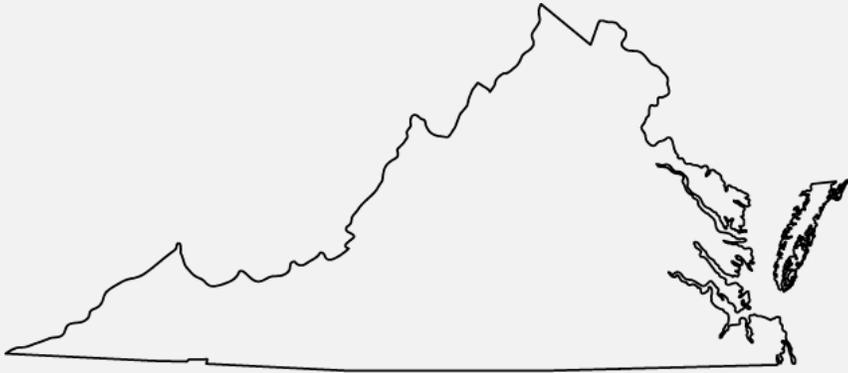


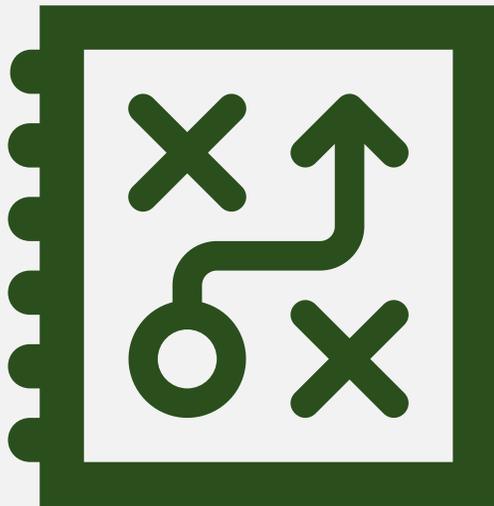
State of Play

March 2020



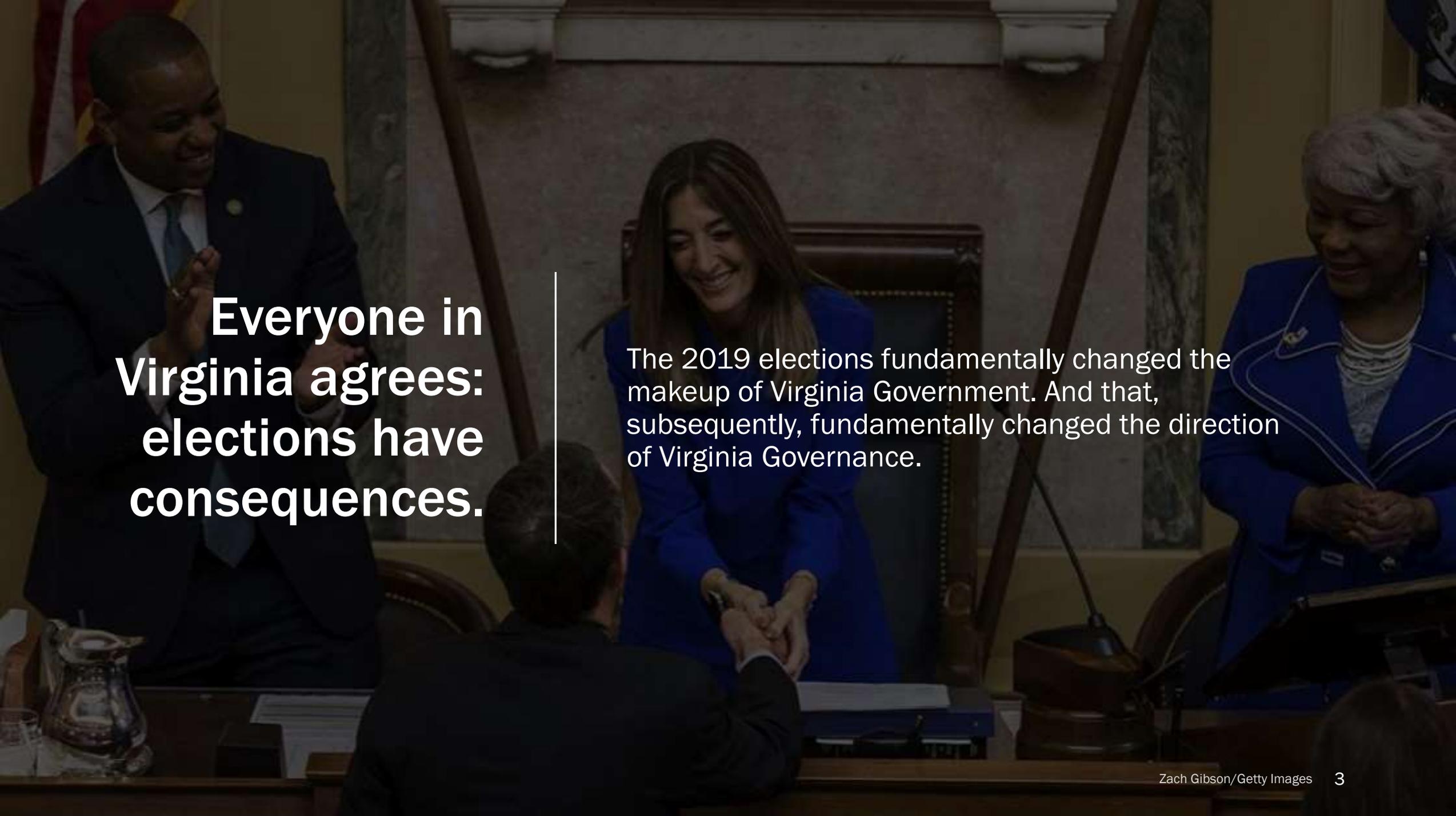
Virginia State of Play

Virginia State of Play is a quarterly look at the Commonwealth's big picture. Inspired by Bruce Mehlman's quarterly slide decks, State of Play will attempt to look at major moments, big trends, and what's on the horizon in Virginia. State of Play does not necessarily represent the opinions of Gentry Locke or its partners. For questions or comments, contact Matt Moran.



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A photograph of a group of people in a formal setting, likely a legislative chamber. A man in a dark suit is shaking hands with a woman in a blue suit. Another woman in a blue suit is standing to the right, and a man in a dark suit is seated in the foreground, facing away from the camera. The background features a large wooden structure, possibly a desk or a podium, and a flag is visible on the left. The overall scene is dimly lit, with a dark overlay.

**Everyone in
Virginia agrees:
elections have
consequences.**

The 2019 elections fundamentally changed the makeup of Virginia Government. And that, subsequently, fundamentally changed the direction of Virginia Governance.

ELECTIONS HAVE CONSEQUENCES

 **Sally Hudson** ✓
@SallyLHudson

Elections have consequences.
Thank you to everyone who worked to launch this new era.

 **Jennifer Carroll Foy** ✓ @JCarrollFoy · Jan 28

In 2017, a bill was introduced in the Republican-controlled General Assembly designating the anniversary of Roe v. Wade a "Day of Tears." Today the House of Delegates passed the Reproductive Health Protection Act. This is what a pro-choice majority looks like. @NARALVirginia



VIRGINIA MERCURY
A new look at the Old Dominion.

COVID-19 CRIMINAL JUSTICE + POLICING HEALTH ENERGY + ENVIRONMENT GOVERNMENT + POLITICS EDUCATION GENERAL ASSEMBLY 2020

COMMENTARY ENERGY + ENVIRONMENT GOVERNMENT + POLITICS GENERAL ASSEMBLY 2020

On one powerful Senate committee, elections definitely have consequences

By **Robert Zullo** · February 27, 2020

“While this budget does continue to fund multiple Republican priorities, we have grave concerns that it establishes a level of spending that will be difficult -- if not impossible -- to maintain should Virginia see an economic downturn,” **concluded Gilbert.**

“Democrats like to say that elections have consequences. They’re right, and unfortunately for businesses and families, those consequences are about to become crystal clear.”

Richmond Times-Dispatch

\$2.00 - TUESDAY, MARCH 18, 2020 - NEWS 847 AT RICHMOND.COM - FINAL

Dems deliver policies pushing state to the left



AP Photo/Chris Wedel

Bills sent to Northam include tighter gun control and LGBTQ protections

BY JUSTIN MATTINGLY AND MEL LEONOR
Richmond Times-Dispatch

Proclaiming a mandate from voters, Democrats in the Virginia legislature ordered the formerly conservative statehouse to the ideological left on a wide range of issues during their first session with full control of state government.

Over the past 90 days, Virginia Democrats acted on tighter gun control laws, roll back restrictions on abortion, raise the state's minimum wage, decriminalize marijuana possession and enact protections for the LGBTQ community, among other

ABOVE: Gov. Ralph Northam greeted House Speaker Elisee Filler-Corn before his State of the Commonwealth address in January as the legislative session got underway.

General

Budget includes money for raises, Capitol tunnel

Numerous issues transformed Northam's spending proposal

BY MICHAEL MARTZ
Richmond Times-Dispatch

Beneath the plans for compensating public employees, increasing college tuition and giving dental benefits to adults in Medicaid, the pending two-year state budget includes \$25 million in bonds for a tunnel to connect the Virginia Capitol and the new

U.S. stock market's steep slide continues

Local financial advisers say to avoid panic amid virus fear

BY JOHN DEBO BLACKWELL
Richmond Times-Dispatch

While watching the stock market continue its coronavirus-fueled steep decline on Monday, Michael Joyce was reminded of a recurring joke on the popular 2020 television comedy "Sanford & Son."

5 Va. cases
Two are hospitalized
State health officials say

Virus plan
Funds seek to offer some economic relief

Page A11
"I don't think this is it," Joyce said of the recent collapse in stock prices. His clients haven't panicked either, he said. "Nobody really knows with the coronavirus how it is going to ultimately impact the global economy and corporate earnings," he said. "But it does appear to me."

STOCKS Page A7

MEN'S ACC BASKETBALL
Tournament will have five oldest coaches in league history



This session, the 'consequence' was the legislative agenda Democrats ran on, and Republicans feared.

BY AND LARGE, DEMOCRATS SUCCESSFULLY DELIVERED ON THE AGENDA THEY CAMPAIGNED ON.

The new Democratic government has no shortage of priorities.

- ✓ Equal Rights Amendment
- ✓ Gun Violence Prevention
- ✓ Anti-Discrimination Laws
- ✓ Minimum Wage
- ✗ Right to Work Repeal
- ✓ 100% Clean Energy Standard
- ✓ Reproductive Choice
- ✓ Criminal Justice Reform
- ✓ Decriminalization of Marijuana
- ✓ Voting Rights Reform
- ✓ Healthcare Access
- ✓ State Run Insurance Marketplace
- ✓ Affordable Housing
- ✓ Transit Priorities
- ✓ In-State Tuition for DACA Students
- ✓ Education Investments
- ✗ Eliminate Support-Staff Ratio
- ✗ Universal Pre-K
- ✓ Environmental Regulations

From our Q4 slide deck, a look at the Democratic priorities we predicted Democrats would take up.

BUT THEY DID RUN INTO SOME HANGUPS.

Some priorities will rise to the top due to broad consensus, others will cause friction

Expect Quick Action

- ✓ ERA
- ✓ Gun Violence Prevention
- ✓ Anti-Discrimination
- ✓ Criminal Justice Reform
- ✓ Energy & Climate Policy

Potential Trouble Spots

- Right to Work (Repeal?)
- Revenue Streams
- Dillion Rule
- Nonpartisan Redistricting

- *From our Q4 slide deck...*
- Right to Work repeal stalled
- The transportation deal was brokered late, and is vastly different than proposed
- Nonpartisan redistricting was the biggest controversy of the session

THERE WAS CHANGE, BUT THERE WAS ALSO CONSISTENCY

CHANGE

- House Leadership was entirely new and included two women.
- New Committee Chairs shifted power to Northern Virginia, away from Central and Southwest Va.
- New security protocols for the public and lobbyists changed how people interacted w/ legislators.
- Nine of the 14 budget conferees were first-time conferees.

CONSISTENCY

- The House and Senate procedural fights continued.
- People are still upset about the perceived role of Dominion, and other big players.
- The budget deal went down to the wire, and was negotiated largely behind closed doors.
- Procedural moves (i.e. refer to Appropriations/Finance) were still used to avoid politically-difficult votes.

THE LEGISLATIVE PROCESS: STRESSED & CRACKED, BUT NOT BROKEN



Bob Brown/Richmond Times-Dispatch

Richmond Times-Dispatch

\$2.00 • THURSDAY, FEBRUARY 13, 2020 • NEWS 24/7 AT RICHMOND.COM • FINAL

Assembly session overwhelmed by mountain of submitted legislation

General Assembly



2020

BY MICHAEL MARTZ
Richmond Times-Dispatch

Frustration with the legislative process is a bipartisan issue in the Virginia Senate. It boiled over on Wednesday, about 12 hours after the end of a marathon floor session that ended at 12:48 a.m., technically beyond the deadline for com-

Redistricting debate

Democrats divided ahead of deadline for constitutional amendment. **Page A7**

pleting work on all Senate legislation at crossover of the 60-day session.

It was one long "legislative day" — as Lt. Gov. Justin Fairfax called it — that had begun 14

hours earlier.

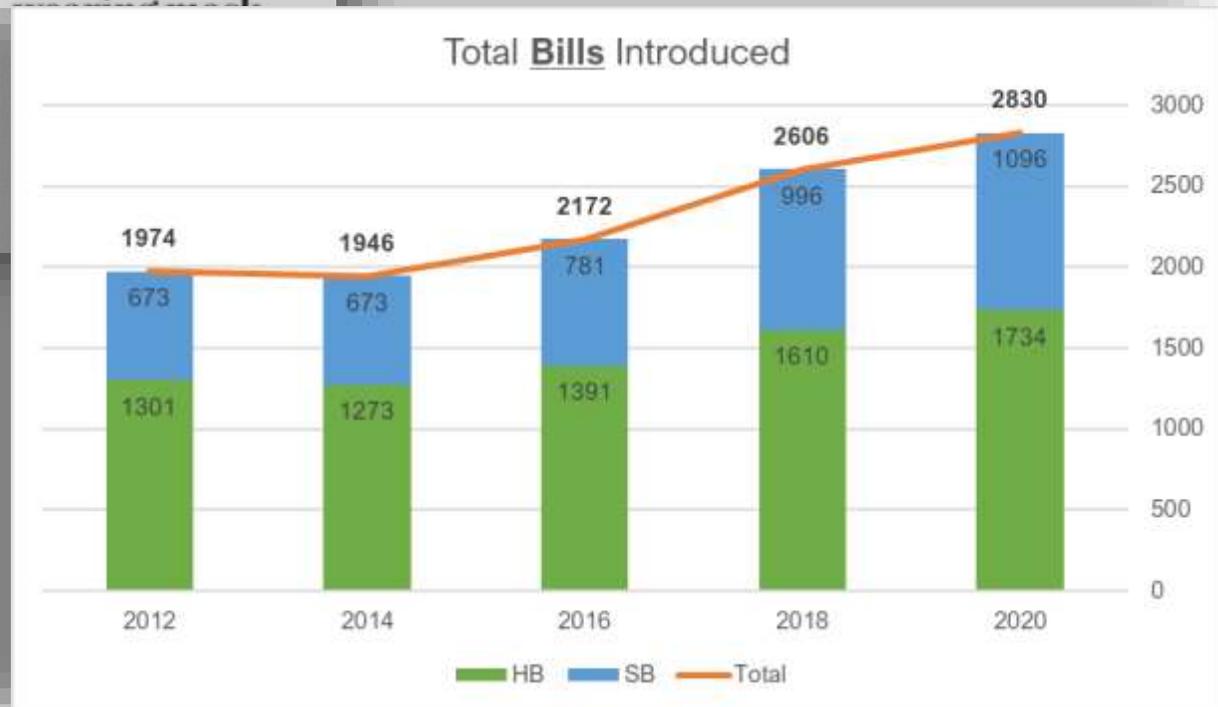
"I think we can do extraordinarily better in the process," Senate Minority Leader Tommy Norment, R-James City, admonished the Senate in a midday floor speech Wednesday.

Norment urged his 39 colleagues to "exercise some individual discipline" in the number

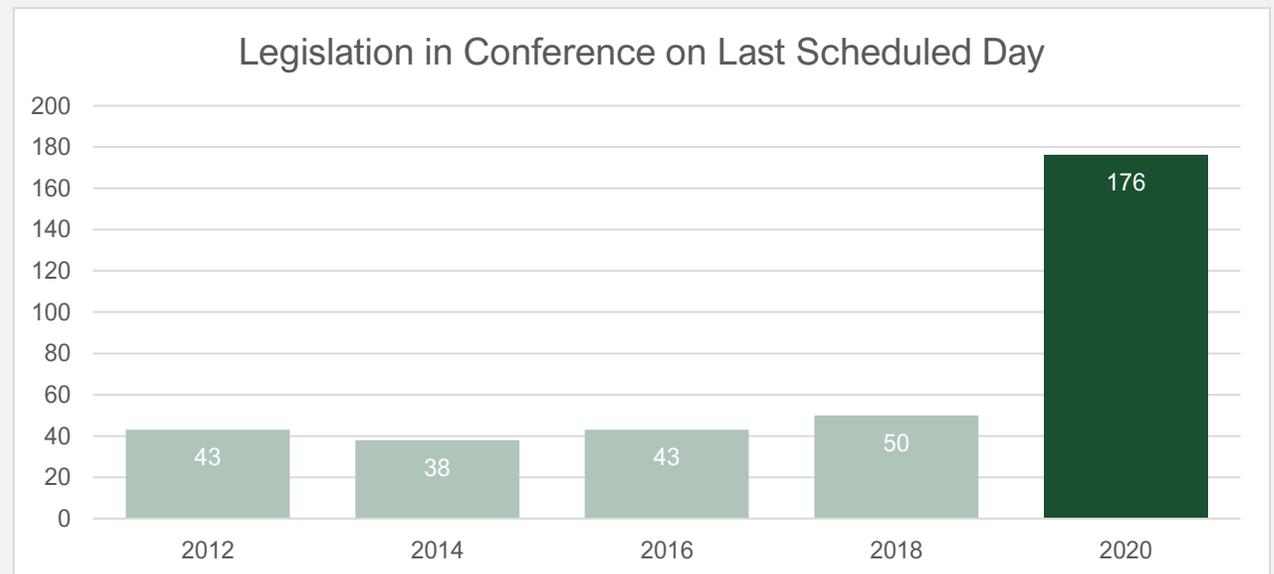
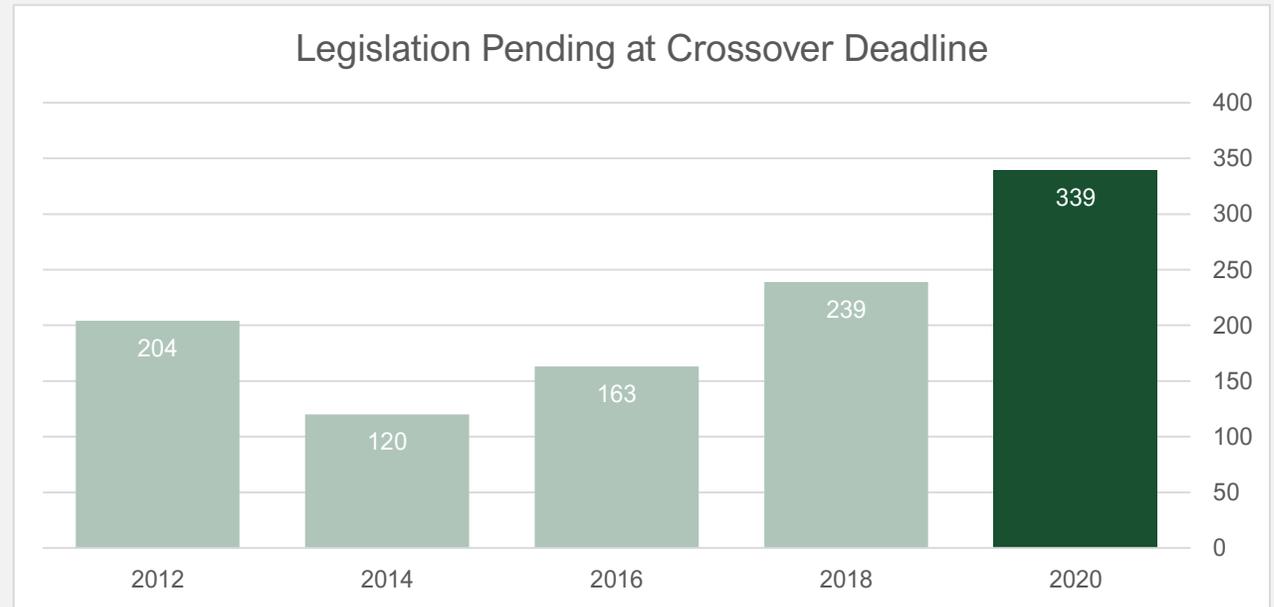
LEGISLATION, Page A5

Case dropped against woman arrested for

STRESSED. From the start, the General Assembly was “overwhelmed” with the number of bills filed.



CRACKED. And the mountain of legislation jammed up the legislature at critical deadlines.



BUT NOT BROKEN.

While the General Assembly worked late into the night several times, pushing deadlines to the limit, they got it done... with bipartisan procedural cooperation.



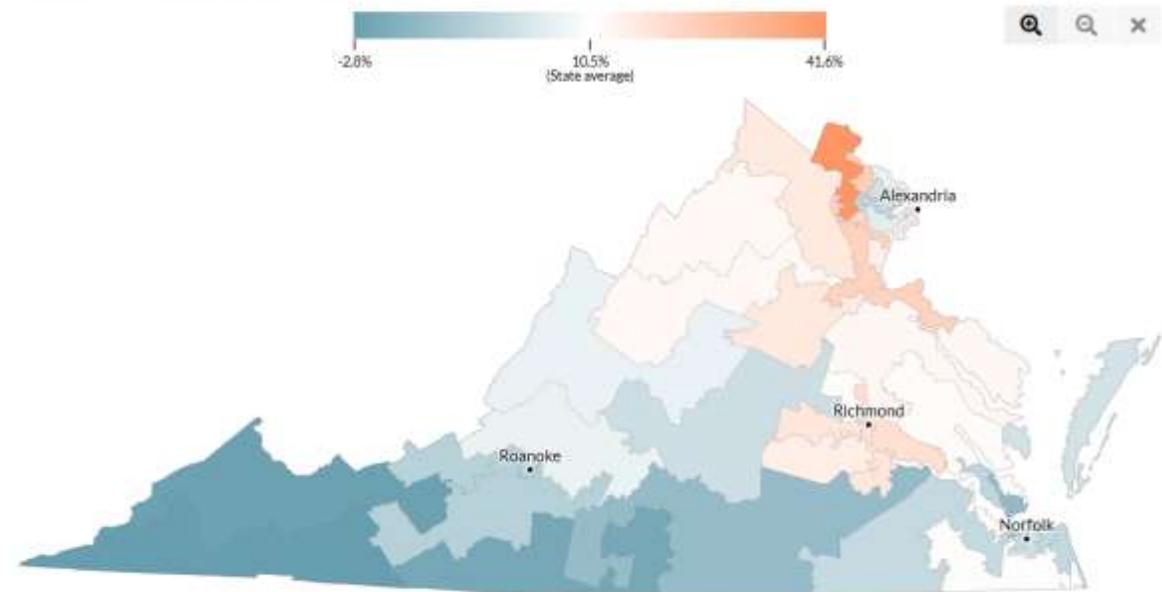
The constitutional amendment that voters will decide on in November gives the GOP a glimmer of hope in 2021.

And that's good for the GOP, because the demographics aren't.

Growth/Loss in Registered Voters

State Senate, 2011 vs 2019

This decade, the number of registered voters statewide has grown by about 10.5%. State Senate districts shaded orange added voters at a pace faster than state average; those shaded blue grew slower or, in a few cases, lost voters.



Source: vpap.org

Change in Registered Voters by State Senate District 2011-2018

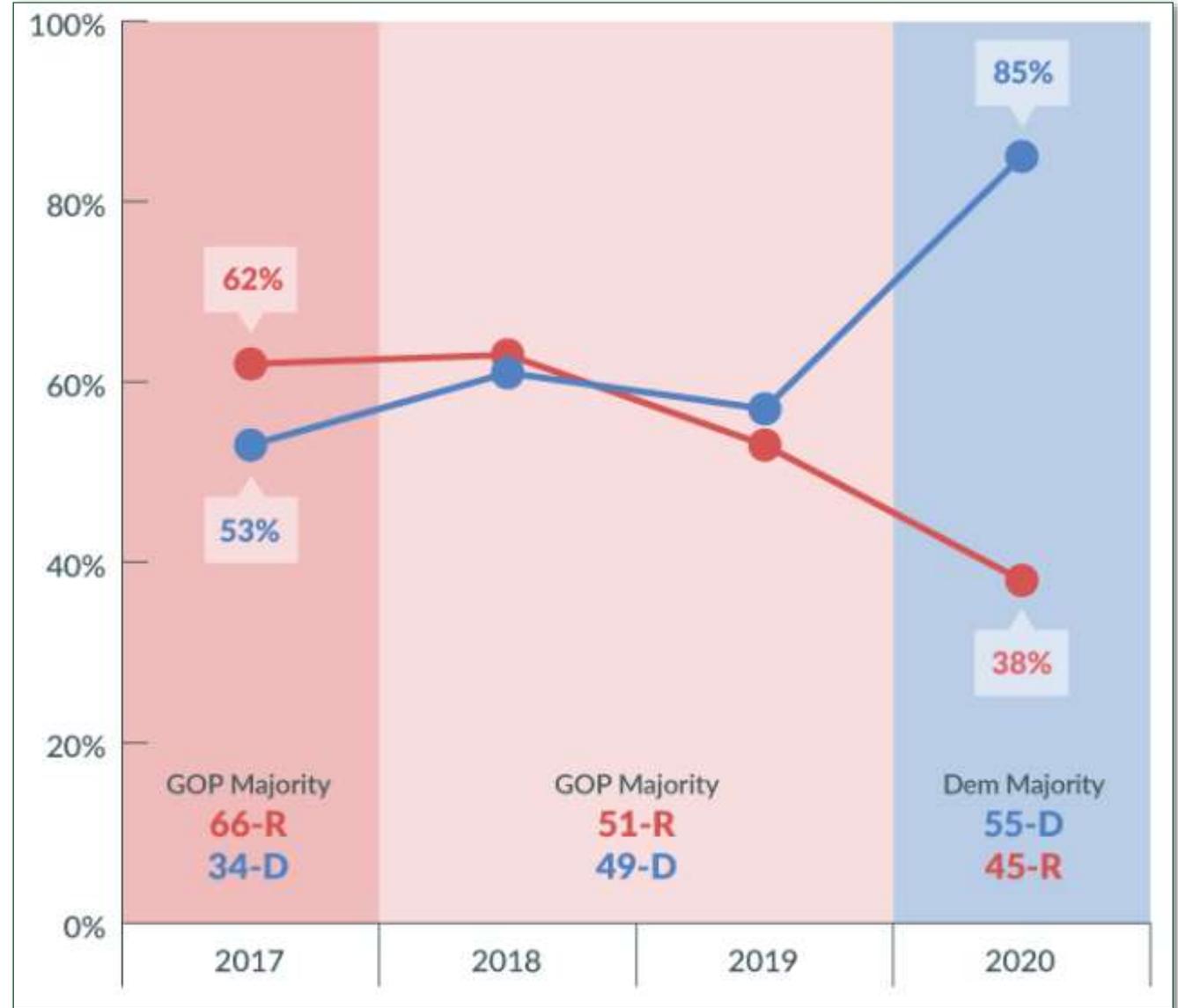
Northern Virginia will undoubtedly pick up seats in redistricting

Redistricting is one of the few issues on which Democrats were not united.

The number of Democrats voting with their caucus at least 90% of the time on contested floor votes dramatically increased this year.

Meanwhile, the number of Republicans voting with their caucus at least 90% of the time on contested floor votes dramatically decreased this year.

Majorities unite; minorities fracture.

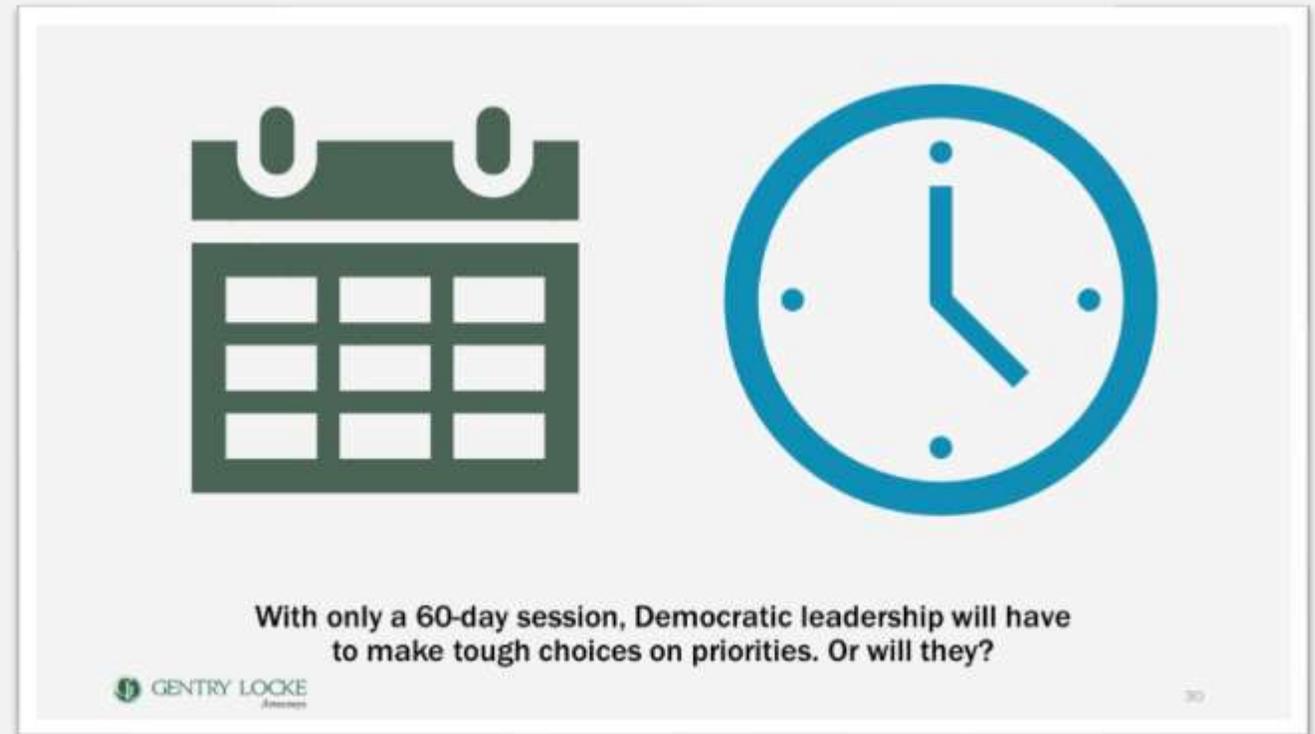


Source: vpap.org

Overtime...

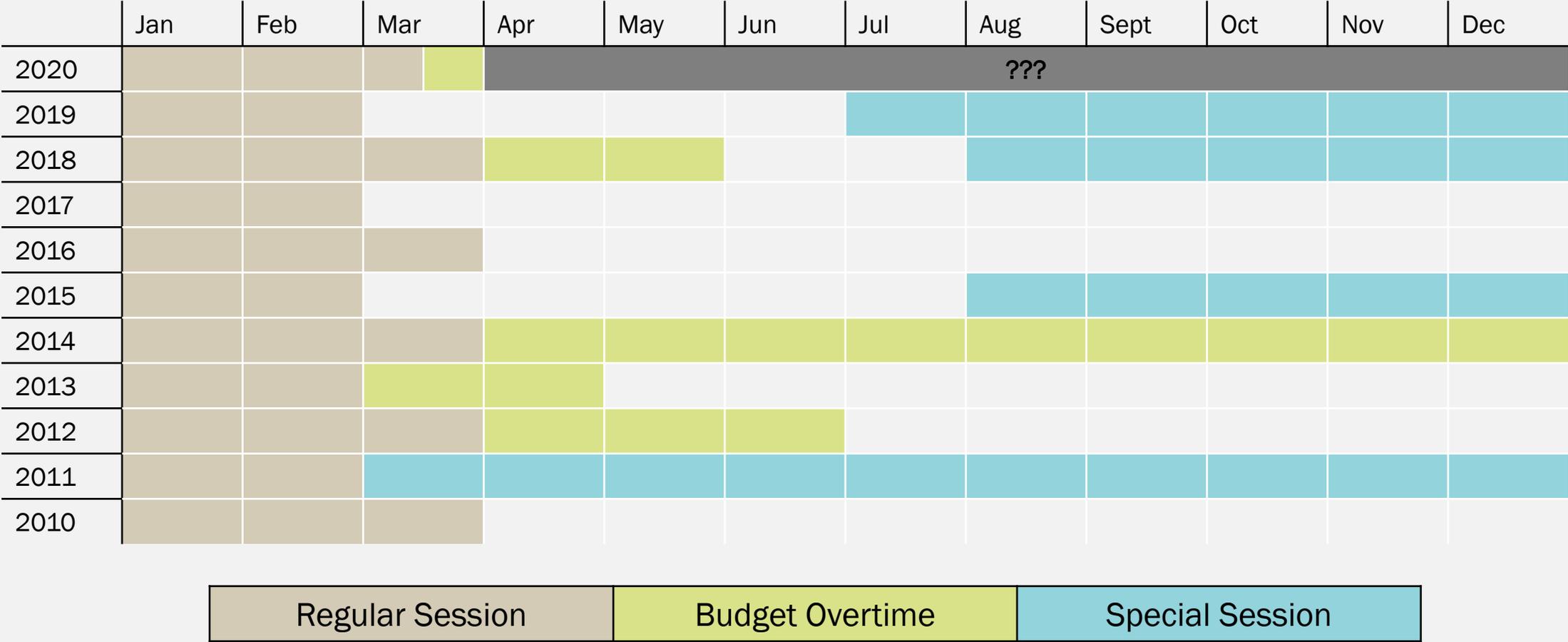
The General Assembly needed an extra day to complete its legislative agenda and an extra four days to complete the budget.

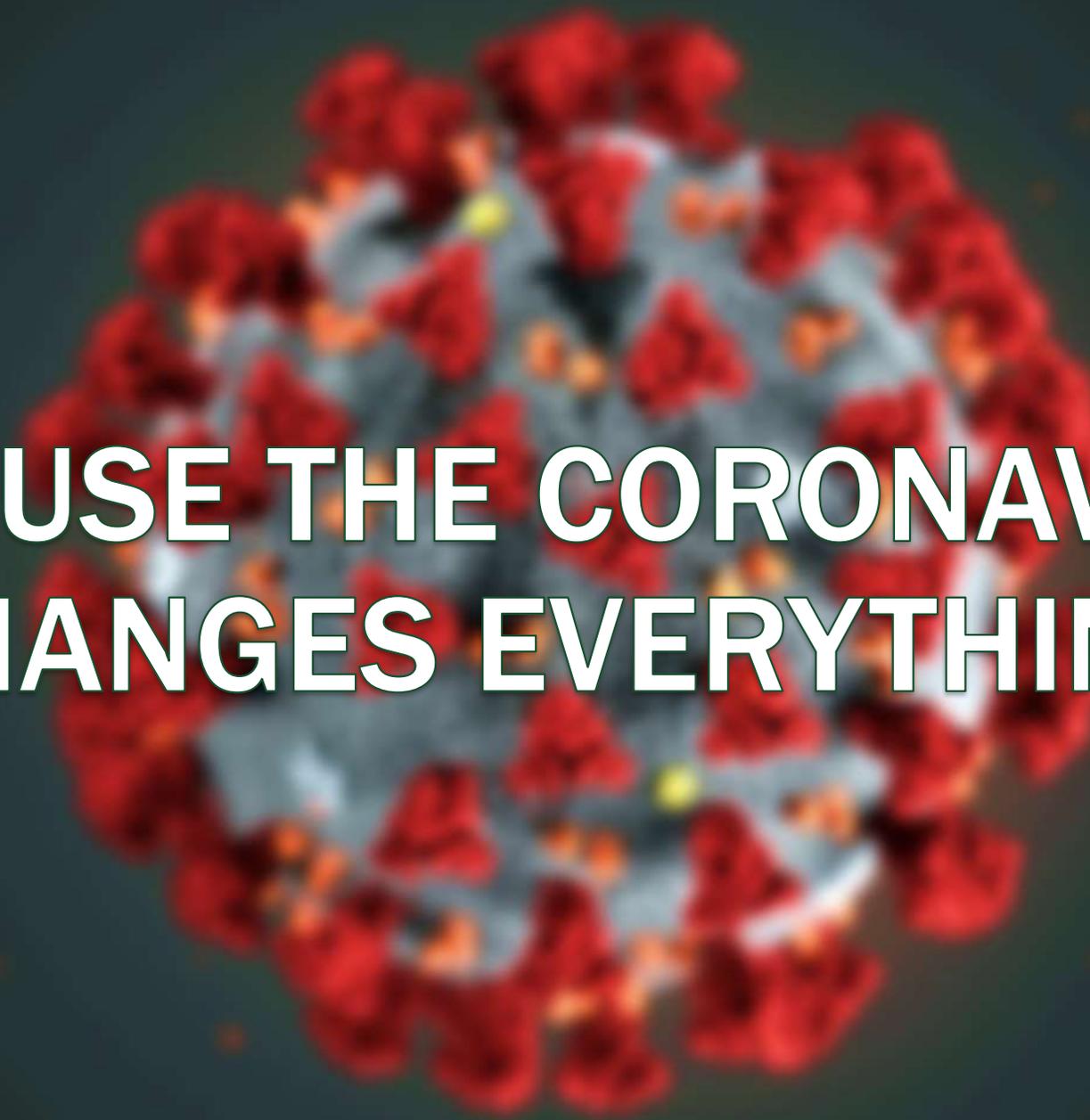
That's the 8th time in 11 years the GA needed overtime or a special session.



From our Q4 deck...

Speaking of overtime... the General Assembly is now highly likely to return to Richmond at some point in 2020...





**BECAUSE THE CORONAVIRUS
CHANGES EVERYTHING**



HEALTHCARE

ECONOMY

**COVID-19 WILL TOUCH
EVERY STRUCTURE OF THE
COMMONWEALTH**

GOVERNMENT

EDUCATION

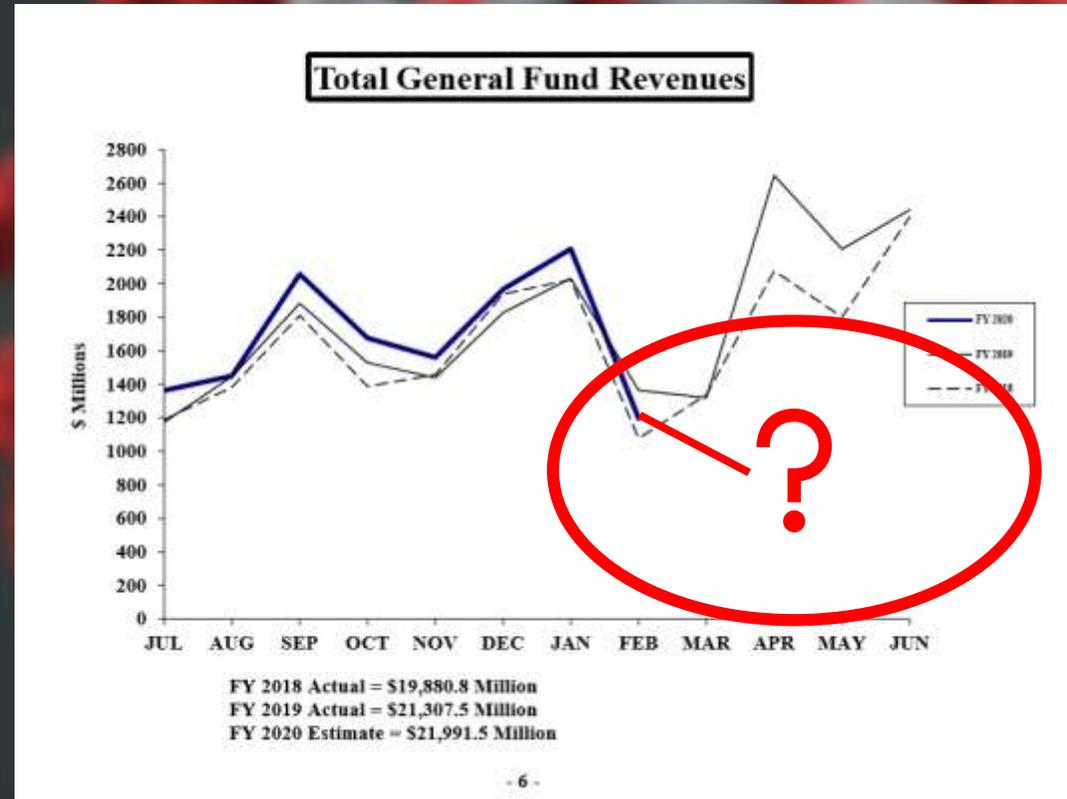
CORONAVIRUS CAUSE | VIRGINIA EFFECT

THE CORONAVIRUS CAUSED...	THE VIRGINIA EFFECT IS...
A manufacturing slowdown in China	A 9% (so far) drop in container traffic at the Port of Virginia
A 30% stock market selloff	A significant drop in value of VRS portfolio
Mass layoffs across the country	Unemployment claims up 1,500% in one week ¹ , the highest single week since 1987 ²
Social distancing	Schools, DMVs, other state services closed or moved online

1) <https://www.virginiamercury.com/blog-va/more-virginians-filed-unemployment-claims-this-week-than-in-all-of-2019/>

2) <https://vpm.org/news/articles/11709/virginia-unemployment-claims-highest-since-at-least-1987>

THE BIG UNKNOWN: HOW BAD IS THE STATE REVENUE PICTURE?



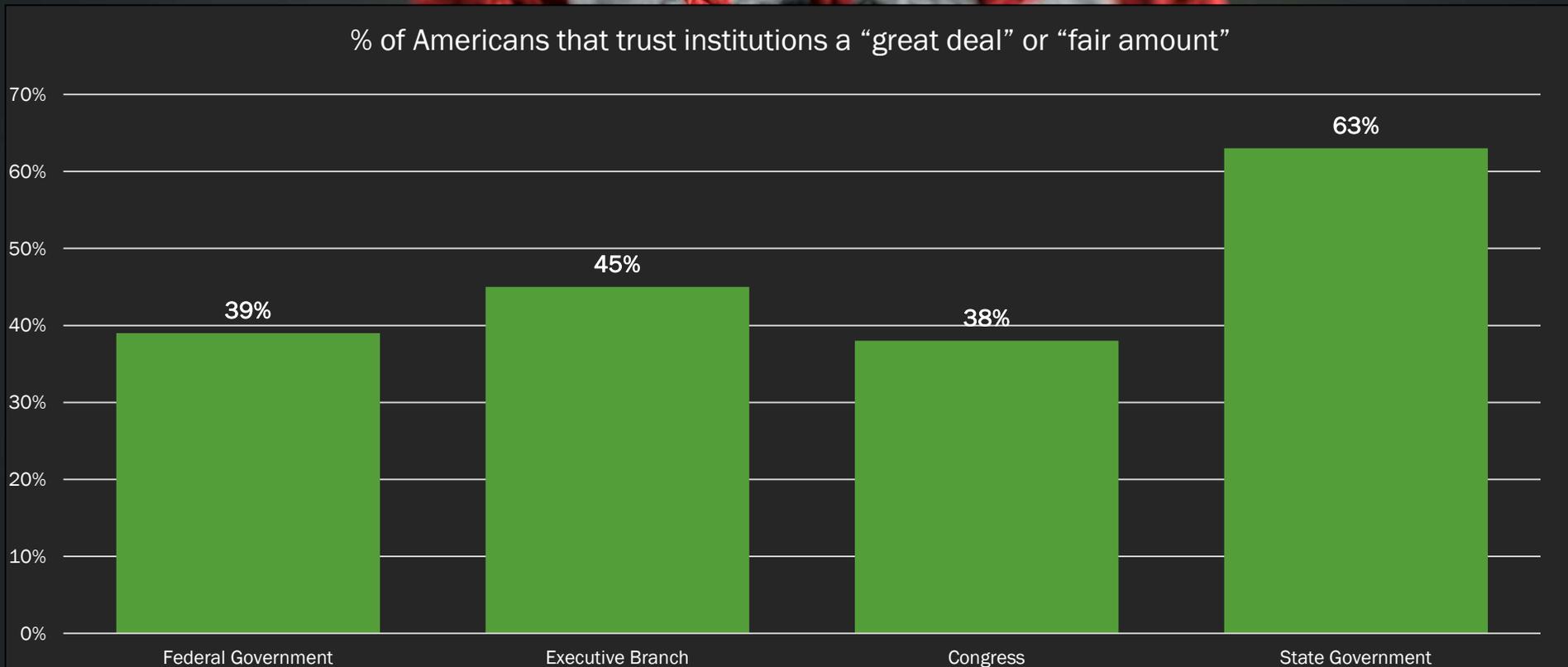
Source: Feb 2020 Revenue Report

<https://www.finance.virginia.gov/media/governorviriniagov/secretary-of-finance/pdf/master-revenue-reports/February-2020-Revenue-Data.pdf>



**WHO DO WE TRUST TO LEAD US
THROUGH THE COVID-19 CRISIS?**

THE PUBLIC IS FAR MORE TRUSTING OF STATE GOVERNMENTS THAN OTHER INSTITUTIONS.

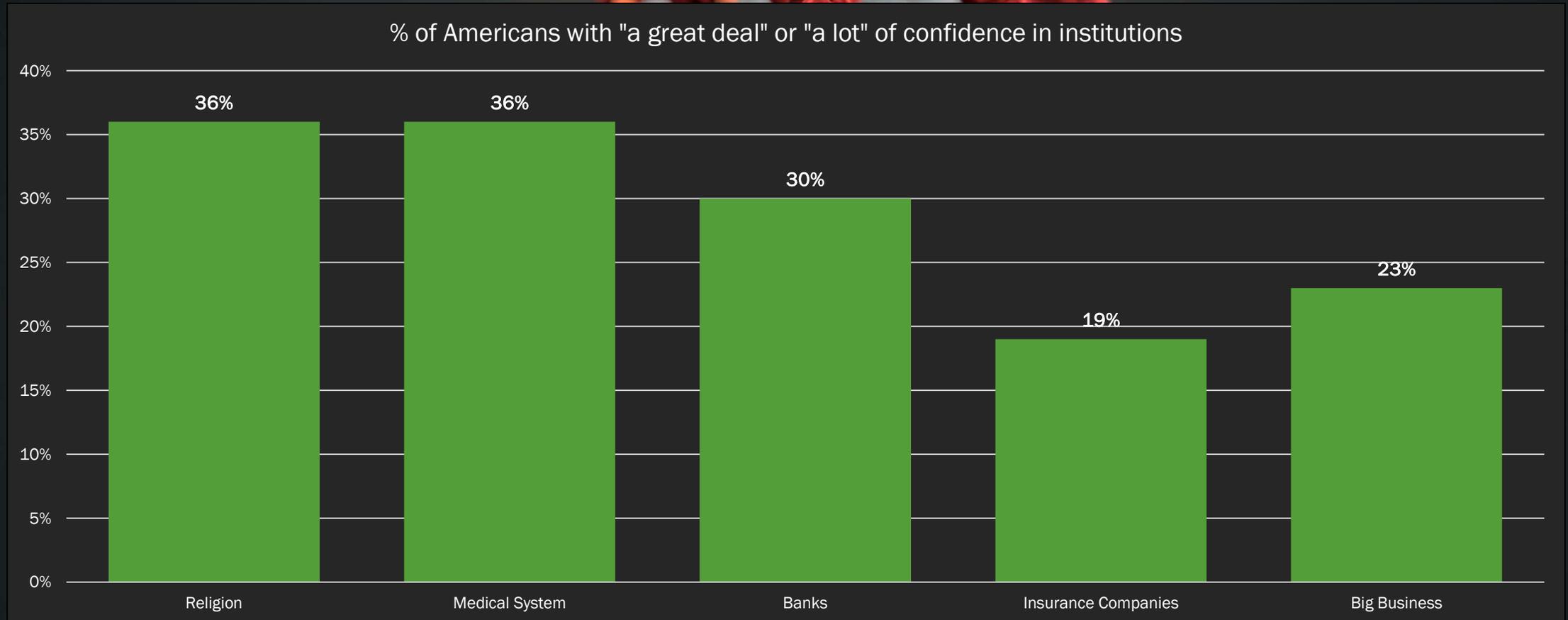


Source: Gallup, Trust in Institutions Data,
<https://news.gallup.com/poll/5392/trust-government.aspx>, Accessed 3/19/20

DOES VIRGINIA TRUST DR. NORTHAM?

One year ago,
Governor Ralph Northam
was the crisis... now,
Dr. Northam must lead
Virginia through the
coronavirus crisis.
His task is not easy.

WE DON'T TRUST THE OTHER INSTITUTIONS WE WILL NEED DURING THIS CRISIS.



Source: Gallup, Confidence in Institutions Data,
<https://news.gallup.com/poll/1597/confidence-institutions.aspx>, Accessed 3/19/20

WHAT VIRGINIA WOULD BE TALKING ABOUT

STORYLINES THAT WILL AT LEAST TEMPORARILY BE OVERLOOKED



Democratic Party's Post-Session Victory Lap



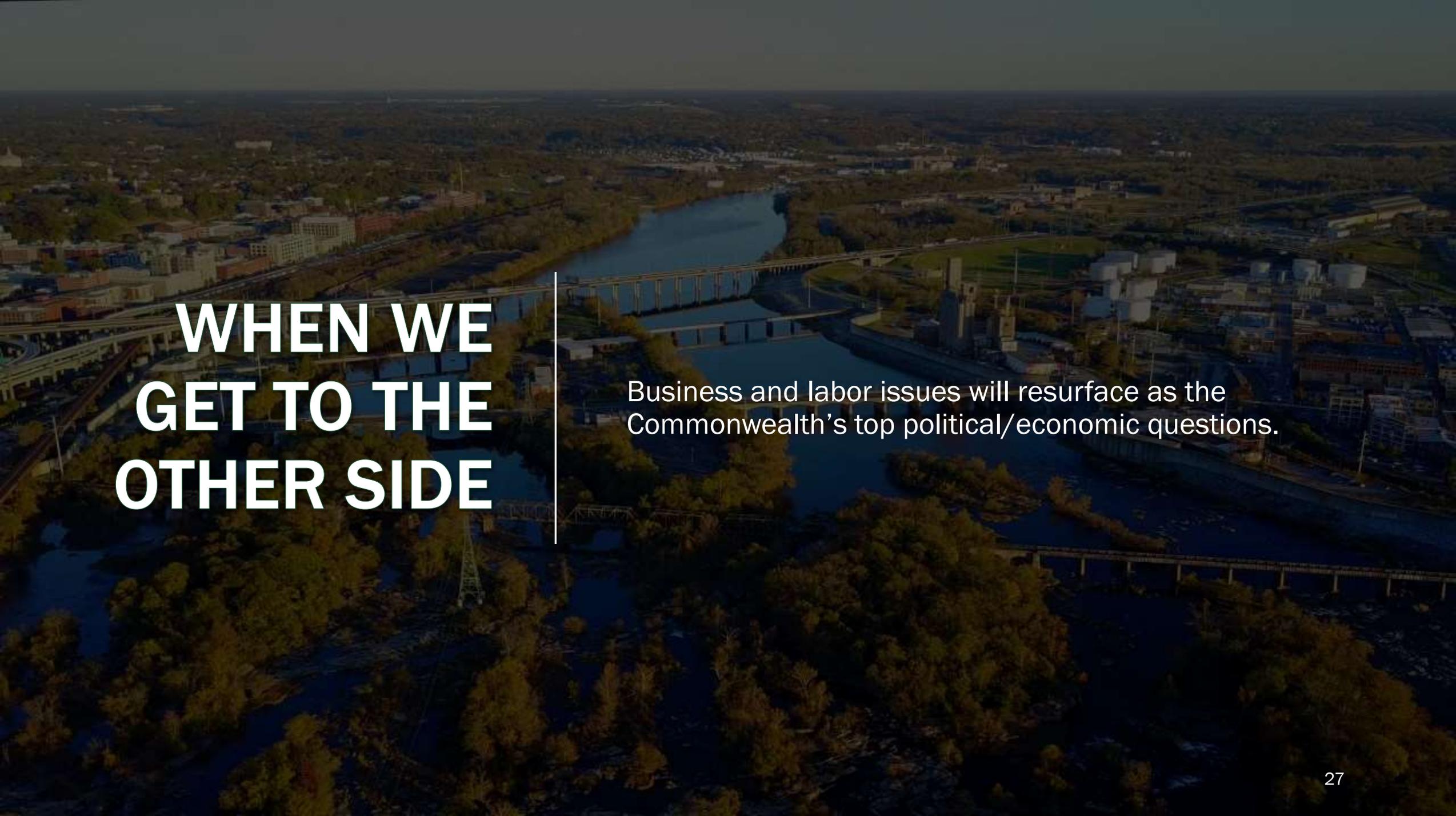
2020 Congressional Elections



Redistricting Referendum



Business Response to 2020 Session

An aerial photograph of a city, likely Pittsburgh, showing a river (the Allegheny River) winding through the urban landscape. Several bridges cross the river, and the city buildings are visible in the background. The image is overlaid with a semi-transparent dark blue filter.

WHEN WE GET TO THE OTHER SIDE

Business and labor issues will resurface as the Commonwealth's top political/economic questions.

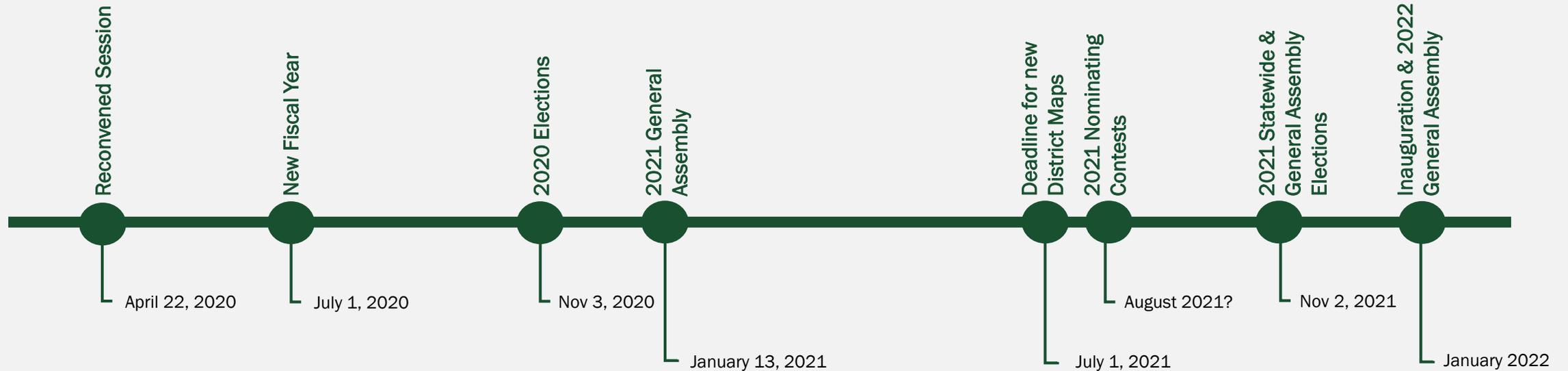
THE 2020 SESSION AND VIRGINIA'S RANKINGS

CNBC says Virginia is the Best State for Business.

Oxfam America says Virginia is the Worst State for Workers

CNBC Category	2020 Legislation	Oxfam Category
Business Friendliness	Mandatory Wage Reporting Project Labor Agreements Employee (Mis)Classification	Worker Protections
Cost of Doing Business	Minimum Wage Prevailing Wages Nonpayment of Wages	Wages
Workforce	Enhanced Collective Bargaining Rights Prohibited Non-Competes Worker's Compensation Presumptions	Right to Organize

ON THE HORIZON

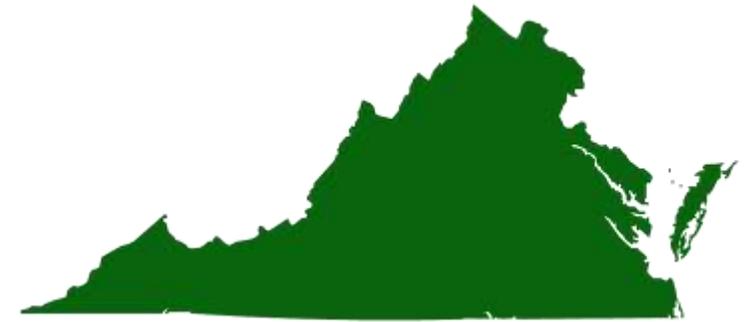
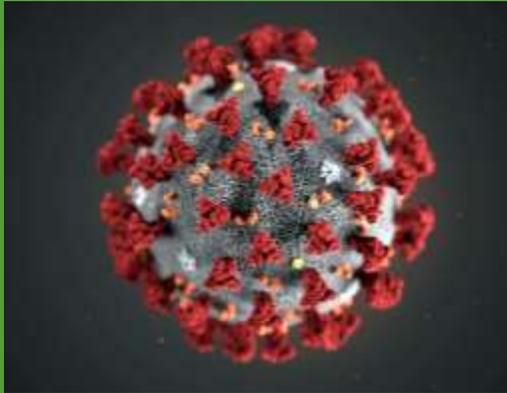


When does the coronavirus pandemic end and when do these things matter again?

QUESTIONS & COMMENTS

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www.gentrylocke.com/government-affairs



State of Play

March 2020