

The Governor's Key Budget Policy Choices

Comparing the introduced 2020-2022 budget to the current budget



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The House Appropriations and Senate Finance committees are currently considering the governor's 2020-2022 budget (FYs 2021 and 2022) and amendments to the budget for FY 2020. The chart below provides a summary level assessment of key general fund changes proposed by the governor for FY21 and FY22 compared to the enacted FY20 budget (Chapter 854, Acts of Assembly 2019). Proposed changes to the FY20 budget ("the caboose bill") are not included.

Dollar figures, excluding totals where noted, represent combined FY21 and FY22 changes in general fund spending. NGF = non-general funds

Governor's Proposed Budget

Total General Fund (GF) spending	\$48.20 billion
Unappropriated balance	\$13.7 million
Revenue and Resources	
Total GF tax revenue	General fund revenue estimates \$46.22 billion
Total other GF resources	Balances from prior years and transfers \$2.00 billion
Tax policy decisions	Total proposed tax policy changes (revenue change) \$42.1 million
	<ul style="list-style-type: none"> 1099K threshold change for independent contractors \$30.0 million Increases field audit staffing \$8.6 million Worker misclassification audits (TAX) \$4.3 million Bottomlands permits fees (Oyster Leasing C&R Programs Fund) -\$0.8 million Includes an additional \$117.2 million in FY21 and \$124.3 million in FY22 (both NGF) related to tobacco tax revenues, including a proposed increase to state cigarette and tobacco taxes
K-12 Education	
Average state per pupil direct aid	Provides \$6,206 in FY21 and \$6,400 in FY22
Rebenchmarking	Updates education funding with more current estimates of student enrollment, demographics, and other technical adjustments \$808.5 million
Salary increase	Provides the state share of a 3% pay increase for SOQ-recognized teachers and school staff in FY22 \$145.1 million
School counselors	Funds the SOQ standards approved in 2019 legislative session in FY21 and makes further improvements in FY22 to reach one counselor for every 250 students in elementary, middle, and high schools \$99.3 million
Virginia Preschool Initiative (VPI)	Expands access to prekindergarten for 3 and 4 year old children through VPI with increased state funding per student, mixed delivery funding, and incentive payments to attract and retain early educators \$93.4 million
At-Risk Add-On	Increases Virginia's supplement for students from low-income families up to 1-23% more in FY21 and up to 1-25% more in FY22 using a combination of GFs (\$52.6m) and Lottery Funds (\$87.8m) for a total two-year investment of \$140 million \$52.6 million
Teachers for English Learners	Increases instructional positions for English Learner students from 17 positions to 20 positions for every 1,000 students in FY21 and FY22 \$27.6 million
School meals	Assists local school divisions in reducing or eliminating cost of meals for students eligible for reduced price meals in FY21 and FY22 \$10.6 million
No loss funding for localities	Ensures all school divisions are funded at least at FY20 levels in both FY21 and FY22 \$4.9 million
Jobs for Virginia Graduates	Additional support for Jobs for Virginia Graduates to increase assistance to students to graduate and transition to employment \$3.3 million
African American history	Provides resources for African American history education \$2.5 million
Civil War Museum	Provides resources for U.S. Civil War history education \$2.0 million
Communities in Schools	Additional support for Communities in Schools to increase availability of the program in schools to offer counseling, mentoring, or wrap-around services for students \$1.5 million
Games of skill per pupil allocation	Creates a new flexible per pupil allocation (PPA) with \$125 million in NGFs structured similarly as the Lottery PPA, except funded through a proposed tax on games of skill

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Health Care		
Medicaid forecast	Increases funding for Medicaid due to utilization and inflation	\$675.0 million
COMPASS 1115 waiver	Reduces \$42.9 million in NGFs to COMPASS 1115 waiver due to elimination of work reporting requirement and premium/copay collection leaving only targeted employment supports and housing benefits as part of the waiver	
Children's Health Insurance Program (CHIP) & Family Access to Medical Insurance Security (FAMIS)	Increases funding for both programs due to continued enrollment growth and a decreased federal match rate which went from 76.5% to 65%	\$148.5 million
Children's Services Act	Increases funding for projected growth of program, including private day expenditures, therapeutic foster care, and community based services	\$44.0 million
Developmental waiver disability slots	Adds 1,135 new waiver slots to the Community Living and Family and Individual Supports waivers over the course of the biennium	\$41.8 million
"40-quarter rule"	Provides funding to cover costs associated with eliminating the 40-quarter (10 year) rule for Medicaid eligibility for lawful permanent residents	\$4.5 million
Home visiting services	Provides funding for voluntary home visiting program for pregnant and postpartum women enrolled in Medicaid effective July 1, 2021	\$12.8 million
Postpartum coverage	Extends postpartum coverage for women between 138% and 205% of the federal poverty level (FPL) from 60 days to 12 months	\$3.2 million
Access to substance use services for pregnant persons	Provides funding to allow pregnant and postpartum women between 138% and 205% FPL to access substance use disorder services	\$0.7 million
STEP-VA funding	Provides funding for outpatient, veteran, and peer support services, as well as mobile crisis teams related to the statewide behavioral health redesign	\$49.9 million
Increase capacity at Catawba	Provides funding for an additional 56 temporary beds at Catawba hospital in order to meet temporary detention order (TDO) needs	\$19.7 million
Virginia Mental Health Access Program	Fully funds integrated mental health services for children	\$8.4 million
Opioid medication assisted treatment	Expands access to NARCAN and other medical supplies to prevent death from drug overdose	\$3.2 million
Funding for LARC initiative	Uses \$4 million of TANF funds to increase access to Long Acting Reversible Contraception (LARC) to support women's reproductive health options	
Reinsurance program	Establishes and funds a state reinsurance program expected to lower premiums on the marketplace by 20%. A proposed increase to tobacco taxes is used to offset GF costs	\$146.0 million
State-based exchange	Includes language to establish a state-based exchange funded by redirecting fees that insurance providers currently pay to the federal government	
Compensation		
Public school teachers and staff	Provides the state share of a 3% pay increase for SOQ-recognized teachers and school staff in FY22	\$145.1 million
Local social services staff	Increases local salary minimums to reduce turnover and provide 3% compression increase	\$18.1 million
Prison staff	Increases salaries for correctional officers, sergeants, captains, lieutenants, and majors	\$14.7 million
Jail staff	Increases entry-level salaries for regional jail officers	\$5.6 million
Constitutional offices	Increases salaries for certain staff in the offices of Treasurers, Commissioners of Revenue, and other constitutional officers	\$5.0 million
Circuit court clerks	Increases salaries for circuit court clerk personnel	\$3.8 million
State employee health insurance	Restores funding after one-time savings in 2019 from health insurance premium holiday	\$92.2 million
	Provides funding for employer share of expected health insurance premium increases for state employees	\$66.6 million

Compensation continued on next page ...

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Compensation, cont.		
VRS and other retirement benefits	Funds state share of increases in employer contribution rates for teacher retirement plan, maintaining full funding at certified rates, and increases in retiree health care and life insurance rates	\$64.6 million
	Funds increases in employer contribution rates for state employee retirement plan, maintaining full funding at certified rates	\$32.2 million
Higher education (excludes capital projects, includes university-based research initiatives)		
G3 program	Funds "Get Skilled, Get a Job, Give Back" program which provides tuition assistance for low- and moderate-income students who qualify for in-state tuition, enroll in select pathways at two-year colleges, and meet other criteria	\$145.1 million
Need-based financial aid	Provides need-based financial aid for in-state undergraduate students, distributed to each institution of higher education	\$45.4 million
Address funding disparities at GMU and ODU	Provides funding to address disparities due to enrollment growth for in-state students, continued increases in two-year transfer students, and educational program development	\$44.0 million
Virginia College Affordability Network	Enhances access to undergraduate education for students with high financial needs at Virginia State University and Norfolk State University	\$17.0 million
Cancer research	Supports cancer research at Massey Cancer Center	\$15.0 million
New Economy Workforce Credential grant	Provides additional funding to help individuals earn a workforce credential	\$8.0 million
Information technology and data center	Expands information technology services at Norfolk State University and upgrades the data center at Virginia State University	\$7.3 million
VTAG program	Increases the maximum annual undergraduate Tuition Assistance Grant award to \$4,000 to support degree completion goals at Virginia's private, nonprofit colleges and universities	\$6.0 million
Social Services		
TANF cash assistance	Uses \$6.7 million in TANF funds and \$735,752 in GFs to increase cash benefits by 5%	\$0.7 million
TANF family cap removal	Uses \$1.3 million in TANF funds and \$61,484 in GFs to allow children born more than 10 months after their family begins receiving Temporary Assistance for Needy Families (TANF) benefits to be claimed as part of the family assistance unit	\$0.06 million
TANF summer food program	Uses \$12.5 million in TANF funds to provide \$50 each summer month via EBT card for food purchases for children who live in an area without a summer meals program	
Lift TANF drug felony ban	Uses \$147,888 in TANF funds to cover the cost of removing the ban for people who have drug-related felonies on their record	
TANF funds for LARC	Provides \$4 million in TANF funds to the Dept of Health for the Virginia Long Acting Reversible Contraception (LARC) initiative	
TANF funds for nonprofit organizations	Provides \$2 million in TANF funds to Virginia Transit Association for transit passes for low-income families	
	Provides \$1.4 million in TANF funds to United Community for wraparound services	
Child services (administration)	Provides \$49.8 million in GFs and \$15.9 million in federal funds for local departments of social services to begin hiring staff and creating prevention services departments in response to the federal Family First Prevention Services Act (FFPSA)	\$49.8 million
	Increases local social services staff salary minimums to reduce turnover and provide 3% compression increase	\$18.1 million
	Funds improvements in child welfare systems using \$10.3 million in GFs and \$7.4 million in NGFs	\$10.3 million
<i>Social Services continued on next page ...</i>		

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Social Services, cont.		
Child services (family support)	Funds prevention services for children at imminent risk of entering foster care and their families using \$16.8 million in GFs matched by \$16.8 million in federal Title IV-E funds Funds an increase for relative support payments for relatives caring for children outside the foster care system using \$16.9 million in NGFs	\$16.8 million
Other		
Revenue Reserve	Makes voluntary deposit into revenue cash reserve fund	\$300.0 million
Revenue Stabilization Fund (Rainy Day Fund)	Makes required Revenue Stabilization Fund deposits based on actual FY19 revenue and expected FY20 revenue	\$94.9 million
Reserve payments in caboose bill	The caboose bill (HB29/SB29) adjusts FY20 reserve payments, removing the \$97.5 million revenue stabilization fund prepayment for FY22 and increasing the deposit into the revenue cash reserve by \$270.8 million	
Unspent appropriations	Provides funding for uncommitted contingencies that may arise over the biennium	\$200.0 million
Environmental and conservation funds	Makes required \$47 million contribution and voluntary \$42 million contribution to the water quality improvement fund, with \$35 million of the voluntary contribution set aside for the implementation of Agricultural Best Management Practices Increases funding for the Virginia Land Conservation Fund	\$88.8 million \$31.0 million
	Increases funding for dam rehabilitation projects	\$20.0 million
Housing Trust Fund	Increases funding for the Housing Trust Fund by \$56 million. Additionally, the caboose bill increases FY20 funding by \$7 million	\$56.0 million
Capital budget	\$3.72 billion for capital budget in fiscal years 2021-2022, including higher ed building projects, state parks, natural resources, public safety, and other public buildings. This includes \$23 million in GF cash	\$23.0 million
Workplace protections	Provides funding to enforce and investigate potential violations of the state's labor laws and conduct safety and health inspections	\$3.4 million
Economic development and research funds (excludes university-based research funding)	Provides funding to establish the Virginia Innovation Partnership Authority	\$79.1 million
	Provides additional funding for Virginia Telecommunication Initiative to expand broadband access	\$32.0 million
	Provides funding for Advanced Shipbuilding Production Facility Grant Program	\$16.0 million
	Provides funding in FY21 to establish a clean energy financing program	\$10.0 million
	Provides funding for Special Workforce Grant Program	\$8.2 million
	Provides additional funding for Governor's Motion Picture Opportunity Fund	\$7.0 million
	Provides funding to support a pharmaceutical manufacturing project	\$6.2 million
	Provides funding for Aerospace Engine Manufacturing Performance Grant Program	\$6.0 million
	Provides additional funding for Business Ready Sites Program	\$5.0 million
	Provides funding for Jefferson Lab to compete for Electron Ion Collider project	\$5.0 million
	Governor is expected to withdraw \$20 million in FY21 to pay Micron incentives	