

# How the Conference Budget Stacks Up

## Key proposed changes to Chapter 3, the enacted version of the 2014-2016 budget 1

February 2015 (Revised)

House and Senate budget negotiators have submitted their conference budget for floor consideration by the General Assembly. It reflects their amendments to the state's current two-year budget that resolve chamber differences on a range of key issues. The chart below provides a summary level assessment of key aspects of the conference budget compared to earlier proposals from the governor, the House, and the Senate. Please contact us for more detailed analysis on any of these or other key aspects within these proposals.

	<b>Governor</b>	<b>Senate</b>	<b>House</b>	<b>Conference</b>
<b>Total General Fund (GF) Spending</b>	<b>\$36.47 billion</b>	<b>\$36.89 billion</b>	<b>\$36.85 billion</b>	<b>\$37.00 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>\$512.6m</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 limited set of restructured tax expenditures, and technical changes.	The conference committee was working with an additional <b>\$624.2m</b> from higher than expected tax collections, a limited set of restructured tax expenditures, and technical changes.
<b>Significant GF Tax Reforms (revenue generated)</b>	<p>Lowers the Land Preservation Tax Credit cap <b>\$22.4m</b></p> <p>Limits Coal industry tax credits <b>\$19.9m</b></p> <p>Reduces Long-Term Care Insurance Premium Deduction <b>\$9.4m</b></p> <p>Closes online hotel tax loophole <b>\$1.7m</b></p>	<p>Lowers the Land Preservation Tax Credit cap <b>\$22.4m</b></p> <p>Limits Coal industry tax credits <b>\$5.2m</b></p> <p>Reduces Long-Term Care Insurance Premium Deduction <b>\$9.4m</b></p>	<p>Lowers the Land Preservation Tax Credit cap <b>\$22.4m</b></p> <p>Limits Coal industry tax credits <b>\$5.2m</b></p>	<p>Lowers the Land Preservation Tax Credit cap <b>\$22.4m</b></p>
<b>Accelerated Sales Tax Changes for Retailers (revenue generated)</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>	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>
<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	Does not close the coverage gap



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<b>Health Care (cont.)</b>				
<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	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	Weakens the governor's plan by lowering the eligibility to 60% of the Federal Poverty Level but retains the outpatient medical coverage
<b>K-12 Education</b>				
<b>Per Pupil K-12 Spending in FY2016</b>	<b>\$5,028</b>	<b>\$5,067</b>	<b>\$5,064</b>	<b>\$5,070</b>
<b>One-Time VRS Deposit for Teacher Retirement</b>	<b>\$150m</b>	<b>\$187.2m</b>	<b>\$190m</b>	<b>\$193m</b>
<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>Cuts \$2.9m</b> by using lower enrollment projections. Reduces local flexibility for determining eligibility and requires additional demographic reporting. Requires unused funds to be used for one-time pre-k start-up or expansion grants
<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 <b>\$50m</b> in funding for school construction loans. The \$25m used for the interest rate subsidy grants is instead used for teacher retirement	Includes <b>\$52.9m</b> in funding for school construction loans. Most of the \$25m used for the interest rate subsidy grants is instead 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	Includes <b>\$537,000</b> to fund school breakfast pilot programs at elementary schools where free and reduced lunch eligibility exceeds 45% or an additional reimbursement for any school under the current school breakfast program



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<b>Higher Ed.</b>				
<b>Operating Funds</b>	An additional <b>\$10m</b> , including \$2.3m in additional base and operating funding, \$3.5m for financial aid, and \$4m for the Jefferson Lab Collider Project	An additional <b>\$29m</b> , including \$14.4m for 2% faculty raises and \$9.6m for financial aid. Provides \$4m for Jefferson Lab Collider Project in Economic Development budget rather than Higher Education budget	An additional <b>\$41m</b> , including \$19.8m in operating funding, \$2.1m for financial aid (\$1.2m of that targeted to \$1000 transfer grants), \$5m for research and \$12m for 2% faculty raises. Provides \$4m for Jefferson Lab Collider Project in Economic Development budget rather than Higher Education budget	An additional <b>\$42m</b> , including at least \$18.4m in base and operating funding, \$10.1 million for financial aid (\$1.2m of that targeted to \$1000 transfer grants), \$5 million for research, and \$14.4m for 2% faculty pay raises; Provides \$4m for Jefferson Lab Collider Project in Economic Development budget rather than Higher Education budget
<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>\$151m</b> for pay raises, including:  1.5% for state employees plus a compression adjustment 2% for state-supported local employees 2% for faculty 1.5% for teachers 1.5% for state police plus \$4m for overtime \$8.5m targeted to public safety personnel	<b>\$153.5m</b> for pay raises, including:  2% for state employees plus a compression adjustment 2% for state-supported local employees 2% for faculty 1.5% for teachers \$4m for state police overtime \$3.8m base adjustment for high-turnover occupations
<b>Extra VRS Deposit for State Employees' Retirement</b>			<b>\$42m</b> toward funding VRS at recommended rates	<b>\$32m</b> toward funding VRS at recommended rates
<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> funding for CHIP with TANF funds  Increases TANF benefits by 2.5%  Provides a \$100 per student back-to-school benefit	Supplants <b>\$2.1m</b> of funding for Healthy Families and Community Action Agency EITC Grants with TANF funds  Supplants <b>\$1m</b> of funding for CHIP with TANF funds	Supplants <b>\$2.1m</b> of funding for Healthy Families and Community Action Agency EITC Grants with TANF funds  Supplants <b>\$1m</b> of funding for CHIP with TANF funds  Increases TANF benefits by 2.5% on Jan 1, 2016
<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		



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<b>Other</b>				
<b>Revenue Stabilization Fund (Rainy Day Fund)</b>		<b>\$134m</b> to be 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> to be set aside toward the FY17 deposit	<b>\$129.5</b> million to be set aside toward 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	Keeps governor's proposed <b>\$20.7m</b> increase in the fund and allows the fund to retain unspent balances  Renames fund "Commonwealth's Development Opportunity Fund"
<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>\$520.3m</b> in capital projects, including \$141.4m in general fund cash and at least \$55.7m 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 ten years alone)	
<b>Reversion of Aid to Localities</b>		Eliminates the scheduled <b>\$30m</b> clawback from localities in FY2016		Eliminates the scheduled <b>\$30m</b> clawback from localities in FY2016

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

