

Competing Virginia Budget Proposals

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

February 2015

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
Total General Fund (GF) Spending	\$36.47 billion	\$36.89 billion	\$36.85 billion
Revenue			
Net Additional GF Resources	The governor was working with an additional \$91.9m through a mix of restructured tax expenditures and technical changes.	The Senate was working with an additional \$512.5m from higher than expected tax collections, a mix of restructured tax expenditures, and technical changes.	The House was working with an additional \$468.3m from higher than expected tax collections, a more limited set of restructured tax expenditures, and technical changes.
Significant GF Tax Reforms	<ul style="list-style-type: none"> • Caps Land Preservation Tax Credit \$22.4m • Limits coal industry tax credits \$19.9m • Reduces Long-Term Care Insurance Premium Deduction \$9.4m • Closes online hotel tax loophole \$1.7m 	<ul style="list-style-type: none"> • Caps Land Preservation Tax Credit \$22.4m • Limits coal industry tax credits \$5.2m • Reduces Long-Term Care Insurance Premium Deduction \$9.4m 	<ul style="list-style-type: none"> • Caps Land Preservation Tax Credit \$22.4m • Limits coal industry tax credits \$5.2m
Accelerated Sales Tax Changes for Retailers	Increases the number of businesses subject to the accelerated sales tax to those with taxable sales above \$2.5m, from \$26m \$57.8m	Increases the number of businesses subject to the accelerated sales tax to those with taxable sales above \$2.5m, from \$26m \$57.8m	Increases the number of businesses subject to the accelerated sales tax to those with taxable sales above \$3.5m, from \$26m \$47.6m
Health Care			
Medicaid Expansion	Closes the coverage gap to help nearly 400,000 Virginians	Does not close the coverage gap	Does not close the coverage gap
Healthy Virginia	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
Governor's Access Plan (GAP)	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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Education			
Per Pupil K-12 Spending in FY2016	\$5,028	\$5,067	\$5,064
One-Time VRS Deposit for Teacher Retirement	\$150m	\$187.2m	\$190m
Virginia Preschool Initiative (VPI)	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 cut \$6.4m from VPI. Also limits eligibility only to children who are eligible for free lunch
School Construction	Includes \$50m in funding for school construction loans and \$25m to subsidize interest rates for school divisions	Includes \$50m in funding for school construction loans and \$25m to subsidize interest rates for school divisions	Includes only \$50m 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
"Breakfast After the Bell"	Includes \$537,000 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
Compensation			
Pay Raises	\$1.6m to increase the salaries of entry-level deputy sheriffs	\$158m 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	\$151m¹ 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
Extra VRS Deposit for State Employees' Retirement			\$42m towards funding VRS at recommended rates

¹Corrected on Feb 25, 2015



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Social Services			
Temporary Assistance for Needy Families (TANF)	Supplants \$2.1m of funding for Healthy Families and Community Action Agency EITC Grants with TANF funds	Supplants \$2.1m of funding for Healthy Families and Community Action Agency EITC Grants with TANF funds Supplants \$450,000 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 \$2.1m of funding for Healthy Families and Community Action Agency EITC Grants with TANF funds Supplants \$1m of CHIP funding with TANF funds
Foster Care Services	Extends access to foster care services up to age 21	Extends access to foster care services up to age 21	
Other			
Revenue Stabilization Fund (Rainy Day Fund)		\$134m 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	\$99.5m set aside toward the FY17 deposit
Governor's Opportunity Fund	Proposes a \$20.7m increase in the fund and allows the fund to retain unspent balances	Only proposes a \$16.3m increase in the fund and allows the fund to retain unspent balances	Keeps governor's proposed \$20.7m increase to the fund and allows the fund to retain some unspent balances
Capital Budget	\$277.5m in capital projects, including \$83.7m in general fund-supported bonds. This includes \$28m toward new voting machines	\$615.3m in capital projects, including \$99.5m in general fund cash and \$179.7m in general fund-supported bonds. Eliminates money for voting machines	\$423.9m 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
JLARC Medicaid Study			Includes \$300,000 for a redundant Medicaid study (over 60 audits of the program have been conducted in the last 10 years alone)

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