

Key Budget Policy Choices

Comparing the governor's and money committee budgets to the FY 2018 budget

Revised: February 21, 2018

The House Appropriations and Senate Finance committees have released their proposed changes to the 2018-2020 budget (FYs 2019 and 2020). The baseline for these changes is the FY 2018 budget as approved in Chapter 836, Acts of Assembly 2017.

The chart below provides a summary level assessment of certain key changes and other noteworthy information proposed by the money committees and governor compared to the current budget. The dollar figures represent combined FY 2019 and FY 2020 changes in General Fund spending.

| | Governor | | House Appropriations | | Senate Finance | |
|--|---|-----------------|---|----------------|---|-----------------|
| Total General Fund (GF) spending | \$42.44 billion | | \$42.50 billion | | \$42.49 billion | |
| Unappropriated balance | \$12.1 million | | \$2.1 million | | \$14.5 million | |
| Revenue and Resources | | | | | | |
| Total GF tax revenue after policy changes | \$40.99 billion | | \$41.03 billion | | \$41.01 billion | |
| Total other GF resources | \$1.46 billion | | \$1.47 billion | | \$1.49 billion | |
| GACRE estimate before policy changes | \$40.97 billion | | \$40.97 billion | | \$40.97 billion | |
| Tax policy changes | Total proposed tax policy changes: | \$15.8m | Total proposed tax policy changes: | \$55.6m | Total proposed tax policy changes: | \$41.9m |
| <i>Tax audits</i> | <ul style="list-style-type: none"> Tax initiative to expand audits | \$18.5m | <ul style="list-style-type: none"> Assumes higher revenue due to additional staffing | \$29.3m | <ul style="list-style-type: none"> Same as governor's | \$18.5m |
| <i>Land Preservation Tax Credit</i> | <ul style="list-style-type: none"> Not included | | <ul style="list-style-type: none"> Retains \$20,000 limit on Land Preservation Tax Credit | \$13.2m | <ul style="list-style-type: none"> Retains \$20,000 limit on Land Preservation Tax Credit | \$13.2m |
| <i>Historic Rehab Tax Credit</i> | <ul style="list-style-type: none"> Not included | | <ul style="list-style-type: none"> Retains \$5m limit on Historic Rehab Tax Credit | \$13.0m | <ul style="list-style-type: none"> Retains \$5m limit on Historic Rehab Tax Credit | \$13.0m |
| <i>Utility rebate revenue</i> | <ul style="list-style-type: none"> Not included | | <ul style="list-style-type: none"> Includes rebate revenue related to utility payments on state facilities (HB1558) | \$3.4m | <ul style="list-style-type: none"> Not included | |
| <i>Payroll breaches</i> | <ul style="list-style-type: none"> Notification of payroll system breaches | \$0.6m | <ul style="list-style-type: none"> Same as governor's | \$0.6m | <ul style="list-style-type: none"> Same as governor's | \$0.6m |
| <i>ATV tax changes</i> | <ul style="list-style-type: none"> Not included | | <ul style="list-style-type: none"> Not included | | <ul style="list-style-type: none"> Applies motor vehicle sales tax to ATVs (SB249) | \$0.5m |
| <i>DNA testing fee changes</i> | <ul style="list-style-type: none"> Not included | | <ul style="list-style-type: none"> Increases fee revenues from requiring DNA testing for additional misdemeanor convictions (HB1249) | \$0.3m | <ul style="list-style-type: none"> Not included | |
| <i>R&D tax exemption</i> | <ul style="list-style-type: none"> Not included | | <ul style="list-style-type: none"> Not included | | <ul style="list-style-type: none"> Reverses expanded sales & use tax exemption for R&D | \$0.3m |
| <i>Coal tax credits</i> | <ul style="list-style-type: none"> Not included | | <ul style="list-style-type: none"> Reinstates coal tax credits for metallurgical coal (HB665) | -\$0.9m | <ul style="list-style-type: none"> Reinstates coal tax credits for metallurgical coal (SB378) | -\$0.9m |
| <i>Conformity</i> | <ul style="list-style-type: none"> Federal tax conformity | -\$3.3m | <ul style="list-style-type: none"> Same as governor's | -\$3.3m | <ul style="list-style-type: none"> Same as governor's | -\$3.3m |
| Revenue cash reserves (Deposits) | Makes additional deposits each year so that balance reaches \$427.1m at the end of FY20 | \$270.7m | Makes additional deposits each year so that balance reaches \$247.4m at the end of FY20 | \$91.0m | Makes additional deposits each year so that balance reaches \$336.4m at the end of FY20 | \$180.0m |

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| Health Care | | | | | | |
| Medicaid expansion | Extends health coverage to nearly 400,000 newly eligible. Assumes start date on/around Oct. 1, 2018 (<i>net savings</i>) | -\$421.7m | Extends health coverage to nearly 400,000 newly eligible. Assumes start date on/around Jan. 1, 2019 (<i>net savings</i>) | -\$371.0m | Not included | |
| Work requirements | Not included | | Directs DMAS to apply for waiver that imposes work requirements for Medicaid recipients (HB338 TEEOP Program); Uses \$3.5m in FY18 to hire consultant to design waiver | \$21.5m | Not included | |
| Provider assessment | Adopts assessment on private acute care hospitals to cover state share of expansion (provides non-GF revenues) | | Same as governor's | | Not included | |
| Medicaid forecast | Funds Medicaid utilization and inflation | \$575.9m | Delays hospital inflation adjustment until FY20 | \$564.9m | Same as governor's | \$575.9m |
| Waiver slots | Adds 825 new Community Living and Family and Individual Supports waivers | \$45.0m | Same as governor's | \$45.0m | Same as governor's | \$45.0m |
| Mental health facility crowding | Addresses capacity issues through discharge planning, assisted living slots, and community support teams | \$11.4m | Same as governor's | \$11.4m | Provides limited funding for discharge planning | \$3.5m |
| Supportive housing | Expands supportive housing options for adults with SMI, pregnant and parenting mothers with substance use disorder, and individuals with developmental disabilities | \$12.8m | Same as governor's | \$12.8m | Expands supportive housing options; more limited rental assistance than the governor's budget | \$11.8m |
| Criminal justice & mental health | Not included | | Funds CIT assessment sites | \$2.7m | Funds jail discharge planning, alternative transportation for TDOs, and other services | \$15.1m |
| Primary care screening | Includes funding for primary care outpatient screenings at CSBs | \$11.2m | Same as governor's | \$11.2m | Includes limited funding for primary care outpatient screening at CSBs in FY20 | \$3.7m |
| Federal tax changes | Not included | | Captures savings from suspension of ACA health insurance tax | -\$42.0m | Captures savings from suspension of ACA health insurance tax | -\$42.0m |
| Home health care | Provides overtime & training for consumer-directed attendants; 2% rate increase for personal care, respite, & companion services | \$20.4m | Provides 1% rate increase for agency and consumer-directed personal care services | \$4.9m | Provides training for personal care attendants | \$1.0m |
| Priority needs access program | Not included | | Not included | | Includes language articulating health care priorities but does not provide funding | |

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| K-12 Education | | | |
| Avg. state per pupil direct aid | Provides \$5,589 in FY19 and \$5,638 in FY20 | Provides \$5,617 in FY19 and \$5,690 in FY20 | Provides \$5,583 in FY19 and \$5,589 in FY20 |
| Rebenchmarking | Updates education funding with more current enrollment and demographic data (this value excludes VPI non-participation) \$481.4m | Rebenchmarking with small, technical changes \$477.0m | Rebenchmarking with small, technical changes \$477.0m |
| Salary increase | Funds state share of 2% salary increase for school positions effective Dec. 1, 2019 \$51.3m | Funds state share of 2% salary increase for school positions effective Jul. 1, 2019 \$87.6m | Not included |
| Supplanting GF dollars | Uses lottery funds to decrease general fund support for public education -\$80.4m | Includes GF supplanting with lottery revenues, yet partially offsets with GF investment in lottery PPA (see below) -\$80.4m | Uses increased lottery fund estimates to further decrease general fund support for public education -\$97.9m |
| Lottery per pupil allocation (PPA) | Increase not included | Increases the lottery PPA with general funds (\$73.9m) and increased NGF lottery revenues (\$17.6m) with no local matching requirement \$73.9m | Increase not included |
| "No Loss" funding | Compensates localities that would have received less funding in FY19 than they received in FY18 \$11.5m | Not included | Not included |
| Va. Preschool Initiative (VPI) | Does not increase VPI per pupil reimbursement | Does not increase VPI per pupil reimbursement | Increases per pupil reimbursement from \$6,125 to \$6,500 for research-based curriculum \$9.2m |
| One full-time principal in every elem. school | Provides state funding to ensure every elementary school has one full-time principal starting in FY20 \$7.7m | Not included | Not included |
| At-Risk funding | Increases At-Risk Add-On from 1-13% more per free lunch student to 1-14% more in FY20 \$7.1m | Increase not included | Same as governor's \$7.1m |
| Enrollment loss assistance | Not included | Provides additional assistance to school divisions with enrollment declines of 5% or greater over the last 5 years and have < 10,000 students \$6.1m | Provides additional assistance to school divisions with enrollment declines of 10% or greater since 2008 and have < 10,000 students \$5.0m |
| Teacher residency | Increase not included | Increase not included | Increases support for teacher residency partnerships between schools and university teacher preparation programs \$1.5m |

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| Compensation | | | |
| Salary increases | Total proposed salary increases for state and state-supported local employees: \$100.7m | Total proposed salary increases for state and state-supported local employees: \$234.0m | Not included |
| K-12 employees | <ul style="list-style-type: none"> Includes state share of 2% salary increase for K-12 employees (effective Dec. 1, 2019) \$51.3m | <ul style="list-style-type: none"> Includes state share of 2% salary increase for K-12 employees (effective Jul. 1, 2019) \$87.6m | |
| State and state-supported employees | <ul style="list-style-type: none"> Provides a 2% salary increase to state employees (effective Nov. 10, 2019) and for state-supported local employees (state share; effective Dec. 1, 2019) \$49.4m | <ul style="list-style-type: none"> Provides a 2% salary increase to state employees and university faculty (effective Jun. 10, 2019) and for state-supported local employees (state share; effective Jul. 1, 2019) \$86.4m | |
| Merit salary adjustment | <ul style="list-style-type: none"> Not included | <ul style="list-style-type: none"> Includes a 1% merit salary adjustment for classified state employees (effective Jun. 10, 2019) \$24.6m | |
| Law enforcement & DBHDS | <ul style="list-style-type: none"> Not included | <ul style="list-style-type: none"> Targets salary increase for some law enforcement (effective Jan. 10, 2019) and direct care staff in the DBHDS facilities (effective Feb. 1, 2019) \$35.2m | |
| State employee contingent bonus | Not included | Provides a 2% bonus for state employees (\$32.8m) contingent on revenue (paid Dec. 1, 2018) | Not included |
| State employee health insurance | Covers increases in employee & employer share of health insurance premiums \$132.1m | Covers increases in only the employer share of health insurance premiums \$118.2m | Same as governor's \$132.1m |
| VRS and other retirement benefits | Decreases use of literary funds and replaces with general funds for public school employee retirement contributions \$80.0m | Same as governor's \$80.0m | Same as governor's \$80.0m |
| Capital | | | |
| Capital budget | Total capital budget in FY19 and FY20 \$974.0m | Adds \$330m for Port of Va; increases capital outlay pool and makes other adjustments \$1,437.1m | Increases capital outlay pool and makes other adjustments \$1,228.5m |
| Juvenile justice capital projects | Retains prior budget assumption of funding two new facilities | Provides funds to build 156-bed facility at Beaumont | Provides funds to build facilities at Bon Air (96 beds) and Isle of Wight (60 beds) |

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| Social Services | | | | | | |
| Temporary Assistance for Needy Families (TANF) | No proposed increase in cash benefits Uses \$12m in TANF funds for Long Acting Reversible Contraception (LARC) Not included | | Same as governor's Uses \$6m in TANF funds for LARC pilot Uses \$12.6m in TANF funds for additional grants to nonprofits and local governments | | Same as governor's Uses \$11m in TANF funds for LARC pilot Uses \$8.9m in TANF funds for additional grants to nonprofits and local governments | |
| Children's Services Act (CSA) | Updates CSA funding to meet anticipated caseload and expenditure growth | \$54.2m | Same as governor's; requires evidence-based services | \$54.2m | Assumes lower spending growth | \$41.1m |
| Office of Immigrant Assistance | Earmarks funds to help lawfully present immigrants navigate systems | \$0.8m | Not included | | Not included | |
| Higher Education (excludes capital projects) | | | | | | |
| Financial aid | Increases need-based financial aid for in-state undergraduate students | \$45.5m | Includes need-based financial aid. Allows higher education institutions to prioritize awards to students enrolling in data science and technology, science and engineering, healthcare, and education | \$45.5m | Provides half the funds proposed by the governor for need-based financial aid | \$22.8m |
| Commonwealth Cyber Initiative | Not included | | Creates Commonwealth Cyber Initiative (CyberX) anchored by Virginia Tech for research and training in cybersecurity | \$40.0m | Not included | |
| TAG | Increases TAG grants to \$3,350 | \$1.6m | Same as governor's | \$1.6m | Same as governor's | \$1.6m |
| Other | Not included | | Awarded to higher education institutions to increase the number of degrees available in data science & technology, science & engineering, healthcare, and education | \$42.6m | Not included | |
| | Enhances programs at EVMS, ODU and UVA-Wise and fund enrollment growth at GMU | \$37.9m | Increases operations and maintenance and enhances programs at colleges and universities | \$23.2m | Enhances programs and makes changes to operations funding | \$26.8m |
| | Allows institutions to retain interest and credit card rebates | \$13.1m | Same as governor's | \$13.1m | Same as governor's | \$13.1m |
| | Funds equipment upgrades at UVA-Wise and VSU | \$3.1m | Same as governor's | \$3.1m | Partially funds the equipment upgrades at UVA-Wise and VSU | \$2.3m |
| | Funds cybersecurity and biofuels research at NSU | \$1.3m | Same as governor's | \$1.3m | Not included | |