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## Northam introduces new state budget with Medicaid expansion and a twist: He wants extra revenue saved, not spent

By GRAHAM MOOMAW Richmond Times-Dispatch 19 hrs ago



Virginia Secretary of Finance Aubrey L. Layne, Jr., left, reaches to shake hands with Governor Ralph Northam, right, as he enters a press conference inside the Patrick Henry Building in Richmond, VA Wednesday, March 21, 2018. Northam introduced his new budget for the April 11th Special Session of the General Assembly.

BOB BROWN

Gov. Ralph Northam introduced a new state budget proposal Wednesday that includes Medicaid expansion and proposes a slightly different approach to spending that could shape the debate when lawmakers return for an April 11 special session.

At a news conference in Richmond, Northam said his budget — built around “clean” Medicaid expansion — was virtually identical to the one former Gov. Terry McAuliffe proposed in December, with one important change. The governor said he’ll add an amendment dictating that any revenues the state takes in beyond its budget forecast will be stored away in reserves, not spent.

“Our revenues have seen an uptick,” Northam said. “But it’s important that we not spend that additional money.”

Northam described the amendment as a way to shore up the state’s bond rating and “protect Virginia against a sudden downturn.” But it’s also a response to the Republican vs. Republican warfare between leaders in the pro-Medicaid-expansion House of Delegates and the anti-Medicaid-expansion Senate.

Senate Republicans have been pressing for a new revenue forecast, a process that could buy the Senate GOP more time and free up more money to work with as the Senate contrasts its budget to the House version.

When legislators adjourned on March 10 without a deal, the two budgets were at least \$400 million apart.

Because the House's Medicaid expansion plan would be funded with federal dollars and a new tax on hospitals, House budget writers had more money to spend on public education and other services. The Virginia Education Association estimates the House budget allocated \$169 million more to K-12 schools than the Senate version.

Enough House Republicans joined with the chamber's 49 Democrats to pass Medicaid expansion, a top Democratic priority that would extend health insurance to more than 300,000 low-income Virginians. But Republicans in the Senate are resisting, arguing House Republicans caved by supporting a policy that GOP majorities in both chambers have long criticized as fiscally reckless.

GOP leaders in the House said they're on board with Northam's amendment. But it got a far different reception from Senate Majority Leader Tommy Norment, R-James City.

"That he continues to make Obamacare's Medicaid expansion integral to that budget, and his refusal to base his plan on a more current revenue forecast, means the current standoff cannot be resolved quickly," Norment said of the governor's proposal.

Norment said the state shouldn't be putting together a budget until it has a "comprehensive revenue picture," which may not happen until May because of federal tax reform.

House leaders made it clear they don't want to wait for new numbers.

"The House always takes a conservative and responsible approach to estimating revenue, and we are committed to utilizing the current revenue forecast as we craft the budget," House GOP leaders said in a joint statement released by the office of Speaker Kirk Cox, R-Colonial Heights.

"It would be unwise to conduct a revenue reforecast considering current economic uncertainty, recent changes in federal tax law, and the need to complete a budget as soon as possible."

With a simplified process that will prevent lawmakers from getting ideas about all the ways they could spend new money, Northam said he hopes a budget deal could be in place by April 18, when lawmakers are scheduled to be in Richmond to act on the governor's vetoes and legislative amendments.

Even though the governor is proposing straightforward Medicaid expansion, he seemed resigned to the fact that House Republicans will insist on adding back in their proposed rule that would require able-bodied Medicaid recipients to look for work, perform public service or take classes.

"I opposed many of the provisions that Republicans in the House of Delegates insisted upon. And I continue to believe that we should expand coverage in the simplest and least restrictive way we can," Northam said. "However, in government, you have to work together to get things done for the people."

Northam said the credit agencies haven't changed the state's triple-A rating, "but a protracted budget impasse might change their minds."

"It's imperative that we all get to work and reach an agreement on a budget that expands coverage soon," Northam said. "Our local governments need it. Our state agencies need it. The credit agencies need it. And the thousands of Virginians who are waiting for health care access need it."

The governor also said he has no plans to fill a vacant spot on the State Corporation Commission — the state agency that regulates business — before April 11. Lawmakers left town with the SCC appointment undecided. Northam said it's a position for the General Assembly to fill, but he would step in and make an appointment if the legislature doesn't.

"I want to give them the first chance to do that," Northam said.

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