

Virginia General Assembly



FOR IMMEDIATE RELEASE

March 9, 2016

Contact: Matthew Moran
(804) 698-1228

Jeff Ryer
(757) 713-5333

House and Senate negotiators reach budget agreement

~ Final votes on conference report expected Friday ~

RICHMOND, VA – Budget negotiators for the Virginia House of Delegates and Senate of Virginia have completed work on the budget conference reports for House Bills 29 and 30, Senate Finance Co-Chairs Thomas K. Norment, Jr. (R-James City) and Emmett W. Hanger, Jr. (R-Augusta) and House Appropriations Committee Chairman S. Chris Jones (R-Suffolk) announced Wednesday. Under the procedural resolution agreed to by both chambers, final votes on the conference reports are expected on Friday. The conference reports will be posted this afternoon between 4:00 and 6:00 p.m.

“Thanks to the leadership of Republican majorities in the House and the Senate, budget negotiators have completed their work ahead of schedule for the second consecutive year,” **said Senate Majority Leader Norment**. “The conferees have worked closely and collaboratively to finalize a two-year budget that carefully directs taxpayer dollars toward the shared priorities of the Senate and the House. I want to thank my colleagues on the conference committee for their tireless efforts this session.”

“At the start of session, Speaker Howell reminded the General Assembly that almost as important as the budget itself is the manner in which we craft it. The House and Senate for the second straight year are prepared to produce a conservative, responsible, and balanced state budget ahead of schedule, a sharp contrast to how business is done in Washington,” **said Chairman Jones**. “The conference report represents a bipartisan and bicameral agreement on Virginia’s priorities. We are investing in the core functions of state government while carefully guarding taxpayer resources. I look forward to the passage of the conference report.”

“This conference report responsibly addresses the challenges facing the Commonwealth, prioritizes funding for our schools and public safety professionals, and is fiscally conservative,” **said Co-Chairman Hanger**. “Crafting a budget requires all sides to forge compromises to ensure we fulfill our constitutional obligations. The conferees took that responsibility very seriously, and the budget we have produced is testimony to their commitment to the Commonwealth and their colleagues.”

“Under Republican leadership for the last two years, the General Assembly has demonstrated what effective governance looks like. While Washington is mired in gridlock, the House and Senate have produced consecutive budgets ahead of schedule,” **said House Appropriations Committee Vice Chairman R. Steven Landes (R-Augusta)**. “I am proud of the conference report that both bodies will vote on later this week. It reflects our mutual willingness to invest in Virginia’s priorities, guard taxpayer dollars, and set Virginia on a prudent fiscal course for the years ahead.”

2016-2018 State Budget

Key Takeaways

- The House and Senate have produced a conservative, responsible and balanced state budget ahead of schedule for the second year in a row.
- We are taking a number of steps to set Virginia on a responsible fiscal course – eliminating state liabilities, reducing borrowing and making one-time investments rather than committing to long-term spending.
- We are also making healthy investments in K-12 and higher education. Our K-12 investments come with added flexibility compared to the Governor’s budget proposal. Our investments in higher education will help hold down tuition costs for Virginia families.
- The budget makes strategic investments in economic development, but adds additional oversight to ensure that taxpayer dollars are spent wisely.
- The budget does not include Obamacare’s Medicaid expansion or the Medicaid provider tax gimmick that Governor McAuliffe proposed. Instead, we continue to build on our work to strengthen the healthcare safety net.

Structurally Balanced Budget

- The budget proposal does not include any tax or fee increases.
- Deposits \$605 million in the state’s rainy day fund, restoring the fund to 90% of its previous balance. By the end of the biennium, the fund will be at \$845 million.
- Funds the annual contribution to the Virginia Retirement System at 100% of the Board certified rate, fulfilling our requirement two years ahead of schedule. The House of Delegates first proposed fully funding VRS in November, before the Governor’s budget proposal was released.
- Accelerates the \$189.5 million repayment to the VRS for the contribution rate deferral in 2010. This is six years ahead of schedule. This saves \$44 million per year moving forward.
- Eliminates the Accelerated Sales Tax on over 90% of businesses by the end of FY 2018.
- Proposes a bond package of ~\$2.1 billion, which is smaller than the \$2.4 billion package originally proposed by the Governor.
- Allocates excess revenues to reduce the amount of money borrowed for the bond package. Under the House proposal, if revenues exceed the modified forecast that money will be used to pay down the balance of the bond package.

Flexibility in K-12 Education

- The budget proposal makes significant investments in K-12 education, increases flexibility for local school divisions, and makes targeted investments in early childhood education.
- Invests over \$900 million in new funding for K-12 education compared to previous biennium, \$73 million more than originally proposed by Governor McAuliffe.
- Includes a 2% teacher pay raise in the first year of the budget.
- Re-establishes the lottery proceeds distribution in the second year of the budget, sending 29% of lottery proceeds back to local schools by FY18. The House goal is to fully restore the 40% distribution, which was the policy prior to 2010.

- Funds the pilot program for mixed-use delivery models in early childhood education and includes \$3.2 million to increase Virginia Preschool Initiative slots.
- Includes \$36 million for Cost to Compete in Northern Virginia.
- Includes \$35 million for the at-risk add on to direct funding to schools with disproportionate free and reduced lunch populations.

Making College More Affordable

- The budget proposal builds on our continued effort to make college more affordable for Virginia families and includes \$78.6 million more than Governor McAuliffe proposed for higher education funding.
- Includes \$114 million for operating and maintenance at colleges and universities to mitigate tuition increases.
- Includes \$48 million for undergraduate financial aid.
- Includes \$12.5 million for the New Economy Workforce Credentialing program.

Economic Development

- The budget funds strategic and targeted investments in economic development, while promoting increased accountability and oversight in coordination with our legislative priorities.
- The budget allows the Joint Legislative Audit & Review Commission to undertake ongoing and continuing oversight of economic development initiatives and tax preferences.
- Increases accountability by directing funds to GO Virginia and research funding. The budget includes \$35 million for GO Virginia.
- Includes \$1.5 million for broadband initiatives in currently unserved areas.

Stronger Healthcare Safety Net

- The budget does not include Obamacare's Medicaid expansion or the Medicaid provider tax that both Republicans and Democrats in Congress have called a "gimmick."
- Invests new funding to build a stronger healthcare safety net to create new two PACT teams and raise the eligibility for the GAP program to 80% of the federal poverty level.
- Creates 355 new waiver slots in addition to the DOJ mandated waiver slots. This investment will shorten the urgent waiting list by 200 slots.
- Stops the closure of Catawba Hospital and creates a comprehensive statewide study of mental health institutions.
- Includes \$16 million for hospital inflation.

Investing in Our State Employees

- Includes a 3% pay raise in the first year of the budget for state employees and college faculty, and a 2% pay raise for state-supported local employees. The Governor's budget proposal provided a pay raise in the second year.

Public Safety

- Includes a 3% pay raise for state police and a yearly adjustment to address salary compression for senior employees.
- Provides \$21 million for jail per diem funding.
- Includes \$400,000 for voluntary background checks at gun shows.
- Includes funding for 20 new state troopers in the Special Operations Division.
- Funds a new State Police Area Office in the New River Valley.

#