

Key Budget Policy Choices

Key proposed changes to the enacted budget, Ch. 780



House and Senate budget negotiators have submitted their conference budget for floor consideration by the General Assembly. The chart below provides a summary of certain key changes in the conference report, Senate budget, House budget, and governor's budget compared to the Chapter 780 (Acts of Assembly 2016) version of the 2016-2018 (fiscal years 2017 and 2018) budget. The dollar figures represent combined FY17 and FY18 changes in general fund spending. Please contact us if you have any questions about this summary or other aspects of the proposed budget.

	Governor	House	Senate	Conference
Total General Fund (GF) Spending	\$40.34 billion	\$40.43 billion	\$40.41 billion	\$40.47 billion
Leftover balance	\$16.1m	\$1.9m	\$14.4m	\$3.6m
Revenue and Resources				
Adjustments in GF Resources	Reduces resources from not meeting forecast, technical changes, and transfers -\$1,009.3m Proposes tax policy changes (revenue gained): \$138.6m <ul style="list-style-type: none"> • Tax amnesty program \$58.2m • Reforms neighborhood and education scholarship tax credits \$2.0m • Increases transfer fee for Land Preservation Tax Credit \$1.0m • No change proposed from Ch. 780 • No change proposed from Ch. 780 • No change proposed from Ch. 780 • Other enforcement and tax policy reforms \$77.4m No change proposed from Ch. 780 Revenue Stabilization Fund ("rainy day fund") withdrawal \$567.2m	Reduces resources from revenue not meeting forecast, technical changes, and transfers -\$939.1m Proposes tax policy changes (revenue gained): \$139.5m <ul style="list-style-type: none"> • Same as governor's \$58.2m • No change proposed from Ch. 780 • Same as governor's \$1.0m • Cigarette reseller certificate requirements \$2.5m • Caps existing coal credits \$0.4m • No change proposed from Ch. 780 • Same as governor's \$77.4m Reverts capital planning funds \$10.0m Same as governor's \$567.2m	Reduces resources from revenue not meeting forecast, technical changes, and transfers -\$967.5m Proposes tax policy changes (revenue gained): \$170.0m <ul style="list-style-type: none"> • Assumes higher revenue from same proposal \$89.8m • No change proposed from Ch. 780 • No change proposed from Ch. 780 • Cigarette reseller certificate requirements \$2.6m • No change proposed from Ch. 780 • Taxes ATVs & mopeds as motor vehicles \$0.2m • Same as governor's \$77.4m No change proposed from Ch. 780 Same as governor's \$567.2m	Reduces resources from revenue not meeting forecast, technical changes, and transfers -\$921.2m Proposes tax policy changes (revenue gained): \$169.7m <ul style="list-style-type: none"> • Assumes higher revenue from same proposal \$89.8m • No change proposed from Ch. 780 • No change proposed from Ch. 780 • Cigarette reseller certificate requirements \$2.6m • No change proposed from Ch. 780 • No change proposed from Ch. 780 • Same as governor's \$77.4m Revert capital planning funds \$5.0m Same as governor's \$567.2m

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Health Care								
Mental health care transformation	Funds mental health and substance abuse treatment system:	\$31.7m	Funds mental health and substance abuse treatment system:	\$20.5m	Funds mental health and substance abuse treatment system:	\$22.3m	Funds mental health and substance abuse treatment system:	\$23.3m
	<ul style="list-style-type: none"> Same-day-access to evaluation services at 25 of 40 CSBs 	\$8.2m	<ul style="list-style-type: none"> Same-day intake and assessments at CSBs (net Governor's Access Program savings) 	\$5.4m	<ul style="list-style-type: none"> Same as governor's 	\$8.2m	<ul style="list-style-type: none"> Same-day intake and assessments at CSBs (net Governor's Access Program savings) 	\$6.2m
	<ul style="list-style-type: none"> Substance abuse treatment and support 	\$6.3m	<ul style="list-style-type: none"> Funds opioid treatment services with GF and \$5.3 million in federal grants 	\$1.0m	<ul style="list-style-type: none"> Funds opioid treatment services with GF and \$6.2 million in federal grants 	\$0.08m	<ul style="list-style-type: none"> Funds opioid treatment services with GF and \$5.2 million in federal grants 	\$1.1m
	<ul style="list-style-type: none"> Funds study of state's community mental health services delivery system 	\$4.5m	<ul style="list-style-type: none"> Funds implementation plan for financial realignment of behavioral health system 	\$0.5m	<ul style="list-style-type: none"> Funds evaluation of community-based service delivery system 	\$0.5m	<ul style="list-style-type: none"> Funds plan restructure behavioral health system 	\$0.3m
	<ul style="list-style-type: none"> Supports mental health screening and assessment in local and regional jails 	\$4.2m	<ul style="list-style-type: none"> No change proposed from Ch. 780 		<ul style="list-style-type: none"> No change proposed from Ch. 780 		<ul style="list-style-type: none"> No change proposed from Ch. 780 	
	<ul style="list-style-type: none"> Addresses other community behavioral health service gaps 	\$3.4m	<ul style="list-style-type: none"> Addresses other community behavioral health service gaps 	\$3.5m	<ul style="list-style-type: none"> Same as governor's 	\$3.4m	<ul style="list-style-type: none"> Addresses other community behavioral health service gaps 	\$3.5m
	<ul style="list-style-type: none"> Purchases private inpatient beds 	\$3.0m	<ul style="list-style-type: none"> Same as governor's 	\$3.0m	<ul style="list-style-type: none"> Same as governor's 	\$3.0m	<ul style="list-style-type: none"> Same as governor's 	\$3.0m
	<ul style="list-style-type: none"> Hires additional security and direct care employees and purchases necessary pharmaceuticals 	\$2.1m	<ul style="list-style-type: none"> Same as governor's 	\$2.1m	<ul style="list-style-type: none"> Same as governor's 	\$2.1m	<ul style="list-style-type: none"> Same as governor's 	\$2.1m
	<ul style="list-style-type: none"> No change proposed from Ch. 780 		<ul style="list-style-type: none"> Expands eligibility for GAP and adds addiction and recovery services 	\$3.0m	<ul style="list-style-type: none"> No change proposed from Ch. 780 	\$5.0m	<ul style="list-style-type: none"> Expands eligibility for GAP and adds addiction and recovery services 	\$2.1m
	<ul style="list-style-type: none"> No change proposed from Ch. 780 		<ul style="list-style-type: none"> Funds permanent supportive housing 	\$2.0m	<ul style="list-style-type: none"> Funds permanent supportive housing 	\$5.0m	<ul style="list-style-type: none"> Funds permanent supportive housing 	\$5.0m
	<ul style="list-style-type: none"> No change proposed from Ch. 780 		<ul style="list-style-type: none"> No change proposed from Ch. 780 		<ul style="list-style-type: none"> Creates acute psychiatric bed registry 	\$0.075m	<ul style="list-style-type: none"> No change proposed from Ch. 780 	

Health Care continued on next page ...

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Health Care, cont.								
Medicaid Expansion	Closes the coverage gap on or after 10/01/2017 contingent on continued federal funding		Does not include contingent authority to close the coverage gap		Does not include contingent authority to close the coverage gap		Does not include contingent authority to close the coverage gap	
Nursing homes	Restores inflation adjustments for nursing homes	\$5.5m	Same as governor's	\$5.5m	Same as governor's	\$5.5m	Same as governor's	\$5.5m
	No change proposed from Ch. 780		Increases nursing facility payments	\$3.3m	Increases nursing facility payments	\$3.3m	Increases nursing facility payments	\$3.3m
	No change proposed from Ch. 780		Modifies peer group for Danville, Pittsylvania nursing homes	\$1.6m	Modifies peer group for Danville, Pittsylvania nursing homes	\$1.6m	Modifies peer group for Danville, Pittsylvania nursing homes	\$1.6m
Provider Assessments	No change proposed from Ch. 780		No change proposed from Ch. 780		Increases provider assessment on intermediate care facilities	-\$0.5m	Increases provider assessment on intermediate care facilities	-\$0.5m
Technical changes	Updates Medicaid funding for enrollment and other technical changes	\$217.8m	Updates Medicaid funding for enrollment and other technical changes	\$212.6m	Updates Medicaid funding for enrollment and other technical changes	\$211.5m	Updates Medicaid funding for enrollment and other technical changes	\$209.0m
Overtime for home health attendants	Provides up to 56 hours in consumer-directed overtime costs for home health attendants	\$8.5m	No change proposed from Ch. 780		No change proposed from Ch. 780		No change proposed from Ch. 780	

K-12 Education next page ...

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K-12 Education				
Avg. State Per Pupil Direct Aid	Provides \$5,229 in FY17 and \$5,441 in FY18	Provides \$5,229 in FY17 and \$5,453 in FY18	Provides \$5,234 in FY17 and \$5,440 in FY18	Provides \$5,234 in FY17 and \$5,448 in FY18
Compensation	Net change to compensation: -\$79.0m <ul style="list-style-type: none"> Removes state share of 2% salary increase for SOQ funded positions based on the state not meeting revenue target -\$134.4m Provides state's share of one-time 1.5% bonus for SOQ funded positions without local matching requirement \$55.5m 	Net change to compensation: -\$134.4m <ul style="list-style-type: none"> Same as governor's -\$134.4m No change proposed from Ch. 780 	Net change to compensation: -\$51.3m <ul style="list-style-type: none"> Same as governor's -\$134.4m Restores state share of 2% salary increase for SOQ funded positions for FY18 \$83.2m 	Net change to compensation: -\$102.5m <ul style="list-style-type: none"> Same as governor's -\$134.4m Restores state share of 2% salary increase for SOQ funded positions for part of FY18 \$32.0m
Lottery Per Pupil Allocation	No change proposed from Ch. 780	Increases lottery allocation without local matching requirement \$61.6m	Decreases lottery allocation to support portion of pay increase in FY18 -\$27.7m	Increases the lottery per pupil allocation without local matching requirement \$34.1m
Supplanting GF dollars	Uses non-general funds to decrease general fund support for public education -\$102.3m	Same as governor's -\$102.3m	Supplants GF with additional lottery and literary fund revenues -\$110.3m	Supplants GF with additional lottery and literary fund revenues -\$110.3m
Technical adjustments	Updates state support based on new enrollment and revenue projections -\$85.1m	Same as governor's -\$85.1m	Same as governor's -\$85.1m	Same as governor's -\$85.1m
Enrollment Loss Assistance	No change proposed from Ch. 780	Provides assistance to school divisions with less than 10,000 students and declining enrollment of 10% or greater in the past 10 years \$9.0m	Provides assistance to school divisions with declining enrollment of 1.5 percent or greater \$7.0m	Provides assistance to school divisions with a 5% decline in enrollment from 2011 to 2016 \$7.3m
Other Changes	Funds support for teacher residency programs in under-performing schools \$1.0m Eliminates support for teacher improvement initiative targeted to schools with the most at-risk students -\$2.0m No change proposed from Ch. 780	No change proposed from Ch. 780 Further reduces support for program. -\$2.1m Funds VDOE to administer parental choice educational savings accounts \$0.4m	Same as governor's \$1.0m Same as governor's -\$2.0m No change proposed from Ch. 780	Half as much as governor's for teacher residency programs in under-performing schools \$0.5m Further reduces support for program for teacher improvement initiative -\$2.1m Funds VDOE to administer parental choice educational savings accounts \$0.4m

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Compensation								
Net change in investment in public employee pay		-\$215.7m		-\$233.1m		-\$131.1m		-\$184.9m
Remove contingent salary increases	Removes salary increase and compensation adjustments based on the state not meeting revenue target	-\$346.3m	Same as governor's	-\$346.3m	Same as governor's	-\$346.3m	Same as governor's	-\$346.3m
Across-the-board salary increases	No change proposed from Ch. 780		Funds salary increase for state employees (3%)	\$58.3m	Funds salary increase for state employees (3%)	\$65.0m	Funds salary increase for state employees (3%)	\$65.0m
	No change proposed from Ch. 780		Funds salary increase for state-supported local employees and constitutional officers (2%)	\$15.6m	Funds salary increase for state-supported local employees and constitutional officers (2%)	\$17.1m	Funds salary increase for state-supported local employees and constitutional officers (2%)	\$15.6m
	No change proposed from Ch. 780		Funds state share of salary increase for some faculty (3%)	\$11.9m	Funds state share of salary increase for faculty (2%)	\$17.0m	Funds state share of salary increase for faculty (2% or 3%)	\$18.4m
	No change proposed from Ch. 780		No change proposed from Ch. 780		Funds state share of salary increase for K12 (2%)	\$83.2m	Funds state share of 2% salary increase for K12 for part of FY18	\$32.0m
One-time bonus	Funds a 1.5% bonus for state, state-supported locals, and K-12 employees	\$111.5m	No change proposed from Ch. 780		No change proposed from Ch. 780		No change proposed from Ch. 780 for one-time bonuses	
Targeted salary increases	Provides targeted pay increases:	\$19.1m	Provides targeted pay increases:	\$27.5m	Provides targeted pay increases:	\$32.9m	Provides targeted pay increases:	\$30.5m
	• Sheriff and jail compression pay	\$8.7m	• Sheriff and jail compression pay	\$7.2m	• Same as governor's	\$8.7m	• Sheriff and jail compression pay	\$7.3m
	• District court employees	\$2.5m	• District court employees	\$2.3m	• District court employees	\$3.5m	• District court employees	\$2.6m
	• State police	\$4.0m	• Starting pay for state police	\$14.6m	• Starting pay for state police	\$14.3m	• Starting pay for state police	\$14.3m
	• Career development funding for local constitutional officers	\$3.9m	• No change proposed from Ch. 780		• Same as governor's	\$3.9m	• Career development funding for local constitutional officers	\$3.3m
	• No change proposed from Ch. 780		• Starting pay for Capitol police	\$0.5m	• No change proposed from Ch. 780		• Starting pay for Capitol police	\$0.5m
	• No change proposed from Ch. 780		• High-turnover occupations	\$2.9m	• High-turnover occupations within mental health	\$2.5m	• High-turnover occupations	\$2.6m

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Social Services						
Temporary Assistance for Needy Families (TANF)	No change in benefits proposed from Ch. 780	Uses \$9.3m in TANF funds and \$90,000 in GF to increase benefits: • Modernizes TANF locality groupings • Increases TANF benefits 2.5% • Increases TANF child support disregard	\$0.1m \$0.1m	Uses \$2.5m in TANF funds and \$90,000 in GF to increase benefits: • Modernizes TANF locality groupings • No change proposed from Ch. 780 • No change proposed from Ch. 780	\$0.1m \$0.1m	
	No change proposed from Ch. 780	Increases reviews of public assistance applications and lost cards	\$0.2m	No change proposed from Ch. 780	Increases reviews of public assistance applications and lost cards \$0.2m	
	No change proposed from Ch. 780	No change proposed from Ch. 780		Uses \$1.6m in TANF money and \$24,724 in General Funds to extend transitional services for TANF families	No change proposed from Ch. 780 for transitional services for TANF families	
	Uses \$2.7m in TANF money to supplant GF support for service providers	-\$2.7m	Uses \$2.3m in TANF money to supplant GF support for service providers	-\$2.3m	Uses \$2.3m in TANF money to supplant GF support for service providers	-\$2.3m
	Uses \$6m in TANF money for Long Acting Reversible Contraception (LARC)		No change proposed from Ch. 780	Uses \$3m in TANF money for LARC	No change proposed from Ch. 780 for LARC	
	No change proposed from Ch. 780	Uses \$10m in TANF money for local community wealth building programs		No change proposed from Ch. 780	Uses \$7.5 m in TANF money for community employment and training programs	
	No change proposed from Ch. 780	Uses \$200,000 in TANF funds to increase support for Northern Virginia Family Services		No change proposed from Ch. 780	Uses \$300,000 in TANF funds to increase support for Northern Virginia Family Services	
	Children's services	Updates Children's Services Act (CSA) funding for increased caseload and service costs \$85.7m	Same as governor's \$85.7m	Same as governor's \$85.7m	Same as governor's CSA fund \$85.7m	
Foster care and adoption	No change proposed from Ch. 780	No change proposed from Ch. 780	Creates Kinship Guardianship Assistance Program \$0.04m	No change proposed from Ch. 780		

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Higher education (excludes capital projects)								
Compensation	Net change to compensation: -\$31.7m		Net change to compensation: -\$26.1m		Net change to compensation: -\$27.0m		Net change to compensation: -\$25.6m	
	<ul style="list-style-type: none"> Removes faculty salary increases based on the state not meeting revenue target -\$44.0m Provides one-time 1.5% bonus in Dec. 2017 \$12.3m 		<ul style="list-style-type: none"> Same as governor's -\$44.0m Provides state share of 3% salary increase to some faculty - awarded to institutions that have not already approved 3% increase in FY17 \$11.9m 		<ul style="list-style-type: none"> Same as governor's -\$44.0m Provides state share of 2% salary increase for faculty in FY18. \$17.0m 		<ul style="list-style-type: none"> Same as governor's -\$44.0m Provides state share of 2% or 3% salary increase for faculty in FY18. \$18.4m 	
Other reductions	Reduces state support by 5 % for Virginia's public colleges and universities in FY18 -\$76.1m		Smaller reductions to higher education institutions -\$56.1m		Same as governor's -\$76.1m		Enacts reductions to higher education institutions -\$59.1m	
	Reduces funding for the Virginia Research Investment Fund -\$10.0m		Same as governor's -\$10.0m		Reduces funding for higher ed research -\$9.8m		Reduces funding for higher ed research -\$9.8m	
	Eliminates payments to higher education institutions for credit card and interest restoration -\$8.0m		Same as governor's -\$8.0m		Same as governor's -\$8.0m		Same as governor's -\$8.0m	
Investments	Increases support for the Workforce Credential Grant Program in FY17 \$1.0m		No change proposed from Ch. 780		Same as governor's \$1.0m		Transfers \$1m from FY18 to FY17 for the Workforce Credential Grant Program	
Other								
Revenue reserve	No change proposed from Ch. 780		Creates Revenue Cash Reserve from a portion of any surplus revenue		Creates and funds Revenue Reserve \$40.0m		Creates and funds Revenue Reserve \$35.0m	
Capital Budget	Additional borrowing for capital projects: <ul style="list-style-type: none"> \$270.8m in additional tax-supported bonds \$134.9m in other additional bonds Supplants GF capital with bonds -\$94.7m		Additional borrowing for capital projects: <ul style="list-style-type: none"> \$198.1m in additional tax-supported bonds \$145.6m in other additional bonds Supplants GF capital with bonds -\$106.0m		Additional borrowing for capital projects: <ul style="list-style-type: none"> \$160.4m in additional tax-supported bonds Same as governor's Same as governor's -\$94.7m		Additional borrowing for capital projects: <ul style="list-style-type: none"> \$199.3 m in additional tax-supported bonds \$147.2 m in other additional bonds Supplants GF capital with bonds -\$104.7m	
	Other capital-related GF savings -\$33.7m		Same as governor's -\$33.7m		Other capital-related GF savings -\$34.0m		Other capital-related GF savings -\$33.6m	

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Other, cont.								
Economic development and research funds	Provides new funding for deposit to the Advanced Shipbuilding Production Facility Grant Fund	\$6.0m	Same as governor's	\$6.0m	Same as governor's	\$6.0m	Same as governor's	\$6.0m
	Reduces GO Virginia funding	-\$15.0m	Restores half of the cuts to GO Virginia funding	-\$7.5m	Restores half of the cuts to GO Virginia funding	-\$7.5m	Restores half of the cuts to GO Virginia funding	-\$7.5m
	Defers payment to support an aerospace engine facility	-\$12.2m	Defers payment to support aerospace engine facility and reduces support for grant program	-\$14.7m	Same as governor's budget	-\$12.2m	Same as governor's budget	-\$12.2m
	Adjusts funding for incentive grants	-\$6.8m	Same as governor's	-\$6.8m	Same as governor's	-\$6.8m	Same as governor's	-\$6.8m
	Reduces support for INOVA Global Genomics and Bioinformatics Research Institute	-\$4.0m	Partially restores support for INOVA Global Genomics and Bioinformatics Research Institute	-\$2.0m	No change proposed from Ch. 780		No change proposed from Ch. 780	
	Reduces funding for Enterprise Zone grants	-\$1.8m	Further reduces Enterprise Zone grant program	-\$2.0m	No change proposed from Ch. 780		Partially restores funding for Enterprise Zone program	-\$0.8m
	No change proposed from Ch. 780		Defers payment to Pulp, Paper and Fertilizer Grant	-\$3.0m	Defers payment to Pulp, Paper and Fertilizer Grant	-\$2.0m	Defers payment to Pulp, Paper and Fertilizer grant	-\$3.0m
	No change proposed from Ch. 780		Reduces support for the Va. Biosciences and Health Research Corporation	-\$2.5m	No change proposed from Ch. 780		Reduces support for the Virginia Biosciences and Health Research Corporation	-\$1.3m
	No change proposed from Ch. 780		No change proposed from Ch. 780		Reduces Funding for Commonwealth's Development Opportunity Fund	-\$1.0m	Reduces Funding for Commonwealth's Development Opportunity Fund	-\$1.0m
	Other changes in economic development investments	-\$1.2m	Other changes in economic development investments	-\$4.6m	Other changes in economic development investments	-\$2.5m	Other changes in economic development investments	-\$2.9m