

# Capitol Contact

Virginia General Assembly

Virginia Association of Counties • 1207 E. Main Street, Suite 300 • Richmond, VA 23219  
www.vaco.org • 804.788.6652



Monday, December 19, 2016

## SUMMARY OF THE 2017 GENERAL ASSEMBLY SESSION INTRODUCED BUDGET

Governor Terry McAuliffe presented his amendments to the 2016-2018 biennium budget to members of the Senate Finance, House Appropriations, and House Finance committees on December 16.

The Governor indicated that his priorities in assembling his budget proposal, in addition to addressing the state's revenue shortfall, were to avoid reductions in core services such as education and aid to localities, address mental health needs, and provide additional compensation to employees. VACo staff is working to analyze the effects of the budget on localities in detail, but in general, the Governor's actions protect key areas of support for local government, most notably state funding for K-12, VACo's top priority.

Given the size of the nearly \$1.5 billion biennium budget shortfall estimated in August, cuts to local government were relatively minor beyond the previously announced elimination of the revenue-contingent teacher and state-supported local 2 percent salary increases.

The major levers used to address the shortfall include:

- ✓ \$567.2 million in Rainy Day funds;
- ✓ \$347.2 million in eliminated contingent pay increases;
- ✓ \$377.5 million in increased revenues by raising the FY 2017 revenue estimates from 1.7 percent to 3.2 percent;
- ✓ \$74.4 million in additional transfers (such as ABC profits and Attorney General settlement funds).

The increased revenue estimate is partly the result of \$138 million in proposed policy changes, including a new tax amnesty program, reinstating the accelerated sales tax requirement on larger dealers, requiring certain internet sellers with a warehouse nexus to collect sales taxes, and capping historic rehabilitation and land preservation tax credits.

Other major budget balancing items included:

- ✓ \$150 million in unspent agency appropriations;
- ✓ \$128 million from converting capital balances to cash;
- ✓ \$146 million in additional Lottery (\$52.4M), Literary (\$50M), and Virginia Health Care (\$44.5M) funds to offset general funds;
- ✓ Selected operating appropriation reductions – such as a five percent \$76 million reduction to higher education appropriations in FY 2018, a \$53 million reduction in various economic development incentive programs, and a \$21 million savings from delaying opening the Culpeper women’s prison.

The introduced budget did reduce some local program funding based on existing state policies, primarily net reductions in distributions for K-12 public education from lower than expected sales tax collections (a net reduction of \$40.1M after the partial basic aid offset) and lower student population counts (\$35.3M).

There were other smaller, technical K-12 reductions, including K-3 class size funding cuts (\$9.7M), reducing Special Education Regional Tuition by \$6 million, and eliminating Teacher Improvement funds (\$2M). In addition, there is a proposed \$15 million reduction to the new Go Virginia local economic development initiative, a \$1.5 million reduction to the Brownfields Rehabilitation Program, and a \$1.8 million reduction to the Virginia Enterprise Zone Program.

The Governor also funded spending increases, including:

- ✓ \$255 million for unforeseen Medicaid cost increases.
- ✓ \$111.5 million for a FY 2018 1.5 percent bonus plan for state employees and K-12 SOQ-covered positions.
- ✓ \$86 million for the sum sufficient Children Services Act. Local governments match approximately one-third of all CSA funding increases.
- ✓ \$31.7 million in new mental health funding.
- ✓ Early reading intervention increased by \$3.8 million, foster care increased by \$3 million, and school breakfast increased by \$2.3 million

A \$55.5 million portion of the FY 2018 1.5 percent bonus plan is based on the state share of SOQ recognized employees. Localities would have to raise significant additional local resources to provide a full 1.5 percent bonus for all school employees. Other salary increases are also proposed for sheriff's offices and local and regional jails, district court clerks and state police.

The new mental health funding of \$31.7 million provides for additional "same-day-access" intake and evaluation staff at 25 CSBs; for state mental health hospitals discharge planning, private bed purchase, and other community supports to aid in discharging and diverting individuals into community settings; for mental health screening and assessment in local and regional jails; for increased access to opioid addiction treatment; and for a high-level design for an improved community-based mental health delivery system.

**VACo Contacts:** [Dean Lynch, CAE](#) and [Jim Regimbal](#)

## Speaker Howell previews the upcoming legislative session



House Speaker Bill Howell sits down with VACo Executive Director Dean Lynch to talk about the issues that will affect counties during the 2017 General Assembly Session. Speaker Howell weighs in on state supported salary increases, short-term rentals or Airbnb as well as local business taxes and tax reform.

[Click here for the video.](#)

## Key Dates for 2017 General Assembly Session

The Joint Rules Committee met on December 16 to adopt the procedural resolution that will set out the schedule for the 2017 General Assembly session. Although the procedural resolution will be considered by the full House and

Senate in January, typically it is agreed to without amendments. Key dates in the procedural resolution are as follows:

- **January 11:** General Assembly convenes at noon. Prefiled legislation must be submitted by 10 a.m.; this is also the last day to file bills dealing with the Virginia Retirement System or legislation creating or continuing a study.
- **January 13:** Budget amendments by General Assembly members must be submitted by 5 p.m.
- **January 20:** All bills must be filed by 3 p.m.
- **February 5:** The Senate Finance and House Appropriations Committees must report their respective budgets.
- **February 7:** Crossover (deadline for legislation to pass its chamber of origin)
- **February 9:** Deadline for each chamber to complete work on its budget
- **February 20:** Deadline for committee action on legislation
- **February 25:** Scheduled adjournment *sine die*
- **April 5:** Reconvened session to consider the Governor's amendments and vetoes

VACo Contact: [Katie Boyle](#)

## Governor McAuliffe to speak at VACo County Government Day



This is our day to advocate for counties at the General Assembly. Join us at VACo County Government Day on Thursday, February 2! Registration opens at 11 a.m.

and the event kicks off with a boxed lunch at noon. Our keynote speaker will be The Honorable Governor Terry McAuliffe who will address attendees on issues that affect counties.

VACo staff will provide legislative briefs before charging all present to meet with their General Assembly representatives that afternoon. For information on how to reach your representatives, see the [Virginia House of Delegates Member Listings](#) and the [Senate of Virginia](#) websites. Find information about VACo's positions in the [2017 Legislative Program](#), created by VACo Steering Committees, and adopted at our Annual Business Meeting. We will distribute our VACo County Government Day Bulletin at the event.

We encourage all counties to participate in the legislative process - hear briefs on the issues and make appointments to speak with your representatives that afternoon. The VACo County Government Day event should last no later than 1:30 p.m.

Register for [VACo County Government Day online](#) or by faxing in a [registration form](#) to 804.788.0083. Register early and show the state who's coming to town!

For rooming information, check out [our dedicated online room reservation page](#) or call 1.800.THE.OMNI and use code "VACo County Government Day" to unlock our special event rate. Omni Richmond is participating in the HUNGER program, which will provide one week of meals to a family of four for every online reservation. Consider reserving online to help a family during this season. Room Reservation cut off is 5 p.m. January 18. Room rate is not guaranteed after that date.

We are also introducing sponsorship opportunities for the February events. Check back soon, or contact [Amy Sales](#) for more information.

**VACo Contact:** [Amy Sales, CMP](#)

## Join us for the Finance Forum

