

# Key Budget Policy Choices: Special Edition



## Governor's proposed amendments to the enrolled budgets (HB29 & HB30) as passed in March 2020

Gov. Northam has proposed amendments to HB29 and HB30 that will be considered during the April 22 reconvened session and in a special session to be held later in the year. This document summarizes some of those proposed amendments from HB29 (pg. 1) and HB30 (pgs. 2-5) as approved by the General Assembly. A number of the proposed amendments to HB30 would unallot funding unless those restrictions are lifted during an expected special session this summer.

## Governor's Proposed Amendments to HB 29

*Dollar figures represent proposed changes to the enrolled (March 2020) FY20 budget*

Revenues		
<b>GF resource change</b>	Reduces total GF resources to reflect executive actions	<b>-\$58.0 million</b>
<b>Tax policy changes</b>	Includes language to abate interest penalties for delayed income and sales tax filings	
Executive Budget Flexibility		
<b>Federal relief funds</b>	Provides authority for the governor to appropriate federal relief funds to state agencies, institutions of higher education, and other permissible entities; provides authority to governor to appropriate COVID-19 Relief Fund money; and provides \$50m in general funds for any required federal matches or unanticipated needs	<b>\$50.0 million</b>
<b>Budget authority</b>	Allows state agencies and governor to change cost factors and establish new services. (See other sections for add'l gov. and agency flexibility.)	
<b>Borrowing authority</b>	Authorizes temporary borrowing for liquidity purposes	
Reserves		
<b>Revenue reserve</b>	Removes planned deposit into the Revenue Reserve Fund	<b>-\$601.8 million</b>
Health Care		
<b>Nursing facility rates</b>	Increases nursing home and specialized care daily rates by \$20 per patient during COVID-19 State of Emergency	
<b>Federal Medicaid match</b>	Instructs Department of Medical Assistance Services (DMAS) & Department of Social Services (DSS) to report on anticipated GF savings due to 6.2 percentage point increase in federal Medicaid match	
Workers' Rights		
<b>UI flexibility</b>	Provides the governor authority to alter the administration of The Virginia Unemployment Compensation Act to meet the exigencies of a health emergency crisis	
Early Childhood & K-12 Education		
<b>Temporary flexibility and waivers</b>	Allows Supt. of Public instruction to issue temporary flexibility or waive requirements for accreditation, testing and assessments, graduation, licensure, school calendars, and reports due to the Department of Education or Board of Education	
<b>Required local effort</b>	Waives local school divisions' required local match obligations for fiscal year 2020	
<b>Child care</b>	Allocates \$66m in federal CARES Act funds to child care providers; provides \$2m in Child Care Development Fund for all-day enrollment and sibling enrollment; and provides emergency licensing for child care for essential workers	
Higher Education		
<b>Reserves</b>	Increases percentage of unexpended balances higher education institutions are required to hold as reserves	
<b>Treasury loans</b>	Allows institutions to request treasury loans to address short-term revenue loss	
Other		
<b>Incarceration</b>	Provides authority for Dept of Corrections to release or reassign certain people by July 1, 2021 for health and safety reasons	

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<b>Proposed Amendments to HB 30</b> <i>Dollar figures represent combined FY21 and FY22 changes in general fund spending compared to the enrolled budget as passed in March 2020</i>		Proposed Funding Changes to HB30 During Reconvened Session (April 22)	Proposed Unallotted Until Special Session
<b>Revenues</b>			
<b>GF resource change</b>	Increases total GF resources to reflect changes to beginning balance (primarily due to proposed reduction to reserve fund payments in HB29)	<b>\$493.5 million</b>	
<b>Tax policy changes</b>	Includes language to abate interest penalties for delayed income and sales tax filings		
<b>Executive Budget Flexibility</b>			
<b>Federal relief funds</b>	Provides authority for the governor to appropriate federal relief funds to state agencies, institutions of higher education, and other permissible entities and provides authority to governor to appropriate COVID-19 Relief Fund money		
<b>Budget authority</b>	Allows governor to reduce spending on any item by more than 15% without further legislative approval; allows state agencies and governor to change cost factors and establish new services. (See other sections for add'l gov. and agency flexibility.)		
<b>Borrowing authority</b>	Authorizes temporary borrowing for liquidity purposes		
<b>Reserves</b>			
<b>Revenue reserve</b>	Unallots planned deposit into the Revenue Reserve Fund		<b>-\$300.0 million</b>
<b>Health Care</b>			
<b>Federal Medicaid match</b>	Instructs DMAS & DSS to report on anticipated GF savings due to 6.2 percentage point increase in federal Medicaid match		
<b>Nursing facility rates</b>	Increases nursing home and specialized care daily rates by \$20 per patient during COVID-19 State of Emergency (total cost undetermined)		
<b>COVID-19 Response Costs</b>	Increases funding to expand use of telemedicine, waiver service authorizations, and eliminate cost-sharing for those enrolled in Medicaid	<b>\$1.0 million</b>	
<b>Medicaid program</b>	Unallots Department of Medical Assistance Services (DMAS) items totaling \$207.1m GF over biennium including, but not limited to: <ul style="list-style-type: none"> <li>• Medicaid adult dental benefits</li> <li>• Costs associated with eliminating the 40 quarter (10 year) rule for Medicaid eligibility for lawful permanent residents</li> <li>• Postpartum coverage for women between 138% - 205% FPL from 60 days to 12 months</li> <li>• Voluntary home visiting program for pregnant and postpartum women enrolled in Medicaid</li> <li>• Increase of mental health provider rates</li> <li>• Increase of Medicaid nursing facility reimbursement</li> <li>• Increase in Developmental Disability provider rates</li> <li>• Increased rates for skilled and private duty nursing services</li> <li>• Increased rates for psychiatric residential treatment facilities</li> <li>• Allowing overtime for personal care attendants</li> </ul>		<b>-\$34.0 million</b> <b>-\$4.5 million</b> <b>-\$3.2 million</b> <b>-\$11.8 million</b> <b>-\$4.8 million</b> <b>-\$13.8 million</b> <b>-\$43.4 million</b> <b>-\$12.5 million</b> <b>-\$15.2 million</b> <b>-\$19.2 million</b>
<b>STEP-VA</b>	Unallots funding for outpatient and other behavioral health services related to STEP-VA		<b>-\$49.9 million</b>

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		Proposed Funding Changes to HB30 During Reconvened Session	Proposed Unallotted Until Special Session
<b>Social Services</b>			
Local DSS prevention services	Unallots funding for local Dept. of Soc. Services prevention services		-\$29.9 million
Prevention services	Unallots funding for prevention services for children and families		-\$11.8 million
Local staff salaries	Unallots funding for increasing local minimum salaries		-\$11.2 million
Foster care & adoption	Unallots funding for foster care and adoptions cost of living adjustments		-\$4.5 million
TANF	Unallots funding to increase TANF benefits and income eligibility		-\$2.3 million
Other social services	Unallots additional \$13m in child welfare and other DSS funding		-\$13.1 million
<b>Early Childhood &amp; K-12 Education</b>			
Child care	Creates emergency licensing exemption for child care providers for essential personnel, who are in need of child care as a result of COVID-19. Any public or private school may operate emergency child care. All providers must meet CDC guidance		
Virginia Preschool Initiative	Unallots funding to expand pre-k access for 3 and 4 year old children through VPI		-\$91.5 million
Counselors	Undoes staffing increase to one counselor for every 325 students and funds at FY20 levels	-\$50.1 million	
Salaries	Unallots 2% salary increase in each year of budget for teachers and school staff		-\$287.2 million
At-Risk Add-On	Unallots GF funding to increase Va's supplement for students from low-income families		-\$61.3 million
Cost of Competing Adjustment	Unallots cost of competing adjust. for support staff in planning district 8 (Northern Va.) and adjacent districts		-\$19.5 million
School meals	Unallots assistance to local school divisions in reducing or eliminating cost of reduced price meals		-\$10.6 million
Enrollment loss	Unallots funding for school divisions with projected enrollment loss		-\$4.6 million
No loss funding	Unallots funding to ensure all divisions are funded at FY20 levels		-\$3.7 million
Jobs for Virginia Graduates	Unallots support for students to graduate and transition to employment		-\$3.3 million
Communities in Schools (CIS)	Unallots support to increase availability of CIS in schools including counseling, mentoring, or wrap-around services for students		-\$1.5 million
African American history	Unallots resources for African American history education		-\$1.3 million
Civil War Museum	Unallots resources for U.S. Civil War history education		-\$1.0 million
Temporary flexibility and waivers	Allows Supt. of Public instruction to issue temporary flexibility or waive requirements for accreditation, testing and assessments, graduation, licensure, school calendars, and reports due to the Department of Education or Board of Education for FY20 and FY21		

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<b>Workers' Rights</b>		
<b>Workplace safety</b>	Unallots funding for compliance positions in the Virginia Occupational Safety and Health program	-\$3.0 million
<b>UI flexibility</b>	Provides the governor authority to alter the administration of The Virginia Unemployment Compensation Act to meet the exigencies of a health emergency crisis	
<b>Collective bargaining</b>	Delays study on collective bargaining for state employees	
<b>Higher Education</b>		
<b>Tuition moderation</b>	Unallots funding for in-state undergraduate affordability at public institutions that meet tuition freeze requirements	-\$79.8 million
	Unallots funding to reduce tuition at Carilion Campus in Roanoke	-\$6.0 million
<b>G3 program</b>	Unallots G3 program, which provides tuition assist. for low- & moderate-income students who meet certain criteria	-\$71.0 million
<b>Undergraduate need-based financial aid</b>	Unallots need-based financial aid for undergraduate students	-\$60.6 million
<b>Address funding disparities at GMU and ODU</b>	Unallots funding to address funding disparities	-\$44.0 million
<b>Virginia College Affordability Network (Va. &amp; Norfolk State)</b>	Unallots funding to increase access to undergrad educ. for students with high financial needs at VSU and NSU	-\$17.0 million
<b>Tuition assistance grant program</b>	Unallots funding for TAG program	-\$12.0 million
<b>Research</b>	Unallots funding for cancer research at Massey Cancer Center	-\$10.0 million
<b>Base operating support</b>	Unallots base operating support for VCCS and EVMS	-\$9.3 million
<b>Information technology &amp; data center</b>	Unallots funding to expand NSU IT services and data center at VSU	-\$7.3 million
<b>Graduate financial aid</b>	Unallots additional financial assistance	-\$2.1 million
<b>Reserves</b>	Increases percentage of unexpended balances higher education institutions are required to hold as reserves	
<b>Compensation</b>		
<b>Salaries/Bonuses</b>	Unallots salary items: <ul style="list-style-type: none"> <li>Funding for raises for K-12 instructional and support positions</li> <li>Bonuses and raises for state employees and state-supported locals</li> <li>Increased staffing and salaries for Compensation Board positions</li> <li>Salary adjustments for correctional officers</li> <li>Increases in local social service employee salary minimums</li> <li>Support for local election staff salaries</li> </ul>	-\$287.2 million -\$264.9 million -\$20.2 million -\$14.7 million -\$11.2 million -\$5.1 million
<b>Retiree Health Credit plans</b>	Unallots paydown of state employee retiree health insurance credit amortization period	-\$7.9 million

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<b>Other</b>			
<b>Housing</b>	Unallots funding increase for Housing Trust Fund		-\$46.0 million
	Unallots funding to increase permanent supportive housing		-\$25.5 million
	Unallots funding for eviction defense / diversion and affordable housing pilot programs		-\$8.6 million
	Provides flexibility to the Dept of Housing and Community Development in use of funds		-\$3.0 million
<b>Capital</b>	Uses borrowing instead of \$65m of GF cash for capital maintenance projects	-\$65.0 million	
	Unallots general fund support for capital planning		-\$10.0 million
	Unallots GF money for Virginia Beach parkway		-\$10.0 million
	Unallots GF money for Accomack regional airport		-\$1.0 million
	Provides authority to governor to delay capital projects		
<b>Incarceration</b>	Provides authority for Dept of Corrections to release or reassign certain people by July 1, 2021 for health and safety reasons		
<b>Major environmental funds</b>	Unallots supplementary deposits into Water Quality funds		-\$29.3 million
	Unallots dam rehabilitation funding		-\$15.0 million
	Unallots increase for Virginia Land Conservation Fund		-\$11.0 million
	Unallots some DEQ funding		-\$18.1 million
<b>Sexual Assault / Domestic Violence</b>	Unallots funding for medical expenses for victims of sexual assault		-\$9.4 million
	Unallots funding to establish Virginia Sexual and Domestic Violence Prevention Fund		-\$1.5 million
<b>Econ Development</b>	Reduces funding for Virginia Innovation Partnership Authority and provides add'l flexibility	-\$6.1 million	
	Unallots funding for Virginia Telecommunication Initiative		-\$32.0 million
	Unallots funding for Virginia Business Ready Sites Program		-\$12.5 million
	Unallots funding for Custom Workforce Incentive Program		-\$4.7 million
	Unallots funding for Virginia Jobs Investment Program		-\$4.0 million
	Unallots funding for Governor's Motion Picture Opportunity Fund		-\$2.0 million
	Unallots funding for Industrial Revitalization Fund		-\$1.0 million
	Unallots funding for office of offshore wind		-\$0.8 million
	Unallots funding for Enterprise Zone Grants		-\$0.5 million