in the 1990s. First, Governor L. Douglas Wilder precipitated a showdown with his Democratic colleagues in the Assembly by cutting programs they favored without consulting with budget committee chairs. After the Assembly altered his budget bill, Wilder amended the bill with 86 additional items. Then, in an unprecedented maneuver, the Assembly defeated 59 of Wilder's amendments.

Four years later, Republican Governor George Allen's budget proposals, coming in the second year of his administration, ignited another high profile clash between the Governor and the Assembly. In 1995, Allen proposed a $2.1 billion, five-year tax cut for businesses and individuals, and $403 million in spending cuts, more than half of which would come from health and human services, and education. The plan, crafted with little input from Assembly leaders of either party and unveiled shortly before the 1995 session, spurred considerable opposition, cutting across both parties. In particular, the higher education measures, coming on the heels of the Wilder-era budget cuts, counter-mobilized a powerful business-higher education lobby. The lobbying effort culminated on the eve of a critical legislative budget vote with a well-publicized letter from three former Virginia governors, most prominently Mills Godwin, deploring Allen's budget proposals. The Assembly rejected Allen's budget package. Later, during the veto session, the Assembly rebuffed the Governor again by rejecting his proposal to return $300 million in lottery profits to local governments. Allen's defeats raised questions in statehouse circles about whether the Governor's proposals were political measures rather than governing documents, aimed at drawing clear distinctions between Democrats and Republicans for the forthcoming Assembly elections.

To be sure, the Allen-Assembly clash, coming in a divided party government context, had a stronger partisan element than the earlier Wilder case. Still, both clashes highlighted the increased contentiousness in gubernatorial-legislative relations during the 1990s. Ironically, both Governors Wilder and Allen would end their terms assuming a more conciliatory stance with the Assembly. Still, their experiences with the legislature marked a final phase in the development of the Virginia budget process. Since the late-1960s, the process has evolved from an executive-centered, Democratic-dominated process to one in which the executive and the legislature, Democrats and Republicans, share power.

Makeup of the Virginia Budget

The budget of Virginia is a complex document containing data on various sources of revenues and spending for thousands of programs. Yet, at a fundamental level, the budget reflects important choices about who gets what, when, and how from state government, and who pays for it. A brief overview of the budget provides a basic understanding of the key choices confronting Governor Gilmore and Members of the General Assembly during the 1998 session.[5] As we shall see, the spending and tax choices available to legislators in any given year are constrained by the structure of the budget

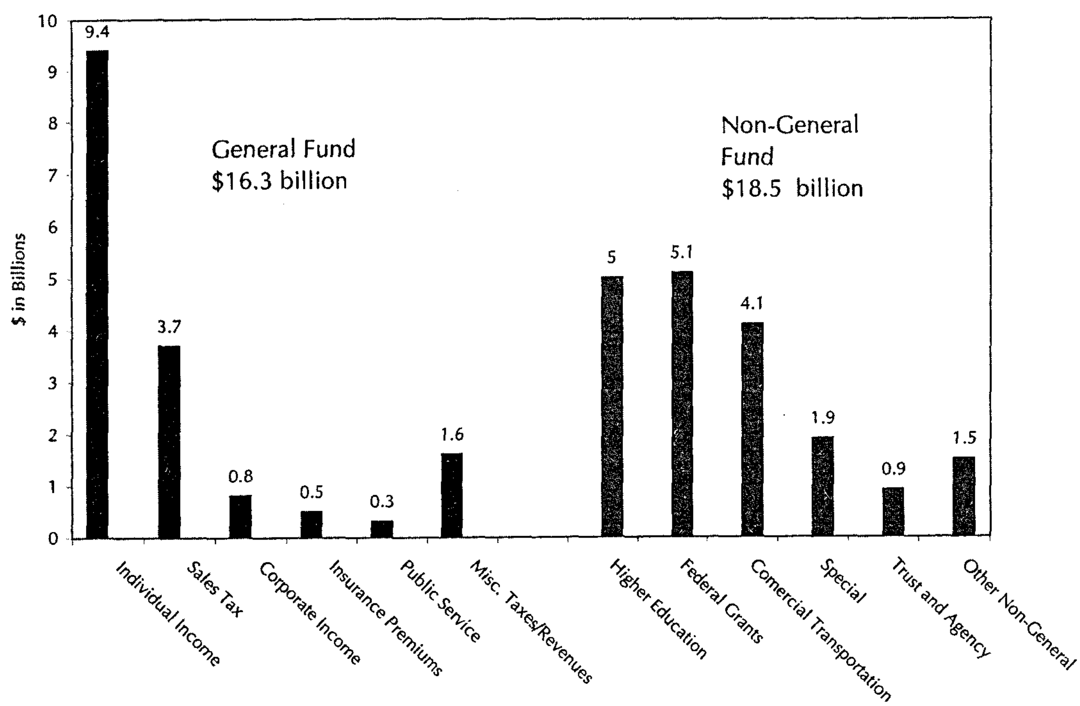

Figure 6.2 Sources of General and Non-General Funds

and existing commitments to state agencies and programs. Under the Virginia Constitution (Art. X, § vii), the Governor and the General Assembly are required to balance the state budget.[6] Nevertheless, budget priorities do change in response to economic conditions, federal grants, the costs of state services, and the deliberate actions of policymakers.

We begin with a few facts about where state revenues come from and how the money is spent. As Figure 6.2 illustrates, the state budget is generally divided into two parts: general funds and non-general funds. Revenues for the general fund come from various sources, but most revenues are collected from the individual income taxes and sales taxes. As Figure 6.3 illustrates, just over 50% of general funds go toward education, and much of the remainder finances ongoing services. Non-general funds consist of federal grants and fees earmarked for specific purposes. For example, federal grants pay for a portion of the state's costs for Medicaid, a state-run health program for the poor, and university operations are financed partly by tuition fees paid by students. Altogether, transportation, college and university operations, and health-related programs, like Medicaid, comprise two-thirds of non-general funds.

The structure of the budget does not allow legislators to make dramatic changes in spending and tax policy in a single legislative session. All of the non-general funds are earmarked for specific purposes and most of the general funds are dedicated to ongoing state programs. The Governor and state legislators cut spending from some services and allocate it to others, but those are typically small changes.[7] They can also increase taxes or fees to pay for additional services, but those too are likely to be small; after all, raising taxes is never a popular course of action.

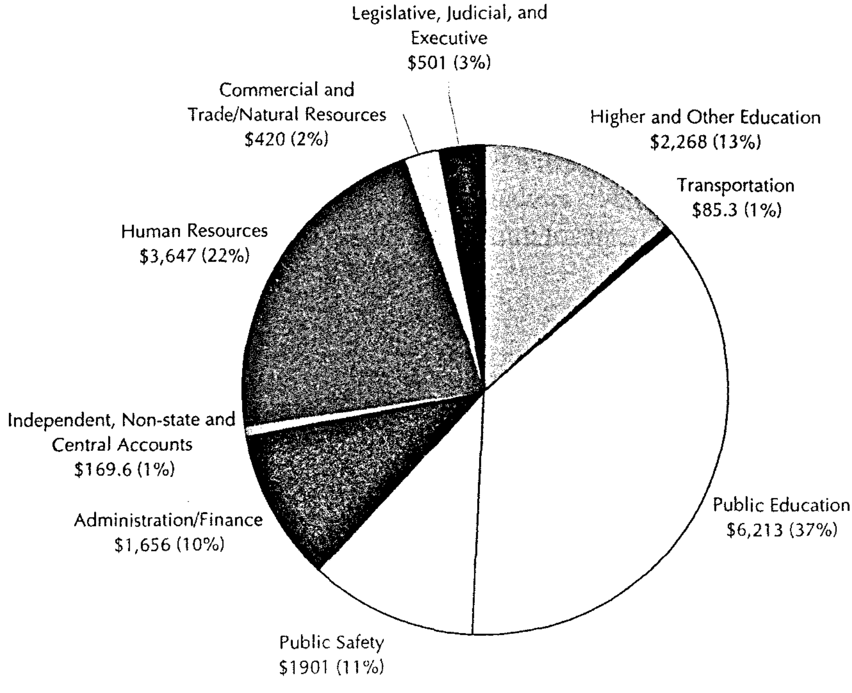

Figure 6.3 General Fund Operating Expenses

Nevertheless, over a period of time, even without any new major program initiatives, all states experience shifts in budget priorities in response to societal changes, legislative developments, and public needs. In Virginia, although taxes have not increased, overall spending has grown by 46% since 1990. Moreover, as Figure 6.4 illustrates, four major programs or activities—public education (grades K–12), adult and juvenile corrections, Medicaid, and debt service—have accounted for 75% of spending growth. Medicaid grew from $300 million in 1985 to $1.1 billion in 1996, largely because of Federal laws that increased eligibility for health services, general health care inflation, and the increasing costs of long-term care for Medicaid-eligible elderly and disabled persons. Corrections costs went up with increases in the number of state inmates and the accompanying rise in operating expenses. Education spending increases resulted from additional enrollments of about 108,000 new primary and secondary school students since 1990 and the implementation of new Standards of Quality. Finally, increased debt service, by far the fastest growing driving force in the budget, stems from bonds issued during the early 1990s to pay for capital outlays when general revenues were in short supply.[8]

As legislators prepared for the 1998 General Assembly Session, the four programs/activities that have been driving spending over the past eight or ten years were

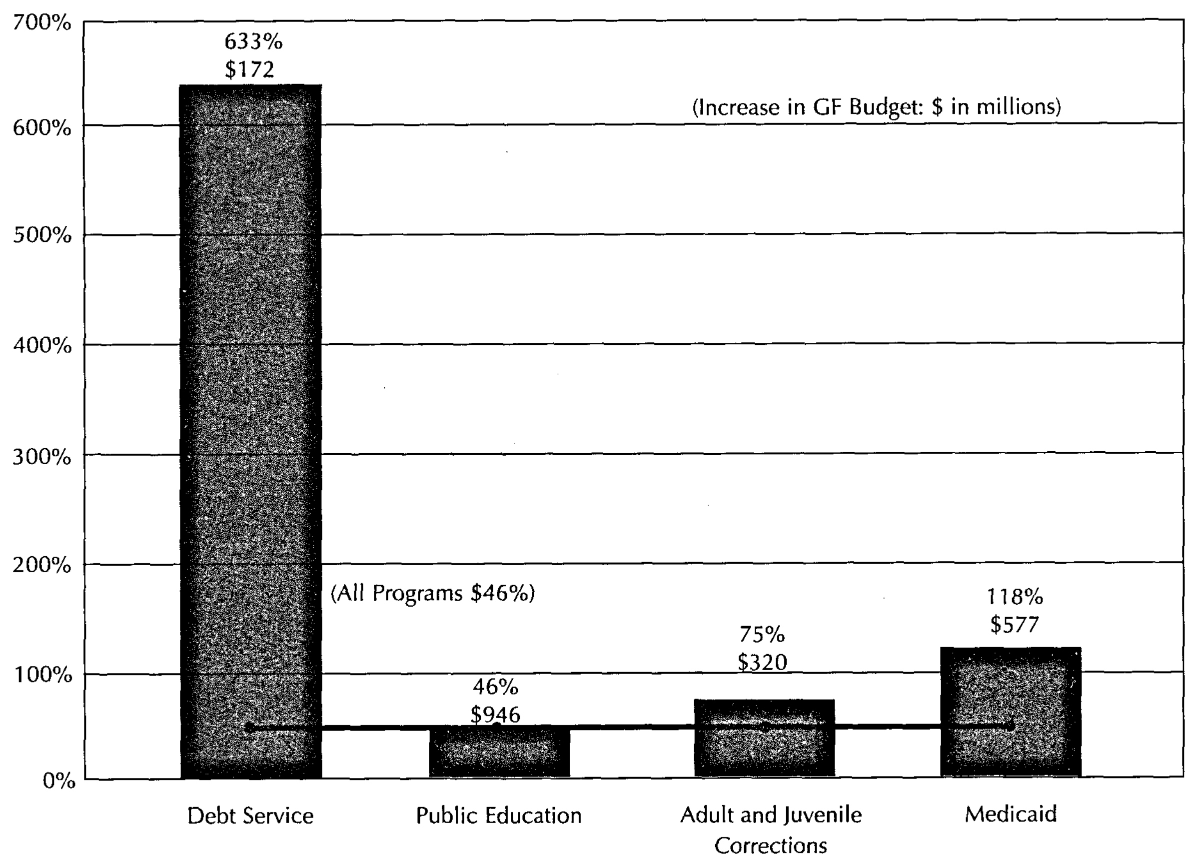

Figure 6.4 Budget Drivers Since 1990
(Four Programs Accounted for 75% of General Fund Budget Growth from 1990 to 1998)

expected to remain the most costly programs, and the economy was projected to grow at a moderate pace. The revenues derived from expected economic growth would cover the cost growth of the budget drivers, maintain salaries of government employees, and slightly increase capital outlays. Expected revenues were not large enough to cover certain other priority items, such as the Year 2000 computer problem, increases in higher education priorities recommended by the Commission on Higher Education, or funding any new initiatives.[9] Against this backdrop, the General Assembly would be charged with initiating a federally funded children's health insurance program administered by the state, deal with the priorities recommended by outgoing Governor George Allen, and address Governor Gilmore's election campaign proposal to repeal the car tax.

The 1998 General Assembly Session

How did the legislature respond to the budget situation in 1998? In light of previous trends in budgeting, one might expect some degree of legislative-executive competition, partisan tensions, and wider participation that has characterized the process since the late-1980s. Despite Gilmore's convincing electoral victory and mandate to repeal the car tax, he had more of a "policy mandate" than a "governing mandate," since House Republicans lacked the majority needed to rubberstamp his campaign pledge.

Then, too, Gilmore was a newly elected governor, facing the formidable challenge of putting together an administration, with all the personnel, organizational, policy and budget tasks entailed in that short ten week transition from election to inauguration. Since the 1998 session would be the even-year, biennial budget adoption session, the proposed 1998–2000 executive budget, under formulation since the previous Spring, would largely be the creation of the outgoing Republican Governor George Allen. Indeed, despite all the Virginia governor's powers, the fact is that a new governor is always hamstrung by the priorities laid out by his predecessor. Fortunately, Governor Gilmore was succeeding a fellow Republican who had set aside $260 million in the proposed 1998–2000 budget to help fund the first two years of the car tax initiative. Unfortunately, though, after his budget analysts re-estimated the cost of repealing the car tax, Gilmore had to ask the legislature for nearly twice the amount Allen had set aside to finance the car tax plan.

Executive-Legislative Competition

Within weeks of 1997 election, Governor Gilmore experienced the complications of transforming his campaign pledge into a legislative reality. While Gilmore skillfully tapped into popular resentment by proposing to repeal the car tax during the campaign, once the legislative process began, the strategic situation had changed. The capacity of the legislature to conduct fiscal analysis provided the basis for an executive-legislative struggle that had become commonplace over the years. A Senate Finance Committee report released shortly after the election found that Gilmore's proposal to cut the car tax would cost twice as much as the Governor-elect estimated during the campaign and could not be reliably financed with additional revenues generated solely from economic growth.[10] The fiscal realities sparked a clash between the Governor and the General Assembly that was evidenced by two points: (1) a conflict over budget priorities, and (2) Gilmore's strategy of trying to intimidate Delegates and Senators with a public relations style campaign to build support for the car tax initiative.

After the Senate Finance Committee report was released, Stanley C. Walker (D-Norfolk), co-chairman of the Senate Finance Committee, asked: "What do you do about a request in higher education, in public education, in social services, in health? Do you say, 'Well, yes, use all of that surplus on the car tax,' and then start going backward on the other areas? To my mind, this leaves some tough choices to make."[11] House Democratic Floor Leader Delegate Richard Cranwell, the leading Democrat in that chamber, seized the opportunity to pursue an issue that was equally appealing to voters—school construction.[12] Democrats also raised the issue of tax fairness, alleging that the largest tax breaks would go to individuals with the most expensive vehicles who happened to live in counties that depended heavily on the car tax for local revenue. Thus, they countered the car tax with a proposal to eliminate the 4.5% tax on food, something all Virginians would equally benefit from. Though Gilmore still had a strong base of support in the General Assembly, the legislature was not about to roll over and deliver his populist idea, and eventually both issues took the steam out of Gilmore's plan to repeal the car tax.

By mid-February, Gilmore responded to the waning enthusiasm for the car tax repeal in the legislature and launched his public relations campaign to build support for the proposal. He flew around the state promoting the tax cut, and his staff organized telephone banks and sent out mass mailings to encourage constituents to contact their delegates and senators. Gilmore's strategy to go public, was as much a sign of weakness as strength; an indication that Gilmore needed public support to fortify his bargaining leverage with legislators. Gilmore admitted to reporters, "I'm feeling the heat; I'm applying the heat."[13]

Party Politics Within the Assembly

The partisan divisions that emerged over the years in the General Assembly continued in 1998, but they were muted somewhat by the bipartisan appeal of the three main budget issues and by the need for both parties to compromise in a power-sharing situation. As the session unfolded, the partisan divisions over tax and spending priorities were clear enough on several votes in the budget committees and in both chambers, and the partisan rhetoric was heated at times. The main partisan divisions on the Senate Finance Committee were over Democratic plans to increase funds for school construction, and in the Senate chamber over a bill to eliminate the food tax. On the House side, the parties divided over the food tax cut—with Democrats voting in favor and Republicans voting against when they were forced to decide between the car tax initiative and food tax cut.

The school construction issue posed a more complicated problem on the House side. Republicans ultimately joined with Democrats to support school construction, and several moderate Republicans spearheaded the initiative. However, it is not clear how much of the agreement across party lines stemmed from a genuine bipartisan concern to help localities, or a Republican reaction to Cranwell's strategy to force a popular, mom and apple issue on the agenda. Cranwell linked Gilmore's tax plan with aid to schools, arguing that repealing the car tax would make the situation worse by sapping localities of a major revenue source.[14] Certainly moderate Republicans, like Anne G. "Panny" Rhodes (Richmond) and James H. Dillard (Fairfax), supported school construction funds as a budget priority, but it is not clear how many Republicans got on board as a result of political danger of opposing a popular idea.

Interestingly, though, the key issues in the budget debate did not cut purely along party lines. Repealing the car tax was as much a regional issue as a partisan issue, school construction was a statewide problem, and many Republicans who favored cutting taxes did not wish to vote against the Democrat-sponsored tax cut on food. As Table 6.1 shows, the parties in both chambers ranked the three major budget priorities differently. Thus, in the House, while Democrats wanted *more* aid for school construction and Republicans a *bigger* tax cut, plenty of Republicans favored allocating some money for local school projects, and many Democrats supported repealing the car tax. On the Senate side, Republicans wanted as much of a car tax as they could get, but several fiscally conservative Republicans worried about the long-term effects on revenues. Thus, unlike their House colleagues, Senate Republicans opposed school construction in order to finance the tax cut. So, it was hard to tell how much the debate reflected partisan posturing or genuine differences over priorities.[15]

Table 6.1 Distribution of Ranked Preferences by Party and Chamber

	Car Tax Cuts	Food Tax Cuts	School Construction
House Democrats	3rd	2nd	1st
House Republicans	1st	3rd	2nd
Senate Republicans	1st	2nd	None
Senate Democrats	3rd	1st	2nd

Source: Compiled by authors and based on evaluations of roll call votes and budget proposals.

In the end, neither the Governor nor the Assembly, neither Republicans nor Democrats, could hope to advance their priorities without the other. Thus, the process gravitated toward compromise, with both parties gaining a smaller share of their original goals. Governor Gilmore won passage of a car tax cut amounting to $435 million in the 1998–2000 budget and about $2.6 billion over five years, if carried out as planned. However, the amount was $60 million less than Gilmore originally requested for the first two years, and the car tax cut was incorporated in the biennial budget, rather than adopted as separate legislation. Thus, only two years were covered, allowing future legislators to review the program. Additionally, the bill included a number of fiscal safeguards designed to slow the tax cut if state revenues fell short of current projections.

For their part, Assembly Democrats won passage of a $110 million, two-year program to provide state grants to local school divisions for school construction, repair, and debt service. School divisions would receive at least $200,000 the first year, with the rest of the money allocated on the basis of the number of pupils per school division. However, the $110 million was only one-quarter of what the Democrats hoped for originally and it paled in comparison to an estimated $6 billion localities would need to repair and construct schools.

Participation: Opportunities and Constraints

The trend in wider participation in the legislative budget process accelerated in the 1998 session, further undercutting the budget committees' traditional autonomy. In one sense, the budget became part of a broader partisan-electoral struggle, with each party advancing initiatives, hoping to enhance or regain strength in the Assembly. Perhaps the best example occurred where Delegate Cranwell effectively marshaled support within the House Democratic Caucus to hold Governor Gilmore's car tax initiative hostage to school construction funding. Given Gilmore's impressive election campaign, it is no surprise that the Assembly passed some sort of car tax repeal. On the other hand, given the demoralizing electoral defeats Democrats experienced before the session, it was quite surprising for them to achieve a state-funded local school construction initiative.

At the same time, the realities of power sharing dictated compromise, muted the partisan differences as the process evolved, and ushered in an unprecedented diffusion of power. The diffusion of power made the resolution of issues, at times, more difficult, but it also created opportunities for wider participation. To accommodate power sharing, for example, the budget conference committee was expanded from eight to twelve members, making the process more unwieldy. The details of the school construction financing plan and the distribution formula were not resolved until a later special session held in conjunction with the annual veto session. Yet Republicans, for the first time in both chambers, shared responsibility for crafting a budget and neither party was strong enough to do it alone. To be sure, traditional budget committee figures retained a prominent role, vividly illustrated at the end of the session when both houses waited on the twelve member conference committee to finalize compromises between the House and Senate. Yet their discretion was constrained by prior agreements struck between the coalitions in which non-senior members played important roles. For example, Rhodes, a moderate Republican teamed up with Thomas M. Jackson (D-Galax), to advance funding for school construction.

Conclusion

Today, the legislative budget process in Virginia is a venue for elected officials and parties to pursue their policy goals and political interests amidst the ebb and flow of fiscal opportunities and constraints. In 1997 and 1998, large influxes of revenues made it possible for a populist governor of an emerging Republican party and a feisty, seasoned legislator of a waning Democratic party to share the benefits of an expanding budget pie. Each won a policy victory and a political victory in a contentious struggle over budget priorities and partisan advantage.

In the future, budget battles in Virginia are likely to continue to feature conflicts over policy, while each party duels for political advantage in a competitive electoral context. Students of Virginia politics should take note of the trends we have described in this chapter, for they raise important questions about how the budget process works, how our politics are evolving, and how elected officials decide to allocate state resources for public services. We might want to consider the implications of making long-term commitments to tax cuts or costly programs in an uncertain fiscal environment. For the moment, certain check points in the system seem to prevent elected representatives from over-extending state resources. The budget must be balanced, the state has a rainy day fund available in case of a recession, and fiscally conservative members will resist liberal uses of borrowing to finance capital spending projects. Still, the pressure to cut taxes and spend more is not likely to be diminished in an era when the budget process has become as much a political instrument as a planning device and a means to resolve conflicts over competing priorities.

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Endnotes

1. Quoted in Spencer S. Hsu and Ellen Nakashima, "Gilmore Leads GOP to Victory in Virginia; Race for Governor Powers Sweep of Statewide Offices," *Washington Post*, 5 November 1997, sec. A.
2. See, for example, Michael Hardy and Tyler Whitley, "A 'Historic' Session," *Richmond Times-Dispatch*, 26 April 1998, sec. A.
3. The SFC's 15 members constituted 40% of the Senate; the HAC's 20 members represented 20% of the House. Among the SFC's membership in 1992, for example, were chairs of eight other Senate committees, including Rules, Privileges and Elections, and Courts of Justice, which with SFC were thought to be the Senate's most prestigious committees.
4. Republicans were unable to get three of their special election House victors certified and thus seated by the opening of the 1998 Session, allowing Democrats, over boisterous Republican protests, to ram through re-election of the Speaker.

5. Indeed, our principle source of information is a brief document prepared for legislators by the staff of the Senate Finance and House Appropriations Committees. See, Senate Finance and House Appropriations Staff, "An Overview of the Commonwealth's Budget," October 31, 1997, pp. 1–24.
6. While the State operates under a biennial budget, the adoption of which occurs during the Assembly's even-numbered year session, the legislative budget process has evolved into an annual process with the biennial budget routinely subject to amendment in the odd-year session.
7. In one sense, the small changes mean a great deal to Delegates and Senators who seek funds for projects in their districts. However, this chapter deals mainly with the high profile issues that drive the budget.
8. Virginia is traditionally a fiscally conservative state, a legacy of the Byrd era. The state normally budgeted about 1.5 to 2.0 percent of the General Fund for capital outlays. Those funds were not available during the recession of the early 1990s. Democrat Governor Doug Wilder and the General Assembly restrained spending during that time, but Wilder refused to increase taxes. In order to pay for capital projects and stay within the balanced budget requirement, the voters approved a series of bond initiatives which resulted in the large debt service.
9. The Year 2000 problem was expected to cost $55 million. The Commission on Higher Education recommended a $181 billion package of priorities, including: continued tuition freeze, enrollment growth, and increased student financial aid.
10. See Ellen Nakashima, "Cost of Cutting Car Tax in Va. Could Double; Gilmore's Estimates Challenged by Report," *Washington Post*, 21 November 1997, sec. A.
11. Quoted in Ellen Nakashima, "Cost of Cutting Car Tax in Va. Could Double; Gilmore's Estimates Challenged by Report," *Washington Post*, 21 November, sec. A.
12. See R. H. Melton, "Deal Maker Shifts Strategy as House Power Changes," *Washington Post*, 17 February 1998, sec. B.
13. Quoted in R. H. Melton, "Gilmore Answers Foes With Car-Tax Publicity Campaign," *Washington Post*, 13 February 1998, sec. B.
14. Though local governments traditionally have been responsible for school construction and repair, they did not have the resources to absorb the expected costs. Local governments were about $2.1 billion shy of the projected $6.2 billion needed to repair and build school over the next five years. See Spencer S. Hsu and Ellen Nakashima, "Va. Assembly Approves Budget, Adjourns," *Washington Post*, 18 March 1998, sec. A.
15. Columnist Tyler Whitley suggests that there were clear partisan differences on the issues, but the evidence is thin. See Tyler Whitley, "Vote Hides Dealings on Car Tax, School Building Issues," *Richmond Times-Dispatch*, 24 July 1998, sec. B.