



February 4, 2013

House, Senate committees report out their budget amendment packages
Signs of agreement and near-agreement on several critical issues may be overshadowed by partisan wrangling in the Senate

The House Appropriations and Senate Finance Committees released their respective subcommittee reports yesterday. Although the two money committees had either identical or similar amendments on several issues, it is unclear if there are 21 votes in the full Senate to pass its package of amendments. The Senate Finance Committee approved its amendments by a 10 to 5 vote along party lines. Democrats and Republicans each control 20 votes in the Senate, and the Lieutenant Governor cannot break a tie on the budget bill (or proposed tax legislation and constitutional amendments).

Four of the Senate Finance Committee Democrats spoke about their opposition to the amendment package prior to the committee’s vote on Sunday. Dissatisfaction crystallized on two issues. The first is the committee’s decision to push off any expansion of Medicaid coverage to newly eligible low-income Virginians under the Federal Affordable Care Act. According to the Senate Finance Subcommittee on Health and Human Resources, some “70 percent of the uninsured live in families where someone is working -- they just can’t afford insurance.”

The second item focused on the transfer Governor Bob McDonnell proposed of \$49.0 million from the state general fund to VDOT’s road maintenance budget. Because the Senate Finance Committee voted last week to report McDonnell’s transportation funding bill ([SB 1355](#)), the committee approved the transfer.

It is likely that Senate Democrats will offer floor amendments on Thursday to alter the Finance Committee’s budget package. VML will continue to keep you up-to-date on those actions.

In contrast to the Senate, the House Appropriations’ amendment package breezed by on a unanimous vote of 22 to 0.

A brief overview of the two amendment packages and highlights of amendments of interest to localities are in the paragraphs below. A more thorough analysis will follow late this week, after all of the amendments are released to the public.

Comparison of House & Senate Resources and Spending in 2012-14 Biennium		
	House	Senate
Unappropriated balance in the introduced bill	\$10,805,529	\$10,805,529
Changes to resources	27,430,197	69,783,024
Net new spending	(33,670,215)	(65,216,472)
Ending balance/Unappropriated Balance	\$4,565,511	\$15,372,081
<i>Sources: House Appropriations and Senate Finance resource documents, February 3, 2013</i>		

“Changes to resources” reflect bills passed by one body but not yet considered by the other. For example, the Senate passed [SB 767](#) which collects additional sales tax revenue for the Commonwealth and localities and boosts transient occupancy tax collections. There was no House companion measure so the House has yet to take a position. Or, one body may include a budget action that the other did not. The Senate assumes ABC stores will deposit \$5.8 million more in profits to the state general fund. The House did not make that assumption.

Budget Issues of Interest to Local Governments

- “Aid to the Commonwealth” – Both the House and Senate money committees support McDonnell’s amendment of \$45 million in FY14 to end local government financial assistance to the state.
- Water Quality Improvement – Both the House and Senate support the use of bond money (\$101 million) to help local governments and water authorities to pay for infrastructure improvements. Both also endorse \$35 million for local stormwater management projects to meet federal permit requirements.
- “Rainy Day Fund” – The Senate creates a \$36 million Financial Flexibility Reserve Fund. The House adds another \$45 million deposit to the Rainy Day Fund. Both committees support McDonnell’s amendments to add \$128.3 million to the Rainy Day Fund.
- Compensation for State-supported Local Employees – Both money committees provide funding for an additional one percent salary increase above the two percent already slated to go into effect next year.
- Teacher Salaries -- House and Senate both provide funding for the state share of a two percent salary increase for SOQ-funded support positions in schools, although the House funding is for a half-year only. Both the House and Senate included language that prohibits school divisions from using this funding as part of the “5 for 5” phase in. Senate includes language that allows divisions to give increases of from one to two percent, and to receive a proportional share of state funding.
- Teacher Salary Supplements for Northern Virginia -- House and Senate included funding for partial support of the Cost of Competing for SOQ-funded support positions. Senate eliminates COCA for Fredericksburg, King George, Spotsylvania, Clarke, Frederick, Warren, and Winchester.
- Building Revitalization Grants – Senate supports \$500,000 to capitalize the Fund based on legislation ([SB 748](#)) that passed that body earlier in the session. No comparable House amendment.
- Purchase of Development Rights Matching Grants – Both House and Senate support restoring cuts made to the program – House at \$150,000 and the Senate at \$400,000.

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