

Key Budget Policy Choices

Comparing the governor's and money committee amendments to the 2016-2018 enacted budget



The House Appropriations and Senate Finance committees have released their proposed changes to the 2016-2018 budget (FYs '17 and '18). 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 Chapter 780 version of the FY17 and FY18 budget (Acts of Assembly 2016). The dollar figures represent combined FY17 and FY18 changes in General Fund spending.

	Governor	House Appropriations	Senate Finance
Total General Fund (GF) Spending	\$40.34 billion	\$40.43 billion	\$40.41 billion
Leftover balance	\$16.1m	\$1.9m	\$14.4m
Revenue and Resources			
Adjustments in GF Resources	Reduces resources from revenue 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 • Accelerated Sales Tax—apply to additional merchants \$47.9m • Tightens sales tax nexus \$11.1m • \$5m per return limit on Historic Rehab Tax credit \$9.9m • Retains \$20,000 limit on Land Preservation Tax Credit for 2017 \$6.1m • 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 \$2.4m No change proposed from Ch. 780 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 -\$942.2m Proposes tax policy changes (revenue gained): \$139.5m <ul style="list-style-type: none"> • Same as governor’s \$58.2m • Same as governor’s \$47.9m • Same as governor’s \$11.1m • Same as governor’s \$9.9m • Same as governor’s \$6.1m • No change proposed from Ch. 780 • Same as governor’s \$1.0m • Requires certificate for cigarette reseller to receive tax exemption \$2.5m • Caps existing coal credits \$0.4m • No change proposed from Ch. 780 • Same as governor’s \$2.4m Recovers VRS NGF share from teaching hospitals \$3.1m Reverts capital planning funds \$10.0m Same as governor’s \$567.2m	Reduces resources from revenue not meeting forecast, technical changes, and transfers -\$970.6m Proposes tax policy changes (revenue gained): \$170.0m <ul style="list-style-type: none"> • Assumes higher revenue from same proposal \$89.8m • Same as governor’s \$47.9m • Same as governor’s \$11.1m • Same as governor’s \$9.9m • Same as governor’s \$6.1m • No change proposed from Ch. 780 • No change proposed from Ch. 780 • Requires certificate for cigarette reseller to receive tax exemption \$2.6m • Not in the budget • Taxes ATVs & mopeds as motor vehicles \$0.2m • Same as governor’s \$2.4m Recovers VRS NGF share from teaching hospitals \$3.1m No change proposed from Ch. 780 Same as governor’s \$567.2m

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Health Care			
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
Technical changes	Updates Medicaid funding to reflect enrollment and other technical changes \$217.8m	Updates Medicaid funding to reflect enrollment and other technical changes \$212.6m	Updates Medicaid funding to reflect enrollment and other technical changes \$211.5m
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
Mental health care transformation	Provides funding to begin transformation of mental health and substance abuse treatment system: \$31.7m	Provides funding to begin transformation of mental health and substance abuse treatment system: \$20.5m	Provides funding to begin transformation of mental health and substance abuse treatment system: \$22.3m
	<ul style="list-style-type: none"> Same-day-access to evaluation services at 25 of 40 CSBs \$8.2m Substance abuse treatment and support \$6.3m Hires an independent contractor to study and design the state's community mental health services delivery system \$4.5m Supports mental health screening and assessment in local and regional jails \$4.2m Addresses other community behavioral health service gaps \$3.4m Purchases private inpatient beds \$3.0m Hires additional security and direct care employees and purchases necessary pharmaceuticals \$2.1m No change proposed from Ch. 780 No change proposed from Ch. 780 No change proposed from Ch. 780 	<ul style="list-style-type: none"> Same-day intake and assessments at CSBs (net Governor's Access Program savings) \$5.4m Partially funds opioid treatment services with \$5.3m in federal grants \$1.0m Funds implementation plan for financial realignment of behavioral health system \$0.5m No change proposed from Ch. 780 Addresses other community behavioral health service gaps \$3.5m Same as governor's \$3.0m Same as governor's \$2.1m Expands eligibility for GAP and adds addiction and recovery services \$3.0m Funds permanent supportive housing \$2.0m No change proposed from Ch. 780 	<ul style="list-style-type: none"> Same as governor's \$8.2m Partially funds opioid treatment services with \$6.2m in federal grants \$0.08m Funds Joint Subcommittee costs to evaluate community-based service delivery system \$0.5m No change proposed from Ch. 780 Same as governor's \$3.4m Same as governor's \$3.0m Same as governor's \$2.1m No change proposed from Ch. 780 Funds permanent supportive housing \$5.0m Creates acute psychiatric bed registry \$0.08m
Mental health hospitals	Funds additional mental health hospital costs \$4.1m	Same as governor's \$4.1m	Same as governor's \$4.1m
Nursing homes	Restores inflation adjustments for nursing homes \$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
	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
Provider Assessments	No change proposed from Ch. 780	No change proposed from Ch. 780	Increases provider assessment on intermediate care facilities -\$0.5m

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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
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 2% salary increase for SOQ funded positions in FY18, but not for FY17 \$83.2m
Lottery Per Pupil Allocation	No change proposed from Ch. 780	Increases the lottery per pupil allocation without local matching requirement \$61.6m	Decreases the lottery per pupil allocation to support portion of pay increase in FY18 -\$27.7m
Supplanting GF dollars	Uses non-general funds to decrease general fund support for public education -\$102.3m	Same as governor's -\$102.3m	Same as governor's -\$102.3m
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
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
Other Changes	Increases funding to support 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 Eliminates Department of Education positions for school improvement, professional development, facilities, and pupil transportation efficiency -\$0.3m	No change proposed from Ch. 780 Further reduces support for program. -\$2.1m Same as governor's -\$0.3m	Same as governor's \$1.0m Same as governor's -\$2.0m Same as governor's -\$0.3m

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Compensation						
Net change in investment in public employee pay		-\$215.7m		-\$248.6m		-\$148.3m
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
Across-the-board salary increases	No change proposed from Ch. 780		Funds salary increase for state employees and state share for classified higher ed (3%)	\$58.3m	Funds salary increase for state employees and state share for classified higher ed (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
	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
	No change proposed from Ch. 780		No change proposed from Ch. 780		Funds state share of 2% salary increase for K12	\$83.2m
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	
Targeted salary increases	Provides targeted pay increases:	\$19.1m	Provides targeted pay increases:	\$27.5m	Provides targeted pay increases:	\$32.9m
	• Sheriff and jail compression pay	\$8.7m	• Sheriff and jail compression pay	\$7.2m	• Same as governor's	\$8.7m
	• District court employees	\$2.5m	• District court employees	\$2.3m	• District court employees	\$3.5m
	• State police	\$4.0m	• Starting pay for state police	\$14.6m	• 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
	• No change proposed from Ch. 780		• Starting pay for Capitol police	\$0.5m	• No change proposed from Ch. 780	
	• No change proposed from Ch. 780		• High-turnover occupations	\$2.9m	• High-turnover occupations within mental health	\$2.5m
Social Services						
Foster care and adoption	Adjusts funding for foster care and adoption payments	\$2.6m	Same as governor's	\$2.6m	Same as governor's	\$2.6m
	Funds increased investigations of when infants are exposed to substances	\$1.3m	Same as governor's	\$1.3m	Same as governor's	\$1.3m
	No change proposed from Ch. 780		No change proposed from Ch. 780		Creates Kinship Guardianship Assistance Program	\$0.04m

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	Governor	House Appropriations	Senate Finance	
Social Services, cont.				
Temporary Assistance for Needy Families (TANF)	No change proposed from Ch. 780	Uses \$9.3m in TANF funds and \$90,000 in General Funds to increase benefits:	Uses \$2.5m in TANF funds and \$90,000 in General Funds to increase benefits:	
		• Modernizes TANF locality groupings	• Modernizes TANF locality groupings	
		• Increases TANF benefits 2.5 percent	• No change proposed from Ch. 780	
		• Increases TANF child support disregard	• No change proposed from Ch. 780	
	Updates funding for TANF UP and Auxiliary Grants to reflect enrollment changes	-\$1.0m	Same as governor's	-\$1.0m
	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
				\$0.02m
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 \$6m in TANF money for Long Acting Reversible Contraception		No change proposed from Ch. 780	Uses \$3m in TANF money for Long Acting Reversible Contraception	
No change proposed from Ch. 780		Uses \$10m in TANF money for local community wealth building programs	No change proposed from Ch. 780	
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	
Children's services	Updates Children's Services Act funding for increased caseload and service costs	\$85.7m	Same as governor's	\$85.7m
Changes in social services administration (net)	Supports more local child welfare workers to meet increased caseloads and make technology updates	\$12.3m	Same as governor's	\$12.3m

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Higher education (excludes capital projects)						
Compensation	Net change to compensation: • Removes faculty salary increases based on the state not meeting revenue target • Provides one-time 1.5% bonus in Dec. 2017	-\$31.7m -\$44.0m \$12.3m	Net change to compensation: • Same as governor's • Provides state share of 3% salary increase to some faculty - awarded to institutions that have not already approved 3% increase in FY17	-\$26.1m -\$44.0m \$11.9m	Net change to compensation: • Same as governor's • Provides state share of 2% salary increase for faculty in FY18.	-\$27.0m -\$44.0m \$17.0m
Other reductions	Reduces state support by 5 percent for Virginia's public colleges and universities in FY18	-\$76.1m	Decreases reduction by \$20 million	-\$56.1m	Same as governor's	-\$76.1m
	Reduces funding for the Virginia Research Investment Fund	-\$10.0m	Same as governor's	-\$10.0m	Reduces funding for higher ed research	-\$9.8m
	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
Investments	Increases support for the New Economy Workforce Credential Grant Program	\$1.0m	No change proposed from Ch. 780		Same as governor's	\$1.0m
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
Capital Budget	Additional borrowing for capital projects: • \$270.8m in additional tax-supported bonds • \$134.9m in other additional bonds		Additional borrowing for capital projects: • \$198.1m in additional tax-supported bonds • \$145.6m in other additional bonds		Additional borrowing for capital projects: • \$160.4m in additional tax-supported bonds • Same as governor's	
Reduced general fund cash for capital projects	Supplants GF capital with bonds	-\$94.7m	Supplants GF capital with bonds	-\$106.0m	Same as governor's	-\$94.7m
	Other capital-related GF savings	-\$33.7m	Same as governor's	-\$33.7m	Other capital-related GF savings	-\$34.0m

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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
Reduces GO Virginia funding	-\$15.0m	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
Adjusts funding for incentive grants	-\$6.8m	Same as governor's	-\$6.8m
Reduces operating support for the INOVA Global Genomics and Bioinformatics Research Institute	-\$4.0m	Partially restores support to the Global Genomics and Bioinformatics Research Institute	No change proposed from Ch. 780
Reduces funding for Enterprize Zone grants	-\$1.8m	Further reduces Enterprise Zone grant program	-\$2.0m
No change proposed from Ch. 780		Defers payment to Pulp, Paper and Fertilizer Grant	-\$3.0m
No change proposed from Ch. 780		Reduces support for the Virginia Biosciences and Health Research Corporation	-\$2.5m
No change proposed from Ch. 780		No change proposed from Ch. 780	Reduces Funding for Commonwealth's Development Opportunity Fund
Other changes in economic development investments	-\$1.2m	Other changes in economic development investments	-\$2.5m