

2020 Special Session I

Governor's Proposed Budget Amendments to the 2020 Appropriation Act as of August 18, 2020

Items of Interest

As a result of the COVID-19 pandemic and the economic uncertainty that accompanied it, Governor Northam asked legislators to essentially hit the “pause” button on most new spending approved by the General Assembly (GA) in March until the state could more fully assess the Commonwealth’s financial position. To achieve this, the Governor proposed, and the GA generally accepted, amendments to specifically "unallot" new, discretionary spending across all agencies. Those amendments placed that spending on hold until a reforecast of state revenues could be conducted. That revenue reforecast was completed in August, and is the basis for the Governor’s proposed budget amendments to the 2020-2022 biennium budget, which will be considered by the GA during the special session.

Resource adjustments

A net reduction of \$2.529 billion over the biennium (revenue + transfers).

Spending adjustments

A reduction in total spending of \$2.398 billion over the biennium.

Item 484.20 - Converts agency unallotment actions to budget reductions. Reduces funding by \$754 million in FY 2021 and \$1.335 billion in FY 2022.

Elections

Item 86 - Provides funding of \$2 million to reimburse localities for prepaid postage for voters to return absentee ballots for the November 2020 general election, includes language to establish procedures for handling absentee ballots that have errors or other issues, and adds language to authorize absentee ballot drop-off procedures.

In order to expedite changes that would affect the November 2020 election, the GA enacted separate legislation (using a budget format) to address election issues. **SB 5120** (Howell) appropriates \$2 million to the Department of Elections to be used to provide prepaid postage for the return of absentee ballots for the November 3, 2020, election (such prepaid postage be provided by localities and reimbursed by the state). The bill also makes other procedural changes for absentee voting for the November 3, 2020, election, including directing the State Board of Elections to promulgate emergency regulations for the establishment and operation of drop-off locations for completed ballots and removing the requirement for a witness to certify an absentee ballot signature. The bill was treated as a mini budget bill, allowing it to become effective much sooner than other bills enacted during the special session. After passing both houses, **SB 5120** was signed by the Governor, becoming law immediately (non-budget bills will not become effective until four months after the special session adjourns unless they pass by a four-fifths majority).

Virginia Housing Trust Fund

Item 113 - Reallots \$23 million per year and provides additional General Fund (GF) support of \$25 million to the Virginia Housing Trust Fund in the first year, bringing total state support for the trust fund to \$55 million in FY 2021 and \$30 million in FY 2022. Reallots \$3.3 million GF in FY 2021 for an eviction prevention and diversion program. The County's Legislative Program includes support for additional appropriations to the Virginia Housing Trust Fund.

Virginia Telecommunication Initiative

Item 114 – Reallots \$16 million per year and provides additional appropriation of \$15 million for the Virginia Telecommunication Initiative (VATI) in the first year, bringing total state support for the program to \$49.7 million in FY 2021 and \$34.7 million in FY 2022. VATI is a grant program supporting broadband deployment in the Commonwealth. **Fairfax County impact – TBD.**

K-12 Public Education

Item 145 - Updates funding provided to local school divisions based on the latest sales tax projections provided by the Department of Taxation. Reduces statewide funding by \$95.2 million in FY 2021 and \$93.6 million in FY 2022. **Fairfax County Public Schools' impact is a Sales Tax reduction of \$20.3 million in FY 2021 and \$20 million in FY 2022.**

Additionally, FCPS faces the prospect of uncertain student enrollments. To date, enrollments are running substantially behind where they were at the same time last year. That enrollment uncertainty is likely to linger through the year as school divisions adjust operations to address local health conditions and as parents make corresponding enrollment decisions. Enrollment loss would affect FCPS' Average Daily Membership numbers and thus the state per pupil funding allocations, compounding funding losses elsewhere.

Reallots funding in FY 2021 only for the following Supplemental Education programs in the Direct Aid to Public Education budget: Early Childhood Educator Incentive (\$3 million), Black History Museum and Cultural Center of Virginia (\$1.3 million), American Civil War Museum (\$1 million), and Jobs for Virginia Graduates (\$1.67 million).

Human Services

Enhanced Federal Medical Assistance Percentage (FMAP) for Medicaid

Items 312, 313, and 315 - Accounts for the impact of Virginia receiving enhanced (by 6.2 percent) FMAP for Medicaid and children's health care programs. The amounts reflect the latest Department of Medical Assistance Services (DMAS) estimates based on receiving FMAP through December 31, 2020. This amendment also provides the necessary federal appropriation. Replaces \$331 million of GF appropriation with Non-GF appropriation. **Fairfax County impact – TBD.**

Families First Coronavirus Response Act

Items 312, 313, and 315 - Funds the impact of the federal continuation of coverage requirement as required by the Families First Coronavirus Response Act (H.R. 6201). The amounts reflect the latest DMAS estimates for the additional cost to Medicaid and children's health care programs through October 31, 2020. Includes \$89.1 million in GF and \$245.3 million in Non-GF in FY 2021. **Fairfax County impact – TBD.**

Foster Care and Adoptions FMAP

Item 354 - Reduces the GF appropriation by \$5.8 million and increases the Non-GF appropriation by \$5.8 million for foster care and adoptions to account for the temporary enhanced FMAP rate. This adjustment has been calculated through December 2020, when the enhanced rate is set to expire. **Fairfax County impact – TBD.**

Virginia Preschool Initiative

Item 350 and 357 - Transfers federal Temporary Assistance for Needy Families (TANF) funds from the Department of Social Services (DSS) to Direct Aid to Public Education to support the Virginia Preschool Initiative in FY 2021. A like amount of GF support is transferred from Direct Aid to Public Education to DSS to address the critical need for in-person child care access for families of school- aged children. Funding from the Child Care Development Fund (CCDF) block grant balances is appropriated to back-fill TANF funding at DSS, in order to allow those child care-related services to continue uninterrupted. Budget language is modified to allow centers serving families in need of in-person care to be exempt from licensure. Includes funding of \$16.6 million in FY 2021. **Fairfax County impact – TBD.**

Temporary Assistance for Needy Families Unemployed Parents (TANF UP)

Item 350 - Funds a one-time payment of \$0.2 million to Temporary Assistance for Needy Families Unemployed Parents (TANF UP) program participants that is equivalent to 15 percent of the monthly benefit payment for four months. **Fairfax County impact – TBD.**

Emergency Food Supply Package Program

Item 356 - Provides funding of \$650,000 to build capacity in the emergency food supply package program provided by food banks and other non-profits as a low-touch, convenient way to address food shortages during Fall 2020 and Winter 2021. **Fairfax County impact – TBD.**

Temporary Assistance for Needy Families (TANF) block grant

Item 349 and 359 - Provides a one-time benefit payment from the TANF block grant to qualifying families with children in Head Start who did not receive the federal Pandemic-EBT food benefit payment for school-aged children. Includes funding of \$3.7 million in FY 2021. **Fairfax County impact – TBD.**

Other Items of Interest

Tobacco Products Tax Revenue

Item 282 and 3-5.21 - Implements the tobacco products tax pursuant to § 58.1-1021.02 of the Code of Virginia to heated tobacco products. Heated tobacco products would be taxed at a rate of 2.25 cents per stick beginning January 1, 2021. Additional language under Item 282 allows the Department of Taxation to recover administrative costs of implementing this tax from tobacco products tax revenue. **No impact to Fairfax County.**

Tipping Fee

Item 372E – Directs the Secretary of Natural Resources, in consultation with the Secretary of Agriculture and Forestry, to study and develop a plan to require landfill operators pay a solid waste disposal fee, or a tipping fee, for each ton of solid waste received at the landfill. Such fee shall be in addition to any fee established by a locality. The plan shall include recommendations for the amount and structure of any proposed fee, and recommendations for use of any revenue that may be generated from such fee. The plan shall be submitted to the Governor and GA no later than November 1, 2020.

Water Quality Improvement Fund (WQIF)

Item 373 – Reallots \$3.8 million and directs the required deposit to the Water Quality Improvement Fund from the FY 2020 discretionary year-end GF balances in the amount of \$34.2 million in FY 2022. Fairfax County has used WQIF for projects in the past, and likely will have future projects that qualify for WQIF funding.

Law Enforcement Training Academies

Item 403 - Provides funding of \$1.5 million in FY 2021 and \$0.6 million in FY 2022 and five positions to support proposed legislation to establish statewide mandatory minimum training standards for law-enforcement training academies.

Temporary Moratorium on Evictions

Enactment 8 - Provides language to implement a temporary moratorium on evictions with certain exceptions until after April 30, 2021. Language also establishes the requirement for landlords to offer tenants the right to enter into a repayment plan for past due accounts.

Utility Disconnection Prohibition

Enactment 7 - Provides language to prohibit utility disconnections until at least 60 days after the end of a state of emergency declared by the Governor (pursuant to § 44-146.17 of the Code of Virginia) in response to a communicable disease of public health threat. Language also establishes the requirement for electric companies, natural gas suppliers, and water service providers to offer customers the right to enter into a repayment plan for past due accounts.

Separate legislation addressing the issue of utility disconnections has also been considered by the GA. **SB 5118** (McClellan) has been substantially revised during the legislative process to largely exempt “municipal utilities” (defined to also exempt counties, authorities and other political subdivisions) from the restrictions

and requirements of the bill, other than requiring some reporting upon request. The bill now focuses almost exclusively on SCC-regulated (“jurisdictional”) utilities. **SB 5118** has passed the Senate and was sent to House Appropriations (a House version of legislation related to utility disconnection, **HB 5117** (Aird) was not heard in House committee, so it is likely that **SB 5118** will be the bill that is considered by the House.