

# Competing Virginia Budget Proposals

## Key proposed amendments to Chapter 3, the 2014-2016 budget

Relying on a faster-than-expected rise in state tax revenues, the money committees had some room to invest in their priorities without making big cuts to other programs. But there are key differences in what they did and how they did it. They also departed from what the governor proposed in some important ways. The chart below provides a summary level assessment of key aspects of the three budget proposals for a select number of issue areas. Please contact us for more detailed analysis on any of these or other key aspects within the proposals.

	Governor	Senate Finance	House Appropriations
<b>Total General Fund (GF) Spending</b>	<b>\$36.47 billion</b>	<b>\$36.89 billion</b>	<b>\$36.85 billion</b>
<b>Revenue</b>			
<b>Net Additional GF Resources</b>	The governor was working with an additional <b>\$91.9m</b> through a mix of restructured tax expenditures and technical changes.	The Senate was working with an additional <b>\$512.5m</b> from higher than expected tax collections, a mix of restructured tax expenditures, and technical changes.	The House was working with an additional <b>\$468.3m</b> from higher than expected tax collections, a more limited set of restructured tax expenditures, and technical changes.
<b>Significant GF Tax Reforms</b>	<ul style="list-style-type: none"> <li>• Caps Land Preservation Tax Credit <b>\$22.4m</b></li> <li>• Limits coal industry tax credits <b>\$19.9m</b></li> <li>• Reduces Long-Term Care Insurance Premium Deduction <b>\$9.4m</b></li> <li>• Closes online hotel tax loophole <b>\$1.7m</b></li> </ul>	<ul style="list-style-type: none"> <li>• Caps Land Preservation Tax Credit <b>\$22.4m</b></li> <li>• Limits coal industry tax credits <b>\$5.2m</b></li> <li>• Reduces Long-Term Care Insurance Premium Deduction <b>\$9.4m</b></li> </ul>	<ul style="list-style-type: none"> <li>• Caps Land Preservation Tax Credit <b>\$22.4m</b></li> <li>• Limits coal industry tax credits <b>\$5.2m</b></li> </ul>
<b>Accelerated Sales Tax Changes for Retailers</b>	Increases the number of businesses subject to the accelerated sales tax to those with taxable sales above \$2.5m, from \$26m <b>\$57.8m</b>	Increases the number of businesses subject to the accelerated sales tax to those with taxable sales above \$2.5m, from \$26m <b>\$57.8m</b>	Increases the number of businesses subject to the accelerated sales tax to those with taxable sales above \$3.5m, from \$26m <b>\$47.6m</b>
<b>Health Care</b>			
<b>Medicaid Expansion</b>	Closes the coverage gap to help nearly 400,000 Virginians	Does not close the coverage gap	Does not close the coverage gap
<b>Healthy Virginia</b>	Introduces 10-point Healthy Virginia Program to - among other things - help low-income pregnant women get dental coverage and cover children of low-income state employees through FAMIS	Includes Healthy Virginia Program	Funds major components of the Healthy Virginia Program, like dental coverage for pregnant women and FAMIS for children of low-income state employees, without referring to it as the Healthy Virginia Program
<b>Governor's Access Plan (GAP)</b>	Part of the larger Healthy Virginia Program to provide limited medical and mental health coverage for people with Serious Mental Illness	Includes the governor's plan	Weakens the governor's plan by lowering the eligibility to 80% of the Federal Poverty Level and removing outpatient medical coverage



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<b>Education</b>			
<b>Per Pupil K-12 Spending in FY2016</b>	\$5,028	\$5,067	\$5,064
<b>One-Time VRS Deposit for Teacher Retirement</b>	\$150m	\$187.2m	\$190m
<b>Virginia Preschool Initiative (VPI)</b>	Allows unused VPI slots to be used by school divisions that have a waiting list	Requires unused balances to be used for one-time pre-k start-up or expansion grants	Eliminates funding for last year's hold harmless provision for some school divisions and uses lower enrollment numbers to <b>cut \$6.4m</b> from VPI. Also limits eligibility only to children who are eligible for free lunch
<b>School Construction</b>	Includes <b>\$50m</b> in funding for school construction loans and <b>\$25m</b> to subsidize interest rates for school divisions	Includes <b>\$50m</b> in funding for school construction loans and <b>\$25m</b> to subsidize interest rates for school divisions	Includes only <b>\$50m</b> in funding for school construction loans. The \$25m used for the interest rate subsidy grants is instead used to offset other state funds used for teacher retirement
<b>"Breakfast After the Bell"</b>	Includes <b>\$537,000</b> for a new school breakfast program designed to encourage all school divisions to serve breakfast after the start of the school day	Targets this new program at only elementary schools where free/ reduced lunch eligibility exceeds 45%. Funding levels are the same as the governor's proposal	Combines governor's program and regular school breakfast program. School divisions can pilot new breakfast serving models or claim additional reimbursement for their existing school breakfast programs. Funding levels are the same as the governor's proposal
<b>Compensation</b>			
<b>Pay Raises</b>	<b>\$1.6m</b> to increase the salaries of entry-level deputy sheriffs	<b>\$158m</b> for pay raises, including: 3% for state employees 3% for state-supported local employees 2% for faculty (distribution determined by colleges) 1.5% for teachers \$5.8m for compression for state police 2% base adjustment for high-turnover occupations	<b>\$142m</b> for pay raises, including: 1.5% for state employees plus a compression adjustment 2% for state-supported local employees 2% for faculty (distribution determined by colleges) 1.5% for teachers 1.5% for state police plus \$4m for overtime \$8.5m targeted to public safety personnel
<b>Extra VRS Deposit for State Employees' Retirement</b>			<b>\$42m</b> towards funding VRS at recommended rates



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<b>Social Services</b>			
<b>Temporary Assistance for Needy Families (TANF)</b>	Supplants <b>\$2.1m</b> of funding for Healthy Families and Community Action Agency EITC Grants with TANF funds	Supplants <b>\$2.1m</b> of funding for Healthy Families and Community Action Agency EITC Grants with TANF funds  Supplants <b>\$450,000</b> of CHIP funding with TANF funds  Increases TANF benefits by 2.5%  Provides a \$100 per student back-to-school benefit  Ends lifetime ban on TANF reciprocity for people with drug-related felonies	Supplants <b>\$2.1m</b> of funding for Healthy Families and Community Action Agency EITC Grants with TANF funds  Supplants <b>\$1m</b> of CHIP funding with TANF funds
<b>Foster Care Services</b>	Extends access to foster care services up to age 21	Extends access to foster care services up to age 21	
<b>Other</b>			
<b>Revenue Stabilization Fund (Rainy Day Fund)</b>		<b>\$134m</b> set aside toward the FY17 deposit. Senate also proposed that half of any additional FY15 revenue increases above what is assumed in its budget go into the rainy day fund	<b>\$99.5m</b> set aside toward the FY17 deposit
<b>Governor's Opportunity Fund</b>	Proposes a <b>\$20.7m</b> increase in the fund and allows the fund to retain unspent balances	Only proposes a <b>\$16.3m</b> increase in the fund and allows the fund to retain unspent balances	Keeps governor's proposed <b>\$20.7m</b> increase to the fund and allows the fund to retain some unspent balances
<b>Capital Budget</b>	<b>\$277.5m</b> in capital projects, including \$83.7m in general fund-supported bonds. This includes \$28m toward new voting machines	<b>\$615.3m</b> in capital projects, including \$99.5m in general fund cash and \$179.7m in general fund-supported bonds. Eliminates money for voting machines	<b>\$423.9m</b> in capital projects, including \$111.8m in general fund cash and at least \$47.9m in general fund-supported bonds. Eliminates money for voting machines
<b>JLARC Medicaid Study</b>			Includes <b>\$300,000</b> for a redundant Medicaid study (over 60 audits of the program have been conducted in the last 10 years alone)

For questions or more detailed analysis on any of these or other key aspects within the proposals, please contact us or visit [www.thecommonwealthinstitute.org](http://www.thecommonwealthinstitute.org)

