

The Governor's Key Budget Policy Choices

Proposed amendments to the 2018-2020 budget



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The House Appropriations and Senate Finance committees are currently considering the governor's proposed amendments to the 2018-2020 budget (FYs 2019 and 2020). The chart below provides a summary level assessment of certain key changes and other noteworthy information proposed by the governor in the FY 2019 and FY 2020 budget compared to the enacted budget (Chapter 2, Acts of Assembly 2018).

Dollar figures, excluding totals where noted, represent combined FY19 and FY20 changes in general fund spending

Governor's Amended Budget

Total General Fund (GF) spending		\$44.78 billion
Unappropriated balance		\$24.8 million
Revenue and Resources		
Total GF tax revenue	General Fund revenue estimates	\$42.74 billion
Total other GF resources	Balances from prior years and transfers	\$2.06 billion
Technical changes	Total technical changes	\$548.2 million
	<ul style="list-style-type: none"> • Updated GACRE forecast 	\$408.2 million
	<ul style="list-style-type: none"> • Additional forecast adjustments based on withholding collection trends 	\$140.0 million
Tax policy decisions	Total proposed tax policy changes (revenue change)	\$1.04 billion
	<ul style="list-style-type: none"> • Federal tax conformity 	\$1.21 billion
	<ul style="list-style-type: none"> • Internet sales tax 	\$82.5 million
	<ul style="list-style-type: none"> • Miscellaneous minor actions 	-\$2.8 million
	<ul style="list-style-type: none"> • Increase Accelerated Sales Tax threshold to \$10 million 	-\$27.2 million
	<ul style="list-style-type: none"> • Refundable Earned Income Tax Credit 	-\$216.3 million
K-12 Education		
Average state per pupil direct aid	Provides \$5,633 in FY19 and \$5,886 in FY20	
Teacher pay increase	Lifts the state share of an initially budgeted 3% pay increase for SOQ-recognized teachers and school staff up to a 5% increase in FY20	\$87.6 million
Literary Fund	Invests general funds into the Literary Fund to provide low-interest loans for school construction projects in FY19	\$80.0 million
School counselors	Improves the counselor to student ratio standard from 1:500 students to 1:375 students in elementary schools, from 1:400 to 1:325 in middle schools, and from 1:350 to 1:300 in high schools with the goal of eventually reaching a ratio of 1:250 for all elementary and secondary schools by 2022	\$36.0 million
At-Risk Add-On	Increases Virginia's supplement for students from low-income families up to 1-16% more per student eligible for free lunch for FY19 and FY20 using approx. \$35 million in non-general funds	
Lottery PPA	Increases the Lottery per pupil allocation (PPA) allocated to school divisions for FY19 and FY20 using approx. \$35 million in non-general funds	
VPI+	Provides state general funds to continue to fund Virginia Preschool Initiative + grants that had previously been funded by federal grants	\$9.7 million
Sales tax	Distributes additional revenue to K-12 school divisions from collecting sales tax from out of state vendors for online sales and revised forecast for collections	\$24.4 million
Revised student enrollment projections	Reduces allocations to school divisions, including lottery and regional special education programs, due to decreased enrollment projections	-\$76.9 million

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Health Care

Medicaid forecast	Provides funding for the cost of Medicaid utilization and inflation as estimated in the most recent expenditure forecast. Increased spending primarily driven by revised payments to Managed Care Organizations for Commonwealth Coordinated Care+ services	\$462.5 million
Medicaid expansion	Accounts for reduced costs for DMAS and DSS due to expected savings from Medicaid expansion	-\$38.0 million
1115 waiver	Increases funding for 1115 waiver administrative costs (related to proposed Medicaid work/premium requirements) for DMAS and DSS	\$13.0 million
Children's Health Insurance Program (CHIP) & Family Access to Medical Insurance Security (FAMIS)	Increases funding for both programs as a result of higher than expected managed care rates and increased enrollment	\$12.8 million
Children's Services Act	Adjusts for lower growth than originally projected for Children's Services Act (CSA) services	-\$11.8 million
Preventative care for Medicaid adults	Provides funding for preventative services and vaccines for all Medicaid adults in FY20 (currently only expansion adults would receive these services)	\$3.5 million
Crisis response	Increases funding for crisis services for children and adults, including mobile crisis for children with co-occurring disorders in FY20	\$9.0 million
Staffing at state mental health facilities	Provides funding for additional nurses and psychiatrists at state mental health facilities	\$7.9 million
Transitional community support	Provides funds for the transition to community settings of individuals currently in state behavioral health facilities in FY20	\$5.2 million
Opioid medication assisted treatment	Provides funds for additional REVIVE! kits and naloxone spray used for the reversal of opioid overdose	\$3.2 million
Mental health in jails	Continues funding for pilot programs in jails for inmates with mental health concerns, and expands the programs to other locations in FY20	\$2.5 million
Permanent supportive housing	Increases funding for an additional 150 permanent supportive housing units for individuals with serious mental illness in FY20	\$2.1 million
Virginia Mental Health Access Program	Funds integrated mental health services for children in FY20	\$1.2 million
Piedmont Geriatric and Catawba Hospitals	Provides general funds to pay back federal government for Medicaid services provided at Piedmont and Catawba hospitals and for ongoing operations at those hospitals. (Additional payments to federal government may be required)	\$31.8 million
Fluvanna Correctional Center	Provides funding for transition medical care at Fluvanna Correctional Center through a third-party contract	\$12.9 million

Compensation

Salary increases for state, state-supported local employees, and K-12 employees	Includes the state share of an additional 2% salary increase for K-12 employees (state share; effective Jul. 1, 2019)	\$87.6 million
	Includes a 1% one time bonus for all full-time state employees and the state share of state-supported local employees (effective Dec. 1, 2019)	\$40.2 million
	Increases salaries by \$2,675 for all security positions at Augusta Correctional Center	\$1.1 million
State employee health insurance	Decreases support for public employee health insurance premiums based on adjusted forecast	-\$51.3 million
	Increases health insurance credits for state police, sheriffs, deputies and other state law enforcement who retire with 15 years or more of service	\$8.1 million

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Higher education (excludes capital projects)

Need-based financial aid	Increases need-based financial aid for in-state undergraduate students in FY20	\$15.9 million
Computer science curriculum	Invests in computer science instruction in secondary and post-secondary levels in FY20	\$11.0 million
WFD Case Management System	Provides funding to integrate case management systems across workforce development programs in FY19	\$8.0 million
Community college career advisors	Funds 79 career advisor positions in Virginia's community colleges to assist students in navigating career and education pathways in FY20	\$5.5 million
VTAG program	Increases tuition assistance awarded through Virginia's Tuition Assistance Grant Program (TAG) awarded to full-time students attending private, non-profit colleges and universities	\$5.2 million
Workforce Credential Grant Program	Increases general funds for the workforce credential grant program in FY20	\$4.0 million

Other

Revenue Reserve	<p>Sets aside an additional \$554 million for future use beyond the \$235.2 million required by the enacted budget and the \$45.5 million per year appropriated in the enacted budget; Removes cap on size of reserve and broadens allowable uses of funds to include legal settlements and economic development incentives</p> <p>Governor is expected to withdraw \$50 million in FY20 to pay Micron incentives</p>	\$789.3 million
Revenue Stabilization Fund (Rainy Day Fund)	Appropriates mandatory Revenue Stabilization Fund deposit	\$262.9 million
Water quality improvement funds	Provides additional deposits into Virginia's water quality funds	\$85.0 million
Housing Trust Fund	Provides additional funding for the state's housing trust fund	\$19.0 million
Census outreach	Provides resources for education, outreach, and preparation for the 2020 Census	\$1.5 million
Economic development and research funds	<p>Uses \$168 million in borrowing and \$107 million in non-general funds to construct Virginia Tech's Innovation Campus as part of the Amazon deal.</p> <p>Governor is expected to withdraw \$50 million in FY20 to pay Micron incentives</p> <p>Provides additional funding in FY20 for Virginia Telecommunication Initiative to expand broadband access</p> <p>Provides additional funding in FY19 for the Virginia Business Ready Sites Program</p>	<p>\$46.0 million</p> <p>\$20.0 million</p>