



Virginia Budget Considerations Moving Forward

Virginia First Cities Coalition



FISCAL ANALYTICS, LTD

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The Economic Bottom Appears to Have Occurred



- Although a nasty economic reversal from last year, the U.S. and Virginia are recovering. Leading economic indicators are improving, such as housing starts and building permits, auto registrations and initial unemployment claims.
- However, Virginia payroll employment in August was still 5.2% below last year – about half the deepest level in the spring. Unemployment was 6.1% in August versus 2.7% last year.
- State GF revenues are holding up pretty well due to Virginia’s stable economic mix of industries and tax system. **The August 2020-22 GF forecast reduction of \$2,806.5 million will likely be upgraded in December.**
- The August **state transportation revenue 2020-22 forecast reduction of \$750 million will also likely improve in December** due to better retail and auto sales than previously assumed, even though motor fuel sales still down 20%.

Long-Term Economic Changes Will Occur

- The longer the pandemic continues the more entrenched teleworking/home-based businesses, and less commuting and business travel becomes. This will have long-term impacts on public transportation, airlines and commercial real estate, particularly retail. Residential housing prices seem to have held up well.
- Ramifications for local governments include short and long-term impacts on budgets and tax bases. It took four years for city revenues to recover from the 2009 recession. Local governments usually respond to recessions by improving operational efficiencies, restraining capital spending, hiring freezes/ furloughs/ layoffs, and use of reserves.
- On a more positive note, more innovation and entrepreneurship occurs during recessions. According to a *Wall Street Journal* analysis of government data in late September: “Americans are starting new businesses at the fastest rate in more than a decade.” Problems create opportunities, and 2020 is not lacking in problems. For example, this pandemic has propelled collaboration in service of society. Companies with extensive libraries of drugs are rapidly innovating, scientists who haven’t historically worked together are collaborating on research efforts, and thought leaders are sharing ideas across fields.

Federal Covid-19 Aid-to-Date

- To date, the federal government has enacted four separate stimulus bills.
- While the *Coronavirus Relief Fund* has gotten most of the attention, there are more than sixty other pots of federal dollars flowing to Virginia. The \$7.1 billion in direct federal grants allocated to Virginia include:
 - \$4.6 billion provided directly to the state or state agencies (includes the \$3.3 billion CARES Act State Assistance,
 - \$305.4 million K-12/Gov's Fund for Education, \$456.4 million for Transit, and numerous other grants or supplemental funding);
 - \$1.7 billion provided to health care providers;
 - \$343.9 million to higher education institutions;
 - \$135.4 million to local government and community organizations; and
 - \$309.7 million to airports.
- About \$500 million in additional Federal Medicaid matching funds is projected through March 2021. This is currently the only federal funding that can help offset Virginia's revenue loss.
- \$14.4 billion has been provided to small businesses in the Commonwealth, mainly through the PPP program.

Authorized Use of Coronavirus Relief Fund

As of 10/18/2020

Total Allocation to Virginia	\$3,309,738,321
<i>Less Fairfax County</i>	<i>(\$200,235,485)</i>
Balance for Rest of State	\$3,109,502,836

Current Commitments:	Obligated in FY 2020	Obligated in FY 2021	Total Obligated
Local Government Allocation - Round 1	\$644,573,383	-	\$644,573,383
Local Government Allocation - Round 2	-	\$644,573,383	\$644,573,383
VDEM Testing (\$21.5M was transferred to VDH by subsequent decision brief approved 7-27-2020)	\$42,338,400	-	\$42,338,400
VDEM PPE	\$97,000,000	-	\$97,000,000
VDEM - Other	\$33,722,001	-	\$33,722,001
VDH - replace deficit authorization	\$3,291,300	-	\$3,291,300
VDH - contact tracing/UVA Equipment	\$59,157,614	-	\$59,157,614
DGS - consolidated labs testing	\$6,052,673	-	\$6,052,673
DHCD - emergency housing for homeless	\$5,528,998	\$3,300,000	\$8,828,998
FY 2020 agency-based requests (Does not include \$10M for DHCD mortgage and rental assistance)	\$80,480,698	-	\$80,480,698
DHCD - mortgage and rental assistance (FY 2020 portion originally included as part of agency-based requests)	\$10,000,000	\$40,000,000	\$50,000,000
DSBSD - small business assistance grants	-	\$70,000,000	\$70,000,000
DMAS - Long-term care facilities	-	\$55,640,872	\$55,640,872
DMAS - PPE for Personal Care Attendants	-	\$9,256,178	\$9,256,178
VDEM, VDACS, & DSS - Food Insecurity	-	\$3,861,953	\$3,861,953
VDEM - Priority PPE projects (4 Priority PPE projects: {(1) federally-funded health care facilities, 2) congregate care facilities, 3) local health district offices, and 4) adult and childcare facilities across the Commonwealth})	-	\$42,112,285	\$42,112,285
VDH - Carillion Serology Study	-	\$566,309	\$566,309
VDH -Testing and Contact Tracing	-	\$71,829,059	\$71,829,059
VDH - Environmental Health Specialists for Executive Order enforcement	-	\$1,298,038	\$1,298,038
DBHDS - State hospital census support	-	\$2,853,215	\$2,853,215
VDH - Point of Care Antigen Testing	-	\$16,010,500	\$16,010,500
DHCD - broadband/internet access	-	\$30,000,000	\$30,000,000
DHCD -additional mortgage/rental assistance	-	\$12,000,000	\$12,000,000
DOE - distribution to schools for reopening	-	\$220,798,208	\$220,798,208
VDH - vaccination program	-	\$22,052,445	\$22,052,445
DMAS - hazard pay for personal care attendants - \$1,500 payment to PCAs who worked between March 12, 2020, and June 30, 2020.	-	\$73,056,734	\$73,056,734
DBHDS - hazard pay	-	\$669,312	\$669,312
Total, Current Commitments	\$982,145,067	\$1,319,878,491	\$2,302,023,558
		Balance Remaining	\$807,479,278

Requests/Commitments Currently Under Review:

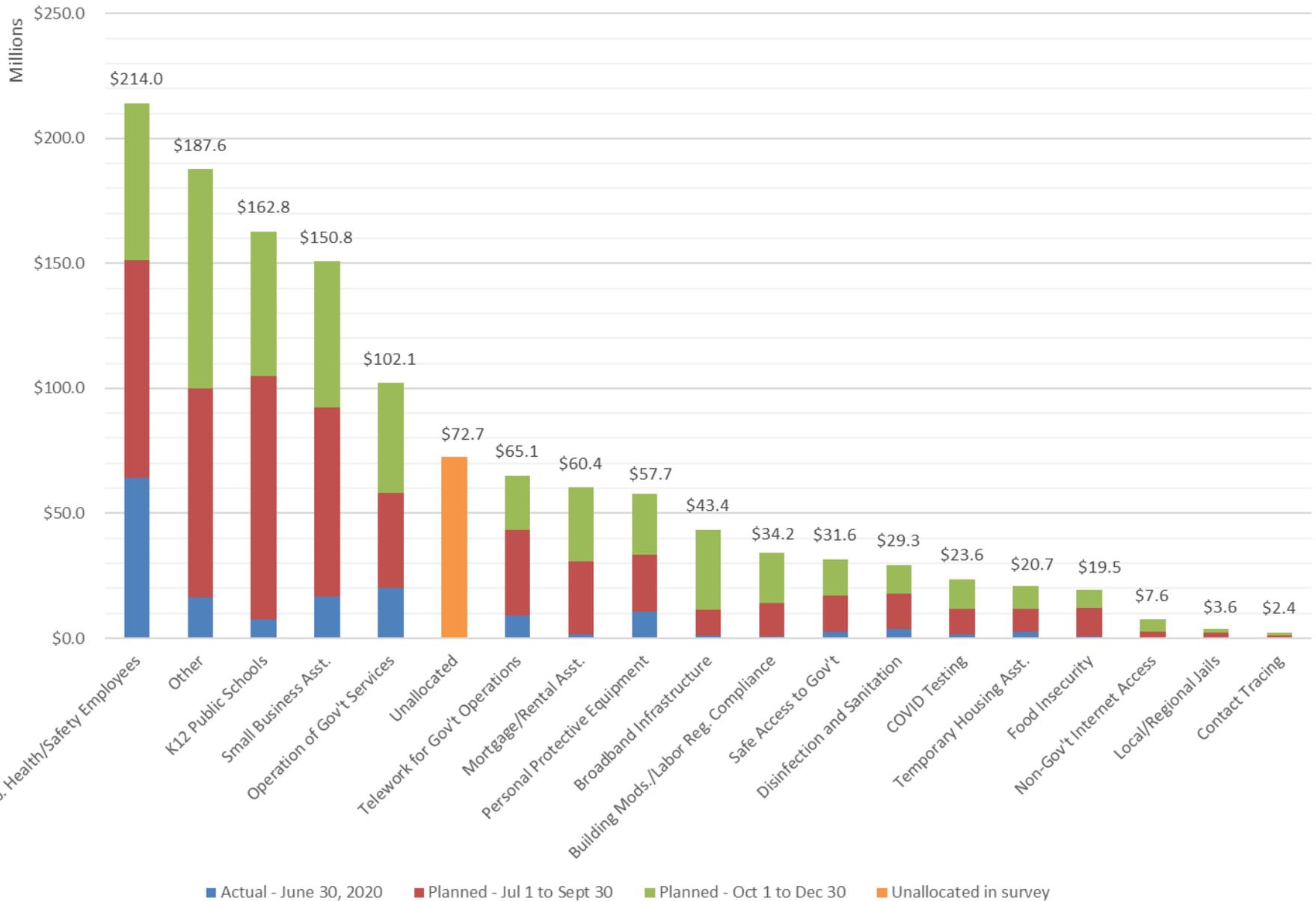
	Potential FY 2020 Obligation	Potential FY 2021 Obligation	Potential Total Obligated
VDEM - COVID-19 pandemic response	-	\$43,824,110	\$43,824,110
VDH - additional testing needs - One Lab	-	\$9,929,838	\$9,929,838
DSS - local overtime and temporary staff	-	\$2,311,821	\$2,311,821
VDEM - non-federal share of FEMA reimbursement requests from non-state entities	-	\$31,944,053	\$31,944,053
VCCS - \$1000 training vouchers for unemployed	-	\$30,000,000	\$30,000,000
VDH - agreement with Unite Us	-	\$10,000,000	\$10,000,000
VDH - sample testing costs, staffing, overtime	-	\$6,632,255	\$6,632,255
DSS - child care for a recovering economy (incl. local capacity and childcare provider stabilization funds)	-	\$58,341,000	\$58,341,000
SCC / DHCD - payments to utilities for customer debt relief from conference report	-	\$120,000,000	\$120,000,000
VDH - DocuSign subscription	-	\$192,250	\$192,250
VDH - Virginia Association of Free and Charitable Clinics (VAFCC)	-	\$2,000,000	\$2,000,000
DJJ - reimburse COVID-19 expenses for PPE, sanitization, medical overtime	-	\$322,427	\$322,427
DOC - reimburse COVID-19 expenses for PPE, sanitization, medical overtime	-	\$6,309,925	\$6,309,925
DVS - reimburse COVID-19 expenses for PPE, sanitization, medical overtime	-	\$98,336	\$98,336
Higher Ed Inst - reimburse COVID-19 expenses for PPE, sanitization, virtual education, etc.	-	\$120,000,000	\$120,000,000
Museums - reimburse COVID-19 expenses for PPE, sanitization, virtual education, etc.	-	\$4,500,000	\$4,500,000
VEC - unemployment assistance from conference report	-	\$210,000,000	\$210,000,000
VDH - community mitigation efforts	-	\$41,019	\$41,019
DSBSD - small business assistance grants supplement from conference report	-	\$5,000,000	\$5,000,000
Elections - voter safety for November election - cleaning, personal protective equipment, additional pay for election day workers, drop boxes from conference report	-	\$10,000,000	\$10,000,000
UVA Medical Center – reimbursement for COVID-19 response to expand bed and treatment capacity	-	\$3,442,283	\$3,442,283
VCU Hospital – reimbursement for COVID-19 response to expand bed and treatment capacity	-	\$11,333,374	\$11,333,374
DMAS - hospitals/health care providers from conference report	-	\$60,000,000	\$60,000,000
DMAS - retainer payments for Medicaid DD waiver day support providers from conference report	-	\$25,000,000	\$25,000,000
DSS - Virginia Federation of Food Banks - \$1.0 million per region from conference report	-	\$7,000,000	\$7,000,000
Statewide - state agencies telework, PPE/sanitizing, DOLI regulation compliance and other eligible operational cost increases from conference report	-	\$60,000,000	\$60,000,000
VDH - reimburse salaries for "public health employees"	-	\$12,000,000	\$12,000,000
VDH - COVID-19 communications strategy	-	\$3,450,000	\$3,450,000
<u>DHCD - supplemental emergency housing for homeless from conference report</u>	-	\$3,000,000	\$3,000,000
Subtotal, Commitments Under Review	-	\$856,672,691	\$856,672,691
Grand Total, Approved and Under Review Commitments		\$2,176,551,182	\$3,158,696,249
Balance Remaining To Commit			(\$49,193,413)

DPB Survey asked local governments 3 questions across 18 topics on CARES \$ Uses

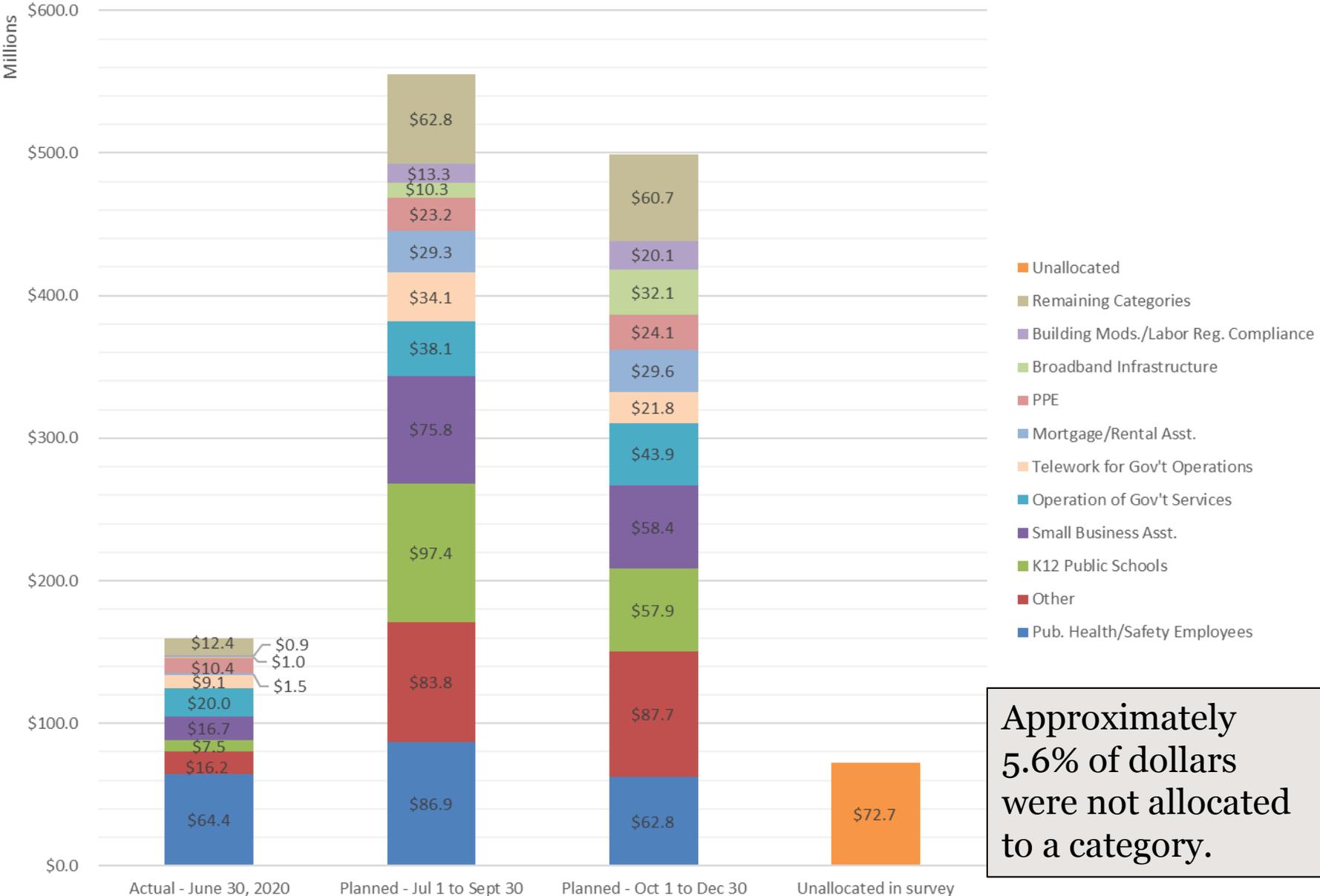
- Actual spending as of June 30, 2020
- Planned spending from July 1, 2020, through September 30, 2020
- Planned spending from October 1, 2020, through December 30, 2020

Topics		
K12 Public Schools	Food Insecurity	Mortgage and Rental Assistance
Temporary Housing Assistance	Small Business Assistance	COVID Testing
Contact Tracing	Telework for Government Operations	Broadband Infrastructure
Non-Governmental Internet Access	Disinfection/Sanitation	Personal Protective Equipment
Safe Access to Government	Building Modifications/ Compliance with DOLI Regulations	Expenses for Public Health/Safety Employees – Presumption Clause
Local/Regional Jails	Operation of Government Services	Other

Actual and Planned CRF Spending Reported by Localities, by Time Period



Actual and Planned Spending by Category, by Time Period



Approximately 5.6% of dollars were not allocated to a category.

101 localities allocated a total of \$187.6 million to 42 “Other” spending areas identified as:

SUMMARY OF CATEGORIES LOCALITIES INCLUDED UNDER “OTHER”		
<i>Substantially dedicated employee salaries/payroll costs</i>	<i>Public Health Leave costs</i>	<i>Not yet programmed/planned or approved by governing body</i>
<i>Contingency</i>	<i>Community/public awareness/education and signs</i>	<i>Unemployment payments/expenses</i>
<i>Public health measures</i>	<i>Funds for towns/911 centers/ service authorities/landfill</i>	<i>Equipment</i>
<i>Hiring temporary employees</i>	<i>Child care programs</i>	<i>Coronavirus tracking project</i>
<i>Utilities assistance programs</i>	<i>Community assistance</i>	<i>Workforce training</i>
<i>Nonprofit support</i>	<i>Redeployed employees</i>	<i>Tourism marketing/EDA</i>
<i>Miscellaneous</i>	<i>Medical supplies</i>	<i>Tourism safety</i>
<i>FEMA public assistance match</i>	<i>Audit costs/administration of the funds</i>	<i>Courts/Court proceedings</i>
<i>Elections support</i>	<i>Economic recovery</i>	<i>Workers compensation claims</i>
<i>Construction/renovation related costs</i>	<i>Legal, banking, and other related fees</i>	<i>Misc. public safety costs/ volunteer fire and EMS</i>
<i>Detention center</i>	<i>IT equipment and software</i>	<i>Regionally owned nursing facility</i>
<i>Tuition assistance</i>	<i>Living expense assistance through Social Services</i>	<i>EMS vehicle purchase</i>
<i>Uniforms</i>	<i>Supplies for pet center</i>	<i>Mental health trauma center assistance</i>
<i>Community assistance</i>	<i>Contractual fuel penalty</i>	<i>Promoting social distancing/ compliance with guidelines</i>

August 2020 General Fund Revenue Re-Forecast

		FY 20 Actual v. Forecast % GF (\$M)	Ch. 1289 FY21 Growth	Revised FY21 Growth	Revised FY21 \$	Ch. 1289 FY22 Growth	Revised FY22 Growth	Revised FY22 \$
<i>Withholding</i>	59.6%	(\$213.8)	3.9%	2.4%	(\$413.8)	4.0%	4.6%	(\$335.4)
<i>Estimated Pay/Tax Dues</i>	17.0%	\$0.4	7.8%	-3.6%	(\$432.1)	5.0%	3.2%	(\$521.6)
<i>Refunds</i>	<u>-8.2%</u>	<u>\$145.7</u>	<u>4.2%</u>	<u>5.2%</u>	<u>\$135.0</u>	<u>3.8%</u>	<u>7.1%</u>	<u>\$75.0</u>
Net Individual Income	68.4%	(\$67.8)	4.8%	0.6%	(\$710.9)	4.2%	4.0%	(\$782.0)
Sales Taxes	16.5%	(\$137.7)	1.3%	-9.7%	(\$546.5)	1.6%	2.8%	(\$516.9)
Corporate Income	4.5%	(\$19.9)	-1.2%	3.0%	\$22.5	11.1%	9.7%	\$10.4
Recordation	2.2%	\$14.9	-17.2%	-12.6%	\$34.3	-8.0%	-7.0%	\$36.0
Insurance	1.6%	(\$33.5)	6.6%	-6.4%	(\$82.7)	4.0%	6.6%	(\$77.6)
All Other Revenues	<u>3.7%</u>	<u>\$9.7</u>	<u>-0.7%</u>	<u>-7.8%</u>	<u>(\$51.4)</u>	<u>0.3%</u>	<u>4.1%</u>	<u>(\$22.7)</u>
Total Revenue	96.9%	(\$234.2)	3.3%	-1.8%	(\$1,334.7)	3.7%	3.9%	(\$1,352.8)
ABC Profits	0.6%	\$12.7	0.2%	0.2%	\$0.0	2.9%	2.9%	\$0.0
Sales Tax (.375%)	1.8%	(\$15.6)	1.3%	-5.4%	(\$61.2)	1.6%	2.8%	(\$57.8)
Other Transfers	<u>0.7%</u>	<u>\$5.1</u>	<u>-33.2%</u>	<u>-33.2%</u>	<u>\$0.0</u>	<u>0.0%</u>	<u>0.0%</u>	<u>\$0.0</u>
Total Transfers	3.1%	\$2.2	-6.5%	-10.8%	(\$61.2)	1.6%	2.3%	(\$57.8)
Total GF Revenues	100.0%	(\$232.0)	3.0%	-2.0%	(\$1,395.9)	3.7%	3.9%	(\$1,410.6)

Special Session Introduced Budget Changes (\$ Mil.)		
	<u>FY 2021</u>	<u>FY 2022</u>
Prior Year and Additions to Balances	\$1,552.6	\$29.9
<i>Revised GF Forecast</i>	<i>(\$1,395.9)</i>	<i>(\$1,410.6)</i>
<i>Revert FY 2020 Unspent Agency Balances</i>	<i>\$247.1</i>	<i>\$30.4</i>
Proposed GF Resources	\$23,500.3	\$22,823.7
Savings Proposals		
Enhanced FMAP (DMAS and DSS)	\$336.8	\$0.0
K-12 Net Sales Tax Reduction	\$95.2	\$93.6
Convert Unallotments to Reductions	\$754.0	\$1,335.5
Spending Proposals		
Medicaid Continuation of Care	<i>(\$89.1)</i>	\$0.0
Mandatory Rainy Day Fund Deposit for FY 22	\$0.0	<i>(\$71.5)</i>
W Q IF Part B Based on FY20 Agency Balances	\$0.0	<i>(\$30.4)</i>
New Policy Proposals	<i>(\$45.9)</i>	<i>(\$1.0)</i>
Total Savings and Spending Proposals	\$1,071.9	\$1,326.3
Proposed Appropriations	\$22,567.0	\$23,266.5
Ending Unappropriated Balance	\$933.3	\$490.5

Conference Committee Report



- **Additional GF biennial savings of about \$280 million**, primarily from reductions in Medicaid, FAMIS, and Children's Health Insurance rates, state health insurance premium holiday and reduced rates, and increased ABC profits.
- **Increased GF spending of about \$470 million**, including numerous health, human and mental health service initiatives, criminal justice reform related spending, and restoring an expansion of early childhood initiatives and the K12 at-risk add-on increase in the second year. The \$500 law enforcement bonus does not include police officers. Additional \$7.5 mil for HB 599 localities.
- **Leaves an unappropriated balance of \$303 mil**, but relies on previous year carryforwards and has a structural imbalance in spending above FY 2022 revenues.
- Authorizes \$97.8 mil from the GF for a bonus for state employees and state-supported local employees contingent on available final FY 2021 revenues. Also directs the Governor include a salary increase in his December introduced budget for K-12 instructional and support positions during the second year if sufficient revenue is projected.
- Provides \$95.2 million the first year from the COVID-19 Relief Fund (gray machine revenue), distributed to school divisions based on the net reduction of state funds in the introduced budget, and counted as local match payments for the SOQ.
- An increased revenue forecast for FY 2021 is likely for the 2021 Session, Medicaid spending seems stable, and \$1.1 billion in reserves are still available.

Non-Criminal Justice/Non-HHS Special Session Amendments Adopted



	<u>FY 21</u>	<u>FY 22</u>	<u>Biennium</u>
Maintain Affordable Access to Higher Education	80,000,000	0	\$80,000,000
Restore Early Childhood Expansion (VPI increased 10%)	0	37,313,648	\$37,313,648
Restore At-Risk Add-On to 26%	0	35,173,962	\$35,173,962
Restore Funds for GMU and ODU Enrollment	0	14,000,000	\$14,000,000
Restore Funding for District Court Clerk Positions	1,424,522	7,596,300	\$9,020,822
Restore Expanded Access to School Meals	2,500,000	4,100,000	\$6,600,000
VCCS - Workforce Credential VAREady	2,000,000	0	\$2,000,000
Restore Online Virginia Network Funding	1,000,000	1,000,000	\$2,000,000
Aid to Local Libraries	1,000,000	0	\$1,000,000
Natural Bridge State Park	376,364	376,364	\$752,728
Green Pastures Recreation Area	342,678	209,509	\$552,187
Restore Funding for 19th District Judicial Position	161,719	323,437	\$485,156
SCHEV-Restore VIVA Funds	400,000	0	\$400,000
Restore Funding for Blue Ridge PBS	350,000	0	\$350,000
Mason Neck State Park	160,800	160,800	\$321,600
Finalize rate study for private day special education programs	250,000	0	\$250,000
Restore Funding for Emil and Grace Shihadeh Innovation Center	250,000	0	\$250,000
Women's Suffrage Memorial	250,000	0	\$250,000
Woodville School	<u>100,000</u>	<u>0</u>	<u>\$100,000</u>
Non-Criminal Justice/Non-Health and Human Service Amendments	90,566,083	100,254,020	190,820,103

Health and Human Resource Amendments

	<u>FY 21</u>	<u>FY 22</u>	<u>Biennium</u>
Restore DD Waiver Provider Rates for Group Homes	\$10,697,611	\$22,037,077	\$32,734,688
Restore Funds for STEP-VA	\$0	\$30,151,414	\$30,151,414
Restore Funds for Permanent Supportive Housing	\$3,000,000	\$17,000,000	\$20,000,000
Restore Funds for Statewide Discharge Assistance Plans	\$7,500,000	\$10,000,000	\$17,500,000
Restore Funding for Medicaid Adult Dental Benefit	\$0	\$17,486,839	\$17,486,839
Restore Funding for Overtime for Personal Care Attendants	\$3,209,470	\$9,609,223	\$12,818,693
Extend \$20 a day nursing home payment	\$11,152,785	\$0	\$11,152,785
Restore Funds for Medicaid Behavioral Health Redesign	\$0	\$10,273,553	\$10,273,553
Restore Funds for Local Department of Social Services Prevention Services	\$0	\$8,718,731	\$8,718,731
Restore Funding for Psychiatric Residential Treatment Facility Rates	\$0	\$7,599,696	\$7,599,696
Restore Funding for Census Reduction Programs at State Psychiatric Hospitals	\$3,750,000	\$3,750,000	\$7,500,000
Restore Funding for Medicaid Nursing Facility Reimbursement	\$0	\$6,984,788	\$6,984,788
Restore Funds for the Virginia Mental Health Access Program	\$2,112,194	\$4,224,388	\$6,336,582
Restore Medicaid Rate Increase for Skilled and Private Duty Nursing	\$0	\$6,245,286	\$6,245,286
Restore Electronic Health Records System Funding	\$3,000,000	\$3,000,000	\$6,000,000
Restore Funding for 250 DD Waiver Slots	\$0	\$4,133,500	\$4,133,500
Restore Full Funding for Medicaid Graduate Medical Education Residency Slots	\$1,350,000	\$2,600,000	\$3,950,000
Restore DD Waiver Rates for Community Integration Services	\$0	\$3,748,853	\$3,748,853
Restore Funds to Eliminate 40 Qtr. Medicaid Eligibility Rule for Legal Immigrants	\$293,023	\$3,289,890	\$3,582,913
Restore Mental Health Provider Rates	\$0	\$2,458,279	\$2,458,279
Restore Funding for FAMIS MOMS' Postpartum Coverage to 12 months	\$278,734	\$2,116,376	\$2,395,110
Restore Funds for Increase in TANF Cash Assistance Payments	\$579,951	\$1,159,901	\$1,739,852
Restore Increase to PAPIS	\$500,000	\$1,000,000	\$1,500,000
Restore Funding for Grants to Recovery Residences	\$250,000	\$250,000	\$500,000
Restore Funds for Medicaid MCO Reimbursement Requirement for DME	\$0	\$352,534	\$352,534
Restore Funds for Medicaid Rate Setting Analysis	\$300,000	\$0	\$300,000
Restore Medicaid Rate Increase for Anesthesiologists	<u>\$0</u>	<u>\$262,491</u>	<u>\$262,491</u>
Subtotal Health and Human Service Amendments	\$47,973,768	\$178,452,819	\$226,426,587

Criminal Justice Reform-Related Budget Amendments

	<u>FY 21</u>	<u>FY 22</u>	<u>Biennium</u>
One-time \$500 Bonus for Law Enforcement Personnel	10,949,082	0	\$10,949,082
Local Police Department Funding	7,483,828	0	\$7,483,828
Restore Funding for Public Defender Positions	949,682	5,698,089	\$6,647,771
Body Worn Camera Grant Fund	6,459,095	113,790	\$6,572,885
Criminal justice reform legislation contingency	3,000,000	3,000,000	\$6,000,000
DOC Earned Sentence Credits	1,304,753	4,486,555	\$5,791,308
Restore Increase to Local Pretrial and Probation Funding	1,150,000	2,300,000	\$3,450,000
HB 5043/SB 5038: Grants to Establish Mental Health (Marcus) Alert Systems and Community Care Teams	0	3,000,000	\$3,000,000
HB 5148/SB 5034 - OAG Costs for Additional Positions	0	479,423	\$479,423
Fund Positions Related to Policing Reform Legislation	165,917	278,976	\$444,893
Restore Increase for Post Critical Incident Law Enforcement Grants	200,000	200,000	\$400,000
Restore Board of Local and Regional Jails Funding	170,125	226,832	\$396,957
SB 5024/HB 5072 - OAG Patterns and Practices Investigative Authority	114,709	229,418	\$344,127
Fund Positions Related to HB 5109, HB 5051, and SB 5030	0	254,191	\$254,191
HB 5051/SB 5030 - OAG Costs for DCJS Decertification Hearings	69,299	138,599	\$207,898
Fund Coordinator Position for HB 5043/SB 5038	61,203	122,405	\$183,608
HB 5043 / SB 5038: Staffing Costs for Mental Health Awareness Alert System	61,203	122,405	\$183,608
Fund Correctional Bed Space Impacts Related to Legislation	150,000		\$150,000
SB 5018 - Compassionate Release Position	<u>19,512</u>	<u>39,023</u>	<u>\$58,535</u>
Total Criminal Justice Reform Changes	32,308,408	20,689,706	52,998,114

FA Estimated Allocation for VFC Localities With Police Departments



	Sworn Law Enforcement Police			Est. Share
	Male	Female	Total	
CHARLOTTESVILLE	99	11	110	\$98,647
DANVILLE	103	17	120	\$107,615
HAMPTON	239	46	285	\$255,586
HARRISONBURG	96	13	109	\$97,750
HOPEWELL	57	9	66	\$59,188
LEXINGTON	15	3	18	\$16,142
LYNCHBURG	141	24	165	\$147,971
MARTINSVILLE	41	2	43	\$38,562
NEWPORT NEWS	372	73	445	\$399,073
NORFOLK	615	76	691	\$619,684
PETERSBURG	75	16	91	\$81,608
PORTSMOUTH	171	49	220	\$197,294
RICHMOND CITY	605	129	734	\$658,246
STAUNTON	39	9	48	\$43,046
WILLIAMSBURG	33	8	41	\$36,769
WINCHESTER	59	17	76	\$68,156
Total VFC	2,760	502	3,262	\$2,925,339
Total State est.	7,109	1,236	8,345	\$7,483,828

Source for Sworn Law Enforcement Police: Dept of State Police, Crime in Virginia 2019

Significant K12 Education Language Changes in the Conference Budget



- Language giving **time to assess impact of K-12 ADM losses** on school division budgets. Language will direct DOE to not adjust payments in January, allowing General Assembly to review scope of ADM changes during 2021 Session.
- Language permitting school divisions **more flexibility for textbook funding** during the current fiscal year funds to be used for remote learning or reopening costs incurred due to COVID-19 and removes local match requirement for FY 2021.
- Language requiring continued payment for services of private day schools provided to students with disabilities if such services are still required by the student's individualized education plans and the private school provides remote learning or telehealth services during the 2020-21 school year, **however the rates may be adjusted commensurate with the level of services being provided.**
- Redirects \$8.9 million in federal Governor's Education Emergency Relief funds to shorter term virtual learning needs that had previously been announced to be used to support longer-term internet access initiatives.

Other Significant Language Changes



- Language **extending the utility disconnection moratorium until 60 days after the end of declared state of emergency** or improved health situation. It also creates a **repayment plan for customers with accounts in arrears** and provides an “off-ramp” from the moratorium for utilities should accounts receivable arrearages exceed 1% - 2% of the utilities operating revenues in Virginia. Also, an appropriation of \$120 million of CRF funding is proposed to pay down customer accounts in arrears.
- Language **outlining terms by which a landlord may evict a tenant for nonpayment**. There is also language using \$12.5 million in Housing Trust Fund dollars to extend Rent and Mortgage Relief program after the expiration of CRF.
- Language requiring the Governor to propose a plan for expenditure of any additional federal coronavirus aid funds made available in his December budget submission.
- **Strikes any solid waste tipping fee language.**

Major Spending Issues Not Addressed by the Special Session Important to VFC



- Teacher salary increases not yet funded
- Adequate funds for local departments of social services to handle increased caseloads
- New home visiting program to provide supports to women to improve birth outcomes and maternal health
- Additional economic development assistance for localities
- HB 599 aid to localities with police departments
- A widespread program of day reporting centers
- Adequate funding for local jails

“Wild Cards” Will Continue to Drive Budget Uncertainty



- Continued high level of general fund revenue uncertainty. It will be May/June tax filing before the full extent of the impact on state revenues is known. Full economic recovery depends on the end of the pandemic.
- Additional needs related to COVID-19: testing, PPE, childcare, housing, broadband, utility disconnections, and K-12 reopening funds.
- Medicaid spending forecast not due until mid-November.
 - Additional budget pressure from higher caseloads are expected at some point because higher unemployment could be factored in caseload growth.
 - Unclear when utilization declines in medical services due to COVID-19 restrictions eventually reverse and return to normal levels.
- VEC projects by end of the year a record \$750.0 million deficit for Unemployment Insurance Trust Fund.
- Future congressional actions to provide additional federal stimulus funding or spending flexibility remains unclear.