

Key Budget Policy Choices



Comparing the governor's and money committees' amendments to the 2018-2020 budget

The House Appropriations and Senate Finance committees have released their proposed changes 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 money committees and governor 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 (GF) spending.

	Governor		House Appropriations		Senate Finance	
Total GF spending (excl. reserve deposits)	\$43.64 billion		\$43.25 billion		\$43.20 billion	
Total reserve deposits (incl. sum sufficient deposits)	\$1.14 billion		\$1.82 billion <i>(estimate; see "Tax policy reserve", pg. 7)</i>		\$1.36 billion	
Unappropriated balance	\$24.8 million		\$4.9 million		\$1.9 million	
Revenue and Resources						
Total GF tax revenue	GF revenue estimates	\$42.74b	GF revenue estimates (excl. TCJA-related revenue)	\$41.75b	GF revenue estimates	\$42.48b
Total other GF resources	Balances from prior years and transfers	\$2.06b	Balances from prior years and transfers	\$2.12b	Balances from prior years and transfers	\$2.08b
Technical changes	Updated forecasts	\$548.2m	Same as governor's	\$548.2m	Same as governor's	\$548.2m
Conformity	Federal tax conformity	\$1.21b	Does not include \$1.2b GF revenue from tax conformity (revenue is placed directly into restricted reserve funds)		Federal tax conformity; \$499.8m appropriated into restricted reserve fund	\$1.21b
Tax policy changes	Total proposed tax policy changes:	-\$163.8m	Total proposed tax policy changes:	\$51.0m	Total proposed tax policy changes:	-\$415.6m
	<ul style="list-style-type: none"> Includes internet sales tax \$82.5m Not included Not included Not included Misc. minor actions -\$2.8m Not included Increase Accel. Sales Tax threshold to \$10m -\$27.2m Not included Refundable EITC -\$216.3m Not included 		<ul style="list-style-type: none"> Includes internet sales tax (HB 1722) \$82.5m Moves up sunset for Telework Tax Credit (HB 2065) \$0.06m Not included Sales tax exemption for personal hygiene products (HB 2540) -\$1.6 m Same as governor's -\$2.8m Not included Same as governor's -\$27.2m Not included Not included Not included Not included 		<ul style="list-style-type: none"> Includes internet sales tax (SB 1083) \$82.5m Not included Transferability of Port Volume Increase Tax Credits (SB 1652) -\$0.5m Not included Same as governor's -\$2.8m Deconforms from federal Global Intangible Low-Taxed Income (GILTI) provision (starting tax year 2018) -\$12.5m Same as governor's -\$27.2m Creates subtraction for 20% of disallowed net interest deduction (starting tax year 2018) -\$42.6m Not included Increases state standard deduction by 50%; deconforms from State and Local Tax (SALT) deduction cap (starting tax year 2019) -\$415.3m 	

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K-12 Education						
Avg. state per pupil direct aid	Provides \$5,633 in FY19 and \$5,886 in FY20		Provides \$5,616 in FY19 and \$5,844 in FY20		Provides \$5,609 in FY19 and \$5,848 in FY20	
Teacher pay increase	Lifts the state share of an initially budgeted 3% pay increase for teachers and school staff up to a 5%; add'l increase eff. Jul. 1, 2019	\$87.6m	Lifts the state share of an initially budgeted 3% pay increase up to a 5%; add'l increase eff. Jan. 1, 2020	\$43.8m	Lifts the state share of an initially budgeted 3% pay increase for teachers and school staff up to a 5%; add'l increase eff. Jul. 1, 2019	\$87.6m
Literary Fund	Increases GF support for school employee retirement contributions in FY19 to make Literary Funds available for school construction loans	\$80.0m	Not included		Increases GF support for school employee retirement contributions in FY19 to make Literary Funds available to provide interest rate subsidies and school construction loans	\$70.0m
School counselors	Improves the counselor to student ratio in elementary schools to 1:375 students, in middle schools to 1:325, and in high schools to 1:300 with the goal of eventually reaching a ratio of 1:250 for all elementary and secondary schools by 2022	\$36.0m	Improves the counselor to student ratio in elementary schools to 1:375 students, in middle schools to 1:325, and in high schools to 1:300	\$36.0m	Improves the counselor to student ratio in elementary schools to 1:460 students, in middle schools to 1:375 students, and in high schools to 1:330 students	\$10.0m
At-Risk Add-On	Increases Va.'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. \$35m NGF		Does not include increase, maintains Va.'s At-Risk Add-On at 1-13% more per student eligible for free lunch in FY19 and 1-14% more in FY20 using \$35m NGF, and reduces GF support	-\$35.6m	Increases Va.'s supplement for students from low-income families up to 1-14.5% more per student eligible for free lunch for FY19 and 1-15.5% more for FY20 using approx. \$35m in NGF, and reduces GF support	-\$14.2m
Lottery PPA	Increases the Lottery per pupil allocation (PPA) allocated to school divisions for FY19 and FY20 using approx. \$35m NGF		Increases the Lottery PPA allocated to school divisions using \$27.4m GF and approx. \$35m NGF	\$27.4m	Does not include the governor's proposal and reduces GF support	-\$34.7m
Va. Preschool Initiative (VPI)+	Provides state general funds to continue to fund VPI+ grants that had previously been funded by federal grants	\$9.7m	Not included		Provides state general funds to partially fund VPI+ grants that had previously been funded by federal grants	\$7.3m
Capital						
	GF dollars for capital planning and small capital projects	\$33.5m	Not included		Includes more limited GF dollars for capital planning and small capital projects	\$21.1m
	\$619.3m in debt and \$153.6m in other NGF for capital projects		\$1,198.6m in debt and \$198.2m in other NGF for capital projects		\$539.1m in debt and \$163.7m in other NGF for capital projects	

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Health Care			
Updated forecasts	Provides funding to meet updated Medicaid, CHIP, FAMIS, and CSA utilization and inflation estimates. Includes Medicaid expansion savings \$425.5m	Same as governor's \$425.5m	Same as governor's \$425.5m
1115 waiver	Increases funding for 1115 waiver admin costs (related to proposed Medicaid work/premium requirements) \$13.0m	Removes GF support for 1115 waiver costs which would now be paid by a provider coverage assessment	Removes GF support for 1115 waiver costs which would now be paid from an unspecified non-GF source
Federal health insurance tax fee savings	Not included	Accounts for savings from a one-year pause of paying for a federal health insurance tax that applies to Medicaid Managed Care contracts -\$38.9m	Accounts for savings from a one-year pause of paying for a federal health insurance tax that applies to Medicaid Managed Care contracts -\$38.9m
Medicaid reimbursement	Not included	Increases Medicaid reimbursement rates for Critical Access Hospitals in Va.'s rural areas \$1.6m	Increases Medicaid reimbursement rates for certain physicians and licensed mental health professionals \$6.8m
Redesign for individual insurance market	Not included	Not included	Provides funding in FY20 to evaluate options for a federal waiver to create a new health insurance marketplace at the state level \$0.3m
Preventative care for Medicaid adults	Provides funding for preventative services and vaccines for non-expansion Medicaid adults in FY20 \$3.5m	Not included	Not included
Vaccines for children and adolescents	Introduces funds to purchase certain vaccines for children and adolescents to be administered at local health department in FY20 \$1.5m	Not included	Not included
Emergency opioid treatment	Provides funds for add'l REVIVE! kits and naloxone spray used for the reversal of opioid overdose \$3.2m	Same as governor's \$3.2m	Provides additional funding for FY20 only \$1.6m
Fluvanna Correctional Center	Improves funding for healthcare at Fluvanna Correctional Facility \$12.9m	Same as governor's \$12.9m	Same as governor's \$12.9m
E-health records at women's correctional facilities	Increases funding for the implementation of electronic health records \$3.5m	Further increases funding for the implementation of electronic health records \$6.5m	Further increases funding for the implementation of electronic health records \$6.5m
State funding for abortion services	Language change not included	Prohibits grants/funds/contracts to any organization or facility that performs non-federally qualified abortions. Also includes language that gives priority to certain types of organizations when awarding family planning grants	Language change not included <i>"Health Care" continued on next page ...</i>

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Health Care (continued)			
Mental health investments	Total of highlighted changes below: \$28.0m	Total of highlighted changes below: \$25.3m	Total of highlighted changes below: \$26.9m
<i>Crisis response</i>	<ul style="list-style-type: none"> Increases funding for crisis services for children and adults in FY20 \$9.0m 	<ul style="list-style-type: none"> Provides funding for the acceleration of STEP-VA crisis services, originally slated for 2021 \$8.8m 	<ul style="list-style-type: none"> Provides a smaller increase for crisis services, adds funding for Psychiatric Emergency Pilot Program \$8.5m
<i>Staffing at state mental health facilities</i>	<ul style="list-style-type: none"> Provides funding for 254 add'l nurses and psychiatrists at state mental health facilities \$7.9m 	<ul style="list-style-type: none"> Same as governor's \$7.9m 	<ul style="list-style-type: none"> Provides smaller increase in funding for additional nurses and psychiatrists at state mental health facilities \$6.4m
<i>Community transition and children's behavioral health</i>	<ul style="list-style-type: none"> Provides funds for community transition support in FY20 and the Virginia Mental Health Access Program \$6.5m 	<ul style="list-style-type: none"> Same as governor's \$6.5m 	<ul style="list-style-type: none"> Same as governor's \$6.5m
<i>Permanent supportive housing</i>	<ul style="list-style-type: none"> Increases funding for an add'l 150 permanent supportive housing units for individuals with serious mental illness in FY20 \$2.1m 	<ul style="list-style-type: none"> Same as governor's \$2.1m 	<ul style="list-style-type: none"> Further increases funding for additional permanent supportive housing units for individuals with serious mental illness in FY20 \$3.1m
<i>Mental health in jails</i>	<ul style="list-style-type: none"> Continues funding and expands pilot programs for inmates with mental health concerns in FY20 \$2.5m 	<ul style="list-style-type: none"> Not included 	<ul style="list-style-type: none"> Same as governor's \$2.5m
Social Services			
Temporary Assistance for Needy Families (TANF)	Not included	Not included	Uses \$3.2m in TANF funds and \$300k in GF to increase benefits \$0.3m
	Uses \$47k to extend TANF eligibility up to age 19 for teens still enrolled in high school	Same as governor's	Same as governor's
	Not included	Uses \$1m in TANF funds to extend transitional child care	Uses in \$1m in TANF funds and \$40k in GF to extend transitional child care \$0.04m
	Not included	Uses \$49k to remove the TANF ban for people with 1st time drug possession felonies who comply with certain requirements	Not included
	Provides \$3m of TANF funds to the Federation of Va. Food Banks	Similar to governor's	Same as governor's
	Not included	Provides \$500k of TANF funds to the Va. Alliance of Boys and Girls Clubs	Not included
	Not included	Provides \$22k of TANF funds for a new Child Advocacy Center (Russell Co.)	Not included

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Compensation					
Salary increases	Total of highlighted changes below: \$88.6m		Total of highlighted changes below: \$76.0m		Total of highlighted changes below: \$87.6m
<i>K-12 employees</i>	<ul style="list-style-type: none"> Includes state share of an add'l 2% salary increase for K-12 employees (eff. Jul. 1, 2019) \$87.6m 		<ul style="list-style-type: none"> Includes state share of an add'l 2% salary increase for K-12 employees (eff. Jan. 1, 2020) \$43.8m 		<ul style="list-style-type: none"> Same as governor's \$87.6m
<i>Higher education faculty</i>	<ul style="list-style-type: none"> Add'l increase not included 		<ul style="list-style-type: none"> Increases salary bump an add'l 1% for faculty (totaling 3%, eff. Jul. 1, 2019) \$9.7m 		<ul style="list-style-type: none"> Add'l increase not included
<i>State employees</i>	<ul style="list-style-type: none"> Add'l increase not included 		<ul style="list-style-type: none"> Increases salary bump an add'l 0.75% for state employees (totaling 2.75%, eff. Jul. 1, 2019) \$18.5m 		<ul style="list-style-type: none"> Add'l increase not included
<i>State-supported local employees</i>	<ul style="list-style-type: none"> Add'l increase not included 		<ul style="list-style-type: none"> Increases salary bump an add'l 1% for state-supported local employees (state share, totaling 3%; eff. Jul. 1, 2019) \$8.9m 		<ul style="list-style-type: none"> Add'l increase not included
<i>Merit salary adjustment</i>	<ul style="list-style-type: none"> Add'l increase not included 		<ul style="list-style-type: none"> Increases merit salary adjustment another 0.25% (totaling 2.25% eff. Jun. 10, 2019) \$4.8m 		<ul style="list-style-type: none"> Add'l increase not included
<i>Corrections</i>	<ul style="list-style-type: none"> Increases salaries by \$2,675 for all security positions at Augusta Correctional Center \$1.1m 		<ul style="list-style-type: none"> Not included 		<ul style="list-style-type: none"> Not included
State and state-supported employee bonus	Includes a 1% one-time bonus for all full-time state employees and state share of state-supported local employees (eff. Dec. 1, 2019) \$40.2m		Not included		Not included
Commonwealth Attorneys	Increases funding for more positions \$0.7m		Further increases funding for more positions \$1.5m		Not included
State employee health insurance	Decreases support for public employee health insurance premiums based on adjusted forecast -\$51.3m		Further decreases support for public employee health insurance premiums beyond governor's adjustment, provides premium holiday for state employees in Oct. 2019 -\$97.4m		Same as governor's -\$51.3m
Retiree health credit	Total of highlighted changes below: \$8.1m		Total of highlighted changes below: \$8.1m		Total of highlighted changes below: \$3.8m
<i>Law enforcement</i>	<ul style="list-style-type: none"> Increases health insurance credits for retired state police, sheriffs, deputies and other state law enforcement w/ 15+ years \$8.1m 		<ul style="list-style-type: none"> Not included 		<ul style="list-style-type: none"> Provides a smaller credit increase for retired state police, sheriffs, deputies and other state law enforcement who retire w/ 15+ years of service \$3.8m
<i>State employee retiree</i>	<ul style="list-style-type: none"> Not included 		<ul style="list-style-type: none"> Contributes to state employee retiree health credit plan, reducing liability \$3.8m 		<ul style="list-style-type: none"> Not included
<i>Teacher retiree</i>	<ul style="list-style-type: none"> Not included 		<ul style="list-style-type: none"> Contributes to teacher retiree health credit plan, reducing liability \$4.3m 		<ul style="list-style-type: none"> Not included

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	Governor		House Appropriations		Senate Finance	
Higher Education (excludes capital projects)						
Funding to maintain tuition costs	Not included		Provides funding to higher education institutions to keep tuition fees at FY19 levels for next year	\$45.7m	Not included	
Computer science courses	Invests in computer science instruction in secondary and post-secondary levels in FY20	\$11.0m	Creates Tech Talent Investment Fund to increase the number of computer science and related degrees	\$27.9m	Same as governor's	\$11.0m
Need-based financial aid	Increases need-based financial aid for in-state undergraduate students in FY20	\$15.5m	Not included		Same as governor's	\$15.5m
WFD case management system	Provides funding to integrate case management systems across workforce development programs in FY19	\$8.0m	Not included		Provides funding to integrate case management systems across workforce development programs in FY19 and FY20	\$4.0m
Community college career advisors	Funds 79 career advisor positions in Va.'s community colleges to assist students in navigating career and education pathways in FY20	\$5.5m	Not included		Phases in career advisor positions in Va.'s community colleges to assist students in navigating career and education pathways	\$2.3m
Tuition Assistance Grant (TAG) program	Increases tuition assistance awarded through the TAG program to full-time students attending private, non-profit colleges and universities	\$5.2m	Same as governor's	\$5.2m	Increases tuition assistance awarded through Va.'s TAG program	\$3.5m
Workforce Credential Grant program	Increases general funds for the workforce credential grant program in FY20	\$4.0m	Same as governor's	\$4.0m	Same as governor's	\$4.0m
Commonwealth Cyber Initiative	Language and funding changes not included		Adds language to provide stronger guarantee of funding for the initiative in the future		Reduces funding for the Commonwealth Cyber Initiative in FY20	-\$10.0m
Other						
Water quality improvement funds	Makes mandatory deposit into Va.'s water quality funds	\$74.0m	Same as governor's	\$74.0m	Same as governor's	\$74.0m
	Provides add'l deposits into Va.'s water quality funds	\$85.0m	Provides smaller add'l deposits into Va.'s water quality funds	\$20.0m	Eliminates add'l deposits into Va.'s water quality funds	
Transportation	Provides working capital for the Va. Transportation Infrastructure Bank	\$75.0m	Not included		Not included	
Housing Trust Fund	Provides add'l funding for the state's housing trust fund	\$19.0m	Not included		Provides a much smaller deposit	\$1.0m
Legal aid	Increases funding for legal aid to assist with eviction defense	\$2.6m	Not included		Not included	

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	Governor	House Appropriations	Senate Finance
Other (continued)			
Revenue reserves	<p>Sets aside an add'l \$554m for future use beyond the \$235.2m required by the enacted budget; removes cap on size of reserve and broadens allowed uses of funds to include settlements and economic development incentives</p> <p>Governor is expected to withdraw \$50m in FY20 to pay Micron incentives</p>	<p>Sets aside an estimated additional \$279.4m for future use (mostly sum sufficient appropriation) beyond the \$235.2m required by the enacted budget; retains 2% cap on size of reserve</p> <p>Uses general funds rather than reserve withdrawal for Micron payment</p>	<p>Sets aside an add'l \$269.3m for future use beyond the \$235.2m required by the enacted budget; removes cap on size of reserve</p> <p>Uses general funds rather than reserve withdrawal for Micron payment</p>
Rainy day fund	<p>Appropriates mandatory Revenue Stabilization Fund deposit</p>	<p>Same as governor's</p>	<p>Same as governor's</p>
Tax policy reserve	<p>Not included</p>	<p>Creates Taxpayer Relief Fund and deposits between \$374.6m and \$952.4m depending on other legislation; sum sufficient estimated at \$952.4m</p>	<p>Creates Tax Reform Fund and deposits \$499.8m</p>
Census outreach	<p>Provides resources for education, outreach, and preparation for 2020 Census</p>	<p>Not included</p>	<p>Not included</p>
Dept. of Taxation staffing	<p>Does not include optional itemization provision</p>	<p>Provides funding to hire add'l tax audit and customer service staff to administer itemized deduction proposal (HB 2529)</p>	<p>Does not include optional itemization provision</p>
Economic development and research funds	<p>Uses \$168m in borrowing and \$107m NGF to construct Va. Tech's Innovation Campus as part of the Amazon deal</p> <p>Not included</p> <p>Language allows governor to use reserves for approved economic development incentives</p> <p>Governor is expected to withdraw \$50 million in FY20 to pay Micron incentives</p> <p>Provides add'l funding in FY20 for Va. Telecommunication Initiative to expand broadband access</p> <p>Provides add'l funding in FY19 for the Va. Business Ready Sites Program</p> <p>Not included</p>	<p>Same as governor's</p> <p>Makes deposit into new Major Headquarters Workforce Grant Fund for future Amazon HQ2 payment</p> <p>Language change not included</p> <p>Uses general funds rather than reserve withdrawal for Micron payment</p> <p>Provides add'l funding in FY20 for Va. Telecommunication Initiative to expand broadband access</p> <p>Provides add'l funding in FY19 for the Va. Business Ready Sites Program</p> <p>Increases funding for Center for Advanced Manufacturing</p>	<p>Same as governor's</p> <p>Not included</p> <p>Language change not included</p> <p>Uses general funds rather than reserve withdrawal for Micron payment</p> <p>Provides add'l funding in FY20 for Va. Telecommunication Initiative to expand broadband access</p> <p>Provides add'l funding in FY19 & FY20 for the Va. Business Ready Sites Program</p> <p>Increases funding for Center for Advanced Manufacturing</p>