



A Fiscal Analysis of Proposed Policies by Gubernational Candidate Terry McAuliffe

By Jesse Lynch

9/15/2021 -- As of August 2021, Terry McAuliffe has released over eighteen plans for his second term as Governor of Virginia. The policy proposals oscillate between highly specific and indefinitely vague. This report attempts to forecast five of these proposals: education, economics, entrepreneurship, COVID-19, and healthcare. We attempt to assign a fiscal impact for all the proposals using publicly available information from reports from the Department of Planning and Budget, the Virginia House and Senate Appropriation Staff, and other entities involved in the allocation and appropriation of Virginia's Budget.

Our budget projections are based on current spending, excluding the American Rescue Plan Act funding.

According to our analysis, a McAuliffe budget would have the following significant effects:

- Virginia's Operating Budget spending would increase by \$8,312,224,332 over the biennium. The General Fund would increase by \$7,634,029,721, and the Non-General Fund (NGF) would increase by \$678,194,611 (*See Table 2*).
- McAuliffe's proposals would represent an increase of 5.99% to the 2022-23 Operating Budget in new proposals.
- The costliest proposed policy would be allowing Virginia's state government employees to engage in collective bargaining, which would cost the Commonwealth more than \$1,874,965,290.

McAuliffe proposes leveraging and drawing down federal dollars to pay for his proposed policies. When this information was publicly available, savings to the General and Non-General Fund were assessed. McAuliffe has not proposed a new revenue source, whether taxes or debt.

According to our calculations, if fully implemented, these five plans would mainly consist of spending, which would continue to be incurred after McAuliffe's second term in office would end. New spending, which would come as one-time expenditures, would be related to COVID-19 (vaccination efforts, contact tracing, and pharmaceutical manufacturing), fully funding some of the 2019 Proposed Standards of Quality, and community colleges.

Several of the proposed policies will increase after McAuliffe leaves office including the accelerated minimum wage, increased spending for homecare workers, state employee collective bargaining, and the expansion of the Medicaid Buy-In program will become mandatory spending for the succeeding Governor.

As a result of required local contributions for teachers and other state-supported local employees, local government spending would surely increase if McAuliffe successfully implemented his public policy positions. However, our analysis is focused on state-level spending.

We attempt to state all the specifics of our analysis and calculations. While every dollar may not be exact, it represents the only attempt we are aware of to date to assign a budgetary impact of the long list of policies proposed by candidate McAuliffe. We have not assessed the economic impacts of the proposals and their effectiveness, nor do we offer an opinion on the correctness of his proposals. We have diligently attempted to avoid double counting proposals that were similar. We only offer the first attempt to understand the increased spending that Terry McAuliffe is proposing.

EDUCATION PLAN

Dramatically and immediately increase teacher pay.

McAuliffe has proposed raising the teacher salaries above the national average with four years. His campaign cites the National Education Association (NEA), which concluded that the average teacher salary in Virginia is \$53,267, and the average national teacher salary is \$62,304, which would represent a 14.5% increase.¹ Our analysis looked at the Department of Education’s 2019-20 Teacher Salary Report, which stated that the FY 2020 Budgeted Average Teacher Salary was \$60,265.² As of April 2021, the national average teacher salary is \$64,133.³ This would represent a more accurate 6.03% increase in teacher’s salaries.

If implemented, the cost to the Commonwealth would be **\$290,766,111** annually.

Cultivate the next generation of highly qualified and diverse educators through the Lucy Simms Educator program.

McAuliffe proposes eliminating the burden of student loan debt by requiring a five-year teaching commitment in our public schools.⁴ McAuliffe estimated “1,000 unfilled teaching positions across the Commonwealth” in his announcement of the Lucy Simms Educator program, a number his team found from the National Education Association’s “Virginia Journal of Education.”⁵ McAuliffe states he would like to partner with our Historically Black Colleges and Universities for this program. In Virginia, the most affordable public HBCU is Norfolk State University, with a tuition cost of \$9,622 per academic year.⁶ If McAuliffe succeeds in filling half

¹ Terry for Virginia. (2021). *Ensuring that Every Child has Access to an Equitable, World-Class Education*. <https://terrymcauliffe.com/wp-content/uploads/2021/02/1.29.21-FINAL-Education-Plan-1.pdf> (2).

² Virginia Department of Education. (2020). *2019-20 Teacher Salary Report*. <https://rga.lis.virginia.gov/Published/2020/RD40/PDF>.

³ NEA Research. (April 2021). *Rankings of the States 2020 and Estimates of School Statistics 2021*. National Education Association. https://www.nea.org/sites/default/files/2021-04/2021%20Rankings_and_Estimates_Report.pdf

⁴ TFV. (2021). *Ensuring Every Child*. (2)

⁵ Terry for Virginia. (2020). Terry McAuliffe Announces Lucy Simms Educator Program to Cultivate Next Generation of Highly Qualified, Diverse Educators. <https://terrymcauliffe.com/terry-mcauliffe-announces-lucy-simms-educator-program-to-cultivate-next-generation-of-highly-qualified-diverse-educators/>

⁶ Norfolk State University. (2021). *Cost of Attendance*. <https://www.nsu.edu/financial-aid/cost-of-attendance>

of these positions, the cost to the 2022 GF would be **\$4,577,000**, and by 2023 the GF would be spending **\$9,154,000** to make Norfolk State University full for reimbursement of tuition.

Ensure every young educator has access to high-quality mentorship programs.

McAuliffe has proposed an investment for young teachers to keep them teaching in Virginia schools through a mentorship program. He has specifically said he would like to include the funding for the Board of Education's 2019 Prescribed Standards of Quality (SOQs).⁷ The summary of estimated annual costs for this program was **\$102,100,000**.⁸

Address Modern-Day Segregation in our Schools

McAuliffe has proposed creating a school integration officer within the Virginia Department of Education to review diversity factors in school accreditation standards and incentivize localities to implement integration targets and work with developers to drastically improve access to affordable housing in areas with high-performing schools.⁹ According to a searchable public database of state employee salaries, if the salary is consistent with the Chief Diversity Officer, the cost would be **\$140,000**.¹⁰

Create an Education Equity and Innovation Commission and Fund.

This proposal is short on the details but mentions that in his first biennial budget, McAuliffe will work to "ensure every child has equitable access to a world-class education." However, in the meantime, he proposes that funding in a "scalable fund will allow school divisions to immediately address gaps to achieve long-term educational equity."¹¹ We assume that he is looking at 2019's SOQ Proposal for an Equity Fund (Enhanced At-Risk Add-On Program), which would add **\$131,000,000** to the program.¹² There would also be additional costs for the Commission and any staff, but the fund would require the most significant spending.

Expand the Virginia Preschool Initiative to include all 3- and 4-year-olds in need.

McAuliffe's proposes expanding the Virginia Preschool Initiative (VPI) to 41,500 3- and 4-year-olds in need citing the Early Childhood Education Foundation's "2020 Children's Budget Report."¹³ The current funding level per pupil for VPI is \$7,655 in FY22.¹⁴ At those fund levels, the cost to the Commonwealth would be **\$635,365,000** over the biennium.

⁷ TFV. (2021). *Ensuring Every Child*. (3).

⁸ Virginia Board of Education. (2019). *Standards of Quality (SOQ) Proposals for Board of Education Consideration*. (10-12). <https://www.vaco.org/wp-content/uploads/2019/11/SOQ-Final-101619-with-VDOE-staff-notes.pdf>

⁹ TFV. (2021). *Ensuring Every Child*. (3)

¹⁰ Hansen, Drew. "Public Paychecks: Who Earns the Most on Virginia's Payroll? Check out Our 2021 Database." *bizjournals.com*. Washington Business Journal, 2021.

<https://www.bizjournals.com/washington/news/2021/09/06/virginia-state-salaries-2021.html>.

¹¹ TFV. (2021). *Ensuring Every Child*. (3)

¹² VBOE. (2019). *Standards of Quality*. (3)

¹³ TFV. (2021). *Ensuring Every Child*. (4)

¹⁴ HB1800 Item 145 #8h. (2021 Special Session I).

<https://budget.lis.virginia.gov/amendment/2021/2/HB1800/Introduced/FA/145/8h/>

Put unprecedented resources toward critical supports for our schools.

In this section, McAuliffe proposes to adopt and fully fund the Virginia Board of Education’s 2019 Prescribed Standards of Quality. Without the Equity Fund and the Teacher Mentorship Program, the total for the proposal is **\$716,000,000.00**.

This includes money for the following:

- “Amend the staffing requirements for English Learner teachers to differentiate the distribution of positions based upon the proficiency level of students in each school division, while maintaining local flexibility in deploying those positions. Estimated cost: \$26.7 million/year.”¹⁵
- “Remove the school nurse, school social worker, and school psychologist position from the SOQ support position category. Create a new staffing category for “specialized student support personnel” in the SOQ, with specified ratios for these positions. Estimated cost: Approximately \$100 million.”¹⁶
- “Reaffirm the Board of Education’s 2016 recommendation to provide one-full time school counselor for every 250 students. Estimated cost: \$88.2 million/year.”¹⁷
- “Reaffirm the Board of Education’s 2016 recommendation to provide one-full time principal in every school. Estimated cost: \$7.9 million/year.”¹⁸
- “Reaffirm the Board of Education’s 2016 recommendation to provide one full-time assistant principal for each 400 students. Estimated cost: \$83.9 million/year”¹⁹
- “Reaffirm the Board of Education’s 2016 recommendation to eliminate the measures that were implemented during the recession: the “support position cap” and the temporary flexibility language waiving certain staffing requirements. Estimated cost: \$371.6 million/year.”²⁰
- “Provide reading specialist positions for students in grades K-5, based upon the number of students failing third-grade Standards of Learning reading assessments. Estimated cost: \$36.6 million/year in addition to the \$23.5 million currently appropriated for Early Reading Intervention.”²¹
- “Establish a statewide principal mentorship program to strengthen and foster the expanding role of quality school leaders that support teacher retention and student achievement. Estimated fiscal impact: \$1.1 million/year.”²²

According to the VBOE’s Report on the 2019 Standards of Quality, the cost to localities would be approximately \$758,700,000.²³ This is not included in our analysis on the effects to the state budget.

¹⁵ VBOE. (2019) *Standards of Quality*. (13)

¹⁶ *Ibid.* (14)

¹⁷ *Ibid.* (22)

¹⁸ *Ibid.* (23)

¹⁹ *Ibid.* (23)

²⁰ *Ibid.* (24)

²¹ *Ibid.* (16)

²² *Ibid.* (20)

²³ *Ibid.* (2)

Create the Beyond the Classroom Fund

The “Beyond the Classroom Fund” would be a wraparound support for school divisions to apply for “flexible grants” in the areas of school transportation, mental health services, and remedial education.²⁴ How much of this would be funded is challenging without specifics, but with the assumption that it will be a 1% of the cost of the state’s portion of remediation, transportation, and mental health services, we estimate a **\$6,161,100** cost to Virginia.

Expand access to federal child nutrition programs

In Virginia children from families with incomes at or below 130 percent of the poverty level are eligible for free meals. Those between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals, for which students can be charged no more than 40 cents for lunch and 30 cents for breakfast.²⁵ Currently, Congress has provided \$8.8 billion in additional funding for child nutrition programs and has “cancelled certain administrative data reporting requirements for state agencies and LEAs operating the NSLP in the 2020-2021 school year.”²⁶ As a result, it is difficult to estimate what the total cost of this program, but a 2% increase in the previous budget to the Student Lunch Program would be a **\$232,077** increase.

Get every Virginia student online.

Virginia has allocated \$700,000,000 in federal funds to expand to universal broadband access to all residents by 2024.²⁷ While this program will likely be finished under a McAuliffe administration if he were elected, there would likely be no new spending in his budget for universal broadband.

Partner with the business sector to engage students early and create virtual internships and apprenticeships.

While the details are vague for the virtual internship proposal, McAuliffe states he would like it to apply to 7th and 8th graders so that rural communities could participate in areas with more employment.²⁸ Our assumption is that McAuliffe is not creating a new program. We attribute this to the Innovative Internship Fund administered by the State Council on Higher Education. To fund this initiative, we estimated Virginia would need to ensure its funding commitment at the cost of **\$1.6 million** over the biennium.²⁹

²⁴ TFV. (2021). *Ensuring Every Child*. (5)

²⁵ Virginia Department of Education. (n.d.). *Frequently Asked Questions*.
<https://www.doe.virginia.gov/support/nutrition/resources/faqs.shtml>

²⁶ Virginia Department of Education – Office of School Nutrition Programs. (2021). *2020-2021 Free and Reduced-Price Eligibility Report - School Level*.

https://www.doe.virginia.gov/support/nutrition/statistics/free_reduced_eligibility/2020-2021-free-red-report-school-level.xlsx

²⁷ Feiner, Lauren. “Virginia Gov. Northam Announces \$700 Million Plan for Universal Broadband by 2024.” CNBC. CNBC, July 16, 2021. <https://www.cnbc.com/2021/07/16/virginia-gov-northam-announces-plan-for-universal-broadband-by-2024.html>.

²⁸ TFV. (2021) *Ensuring Every Child*. (6).

²⁹ SB 30 Item 152 #3s (2020) budget.lis.virginia.gov/amendment/2020/1/SB30/Introduced/CA/152/3s/

Establish Career and Technical Education certificate programs in Virginia

The proposal is for professionals to have skills and credentials implemented for Career & Technical Education courses in high-demand fields; a similar program was implemented with the Virginia Western Community College and Roanoke City Public Schools, at the cost of \$300,000. If one of these were implemented in another part of the state, the costs would likely be similar. But given McAuliffe's previously stated goals of implementing the Board of Education's 2019 Prescribed SOQs, McAuliffe proposes including the work-based learning coordinators at a cost to taxpayers of **\$1,100,000** to ensure internship and apprenticeship programs. This would establish state-level and regional work-based learning coordinators to foster connections between school divisions and the business community.³⁰

ENTREPRENEURIAL PLAN

Create a cabinet-level advisory to develop and implement a statewide strategic plan to support and grow entrepreneurship and entrepreneurial ecosystems.³¹

The most concise proposal is to create a Cabinet-level advisor for the Governor's office. In 2021, Budget Item 52 #3h introduced by Del. Krizek for a Children's Cabinet Advisor was estimated at **\$150,000** and one full-time employment position.³² An entrepreneurial advisor position would likely track similarly for McAuliffe.

ECONOMIC PLAN

Require paid sick days and family medical leave

There is no cost to business attributed to the McAuliffe budget projections, but its significance should be noted.

The Bureau of Labor Statistics estimates the cost of paid sick leave benefits to employers at \$0.45 per employee hour worked.³³ The Virginia Interfaith Center currently estimates that 1.2 million Virginians should qualify for paid sick days.³⁴ At the thirty-hour workweek threshold that Delegate Guzman's HB 2137 (2021) would set³⁵, you are looking at a \$16,200,000 cost to Virginia's businesses.

The cost to taxpayers would come in the form of enforcement. McAuliffe's proposal is significantly similar to HB 898 (2020) from Del. Guzman. The Commonwealth would need to hire five full-time compliance officers, who will be in charge of inspection activities. Virginia has already paid for the one-time expenditure of updating its software for compliance in HB30

³⁰ VBOE. (2019) Standards of Quality. (18)

³¹ Terry for Virginia. (2021). *Support Entrepreneurship and Build Strong Entrepreneurial Ecosystems in Virginia*. terrymcauliffe.com/wp-content/uploads/2021/05/TRM_PolicyPage_Entrepreneurship.pdf

³² HB1800 Item 52 #3h (2021). budget.lis.virginia.gov/amendment/2021/1/HB1800/Introduced/MR/52/3h/

³³ Bureau of Labor Statistics. (March 2020). *Employee Benefits Survey*.

<https://www.bls.gov/ncs/ebs/factsheet/paid-sick-leave.htm>

³⁴ Virginia Interfaith Center. (2021) *Paid Sick Days*. <https://www.virginiainterfaithcenter.org/economic-justice/paid-sick-days/>

³⁵ HB 2137. (2021 Session). (p.2, 61-69). <https://lis.virginia.gov/cgi-bin/legp604.exe?211+ful+HB2137+pdf>

(2020). There would also be a cost for the Attorney General, who files a complaint with their office. While some state agencies may be affected by having to update their system for dealing with paid leave and accrual, the cost of compliance was indeterminate every time an iteration of the legislation was filed. To phase in the program Department of Labor and Industry estimate, they would need **\$419,444** in the first FY and would become a recurring expense of **\$638,888**³⁶

Ensure childcare is accessible and affordable.

McAuliffe intends to expand the Child Care Development Block Grant (CCDBG) funding eligibility criteria and make the funding permanent.³⁷ McAuliffe does not state specific eligibility criteria he would like to expand. The cost would be **\$52,458,428** in FY23 to fund the current levels with no new spending from the federal government. Currently this spending is covered Coronavirus Response and Relief Supplemental Appropriations Act of 2021.³⁸

Taking care of our caregivers and providing better support to our care workers.

If McAuliffe raises the rate for personal care, respite, and companionship services provided in the waiver programs to \$25. Virginia will have a cost of **\$272,486,340** from the General Fund and **\$272,486,340** from the Non-General Fund annually.³⁹

Strengthen Virginia's collective bargaining law.

McAuliffe has stated his intention to build on recently passed legislation allowing some collective bargaining for local government employees: "the existing law creates a local option for bargaining but leaves a lot of open questions for industries that wish to organize." He also makes it clear that he doesn't believe it should apply only to localities: "Virginia made tremendous progress [...], but state employees were not included in the legislation."⁴⁰

While the total cost could vary, we used Senator Saslaw's Committee Substitute to SB 939 to determine some of the initial costs to implement the statewide collective bargaining. First the establishment of the Public Employee Relations Board, as a supervisory board, would have the effect of compensation for the Board members.⁴¹ This is not included in our analysis, nor is the support staff that the Board will likely require.

The Office of the Attorney General stated they would require an additional attorney to cover appeals to the circuit court. The Department of Human Resources and Management anticipates five additional positions to create the Office of Labor Relations and a one-time consultant support.⁴²

³⁶ Department of Planning and Budget. (2020). *HB 898 Fiscal Impact Statement*. lis.virginia.gov/cgi-bin/legp604.exe?201+oth+HB898F122+PDF

³⁷ Terry for Virginia. (2021). *Making the "Virginia Dream" A Reality: Investing in Virginia Workers and a More Equitable Post-COVID Economy*. terrymcauliffe.com/wp-content/uploads/2021/02/Terry-McAuliffe-Workforce-Development-Plan.pdf (3)

³⁸ HB 1800 Item 137 #2h (2021 Special Session I). budget.lis.virginia.gov/amendment/2021/2/HB1800/introduced/CA/137/2h/

³⁹ HB 30 Item 313 #49h (2020 Session) budget.lis.virginia.gov/amendment/2020/1/HB30/Introduced/MR/313/49h/

⁴⁰ TFV. (2021) *Making the "Virginia Dream"*. (4)

⁴¹ Department of Planning and Budget. (2020). *Fiscal Impact Statement SB 939*. (1-2). <https://lis.virginia.gov/cgi-bin/legp604.exe?201+oth+SB939FH1122+PDF>

⁴² *Ibid.* (2)

The Fiscal Impact Statement provided by the Department of Planning and Budget outlines that agencies with the largest number of employees, such as the Department of Corrections, Department of Transportation, Department of Behavioral Health and Developmental Services, and Virginia Community College System could require five to six additional human resource staff which could cost between \$769,223 to \$923,068 per agency. In our analysis, we have used the more conservative estimate for our forecasting.⁴³

Virginia's medium to large sized agencies like the Department of State Police, Department of Health, Department of Motor Vehicles, Department of Social Services, and Virginia's universities could require four to five additional human resource staff each at a cost of \$615,378 to \$769,223 per agency. Again, in our analysis, we have chosen the more conservative estimate.⁴⁴

There will be one-time costs for new custom training modules for supervisors, employees, and human resource professionals. In addition, there is necessary statewide technology support for collective bargaining.⁴⁵

The administrative cost to establish collective bargaining for state employees in Virginia would be \$18,157,915 in FY22 and \$9,523,115 in FY23. (See Table 3).

The next issue with forecasting McAuliffe's proposal for state employee collective bargaining is the cost of increase salaries for state employees. The Economic Policy Institute, a left of center think tank, chaired by current AFL-CIO President Elizabeth Shuler, whose advice and research would we find would likely be favorably considered in a McAuliffe Administration, researched Virginia's private- and public-sector pay gap. In their analysis they found, on average that public employees made 14.1% less than comparable private-sector employees in 2015-2019. Due to public-sector workers' generous benefits, they concluded that the total compensation was approximately 10% lower for local government employees.⁴⁶

We find it entirely plausible that Virginia closes the pay gap between private- and public-sector attributing a 10% salary increase to McAuliffe's budget. In the 2020 session, the total cost for a 3% increase for state employees was totaled at \$133,355,949 for FY22.⁴⁷ This works out to \$444,519,830 for a 10% increase in state employee's salaries. Additionally, decisions by local school division employees to collectively bargain for salary increases would have an impact on state funding for K-12 education. The Department of Planning and Budget valued the state's share of a statewide one percent salary increase for funded SOQ instructional and support positions is estimated at \$48,219,919. It is unclear, if McAuliffe intends to have this be a part of his teacher pay raise or in addition to his teacher pay raise, which would drive costs even higher. For our estimates, we assess the amount would come in addition to the teacher pay raise in the same FY. For an additional 10% increase, the number would be valued at \$482,199,190.

This represents a total of **\$1,874,965,290** in additional spending due to state employee collective bargaining over the biennium.

⁴³ *Ibid.* (3)

⁴⁴ *Ibid.* (3)

⁴⁵ *Ibid.* (4-5)

⁴⁶ Morrissey, Monique. "Unions Can Reduce the Public-Sector Pay Gap." Economic Policy Institute, June 17, 2021. <https://www.epi.org/publication/unions-public-sector-pay-gap/>.

⁴⁷ SB30 Item 477 #4s. (2020). <https://budget.lis.virginia.gov/amendment/2020/1/SB30/Introduced/CA/477/4s/>

Promote pay equity and hold companies accountable for disparities.

In order to increase transparency, McAuliffe will require employers to report gender and racial wage gaps. He states that when evident disparities are apparent, McAuliffe will hold those companies “accountable until these gaps are closed.”⁴⁸ While it is impossible to know what this level of reporting will cost businesses, the cost to taxpayers comes in the form of enforcement. Looking at Del. Hurst’s HB 622 (2020), the cost for enforcing those employers from discharging employees because they inquired or discussed wages was **\$113,038** a FY for a full-time position with the Department of Labor and Industry (DOLI). DOLI anticipated between 75 to 100 calls regarding the matter.⁴⁹ We cannot know the exact amount, but we assume that a similar number of complaints regarding racial or sexual wage gap discrepancies.

Promote occupational and professional license reciprocity for military spouses.

McAuliffe’s proposal provides military spouses with occupational and professional license reciprocity from their emigrating state.⁵⁰ Without any more details, we must assume that this is the current policy of the Commonwealth due to Senator Suetterlein’s SB 981 (2020). The cost to taxpayers had no anticipated fiscal impact, because state agencies could absorb compliance cost.⁵¹

Accelerate the path to a \$15 minimum wage.

McAuliffe proposes to increase the minimum wage by 2024 instead of the 2026 target date.⁵²

The Department of Planning and Budget assigned a fiscal impact to this legislation in 2021, and while they did not forecast the increase to 2026, their formulas are simple enough to extend. Institutions of Higher Education, the Virginia Employment Commission, Department of Social Services, Department of Juvenile Justice were unable to give the Department of Planning and Budget a specific fiscal impact. The Department was also coming up with an indeterminate fiscal impact for public education or local government.⁵³

For several departments, we can use their fiscal impacts: Department of Labor and Industry (enforcement), Central Appropriation (salaries), Compensation Board, Department of Tax (seasonal contracts), Department of Medical Assistance Services (Attendant Care, Adult Day Health, In-Home Residential, Community Engagement, Day Support), and the Alcohol Beverage Control Authority (Decrease in Profits). (See Table 4).⁵⁴

Following the Department’s formula, the estimates to reach the goal of a \$15 minimum wage by 2024 would result in (at least) new spending or reduced revenue of 2023 GF **\$119,246,320** and 2023 NGF **\$111,394,223**. The costs would surely be higher, but these are the numbers provided to the public.

⁴⁸ TFV. (2021). *Making the “Virginia Dream”*. (5).

⁴⁹ Department of Planning and Budget. (2020). *Fiscal Impact Statement HB622*. lis.virginia.gov/cgi-bin/legp604.exe?201+oth+HB622FER122+PDF

⁵⁰ TFV. (2021) *Making the “Virginia Dream”*. (5).

⁵¹ Department of Planning and Budget. (2020). *Fiscal Impact Statement SB 981*. lis.virginia.gov/cgi-bin/legp604.exe?201+oth+SB981FER122+PDF

⁵² TFV. (2021) *Making the “Virginia Dream”*. (5). f

⁵³ Department of Planning and Budget. (2020). *Fiscal Impact Statement SB 7*. (5, 6, 11,)

⁵⁴ *Ibid.* (2-4)

Create a seamless 5-year pathway to a high-demand, good-paying career.

McAuliffe would like to offer a five-year pathway for students with wraparound financial assistance with a large expansion of Governor Northam’s “Get Skilled, Get a Job, Give Back” initiative, or “G3” program. While the proposal’s language is vague, it seems McAuliffe’s goal is to offer universal community college. Currently, the G3 program offers a \$900 grant per semester for a total of \$3,600 a student for universal community college.⁵⁵ Virginia had 92,010 graduates of secondary education in 2020.⁵⁶ The cost to the budget to guarantee universal community college would be **\$331,236,000** annually.

Ensure coordination across systems to meet workforce needs.

McAuliffe proposes a “workforce preparedness steering committee” to help guide spending in workforce development.⁵⁷ We believe a steering committee like this would likely behave similarly to the Department of Aging and Rehabilitative Services, an appointed committee similar to other boards and commissions; while there would be per diem and travel for its members, we were not able to forecast the cost.

Dramatically expand work-based learning opportunities for students.

Re-statement of “Build internship and apprenticeship opportunities into the K12 experience” and is not double counted in our analysis.

Engage students early about career-training pathways to break down stigma.

We assume that Governor Northam is not proposing a new program but instead proposing marketing, outreach, advising, and public awareness for young women and students of color to pursue careers in STEM-H and computer science. In the 2021 budget, an outreach program administered by Virginia’s Community Colleges for the “G3” initiative was funded at **\$5,000,000**, which we attribute a similar outreach campaign would cost.⁵⁸

Establish regional Technology Innovation Labs (TIL) and impact teams.

In his proposal, McAuliffe would like to see the Department of Education “cross-pollinate ideas” for different Technology Innovation Labs.⁵⁹ Assuming this uses the regions used by the VDOE, there will be 8 different TILs in the Commonwealth. These labs could partner with current community colleges, or they could be stand-alone higher education center. With McAuliffe’s

⁵⁵ Bauer-Wolf, Jeremy. “Virginia Establishes Tuition-Free Community College for High-Demand Fields.” Higher Ed Dive. Higher Ed Dive, March 30, 2021. <https://www.highereddive.com/news/virginia-establishes-tuition-free-community-college-for-high-demand-fields/597574/>.

⁵⁶ Virginia Department of Education. (2020) *Schools with a Graduating Class*.

https://p1pe.doe.virginia.gov/reportcard/ogr_report.do?link=school&year=2020&rate=4

⁵⁷ TFV. (2021). *Making the “Virginia Dream”*. (6)

⁵⁸ SB1100 Item 220 #2s. (2021 Special Session I).

budget.lis.virginia.gov/amendment/2021/2/SB1100/Introduced/FA/220/2s/

⁵⁹ TFV. (2021) *Making the “Virginia Dream” A Reality: Investing in Virginia Workers and a More Equitable Post-COVID Economy*. (7-8) <https://terrymcauliffe.com/wp-content/uploads/2021/02/Terry-McAuliffe-Workforce-Development-Plan.pdf>

stated goals of allowing local communities to provide input, for our analysis we assume he will emulate a higher education center like the New College Institute. There would be a large capital expenditure to build new labs, such as Virginia Tech’s Center for Innovative Technology with \$69,000,000 in capital outlay. For our analysis, we assume the plan is to use existing community colleges or higher education centers, so we attribute a similar operating budget as the New College Institute, which is set at \$4,413,700 in operating costs.⁶⁰ Assuming a new TIL in each of VDOE’s eight regions would cost the state **\$35,309,600** annually.

Fund advisor positions at community colleges.

For thirty new advisor positions for Virginia’s Community College System, the estimate in 2021 was **\$2.5 million**.⁶¹

Reduce the burden of student loan debt by improving transfer of community college credits to four-year institutions.

If McAuliffe successfully improves every credit transfer from community college to four-year institutions, students could see a drop in their tuition prices. If we were to assume that McAuliffe would make up the difference in lost tuition to a four-year institution as part of his proposal, then it could get pricey. At Wytheville Community College, there were 1000 dual enrolled students⁶², and using McAuliffe’s \$300 savings per credit hour,⁶³ the easy math would be \$300,000 spread out to other colleges. While the scenario is hypothetical and we do not believe it is unreasonable, we do not include it in our analysis.

Increase availability of short-term immersion programs and stacking credentials to retrain and re-skill employees for high-demand jobs.

Under a second McAuliffe administration, he would like to see Virginia “dramatically increase” the number of available credentials created under the New Economy Workforce Credentials Act (HB 66 – 2016). With the funding initially provided, the total cost was 12.5 million over the biennium.⁶⁴

For our assumptions, we take a dramatic increase to mean an increase of 25% (or more), which would be **\$3,125,000** over the biennium.

Draw down federal dollars to students enrolled in VCCS with support services.

This proposal builds on the 2020 decision by the Department of Social Services to designate the Virginia Community College System as a recognized provider of critical services for those individuals enrolled in the Supplemental Nutrition Assistance Program (SNAP). Virginia can be reimbursed for half of every dollar invested in programs like employment training.⁶⁵ In 2019, the

⁶⁰ HB1800 Item 220(Special Session I) New College Institute Operating Expenses.

<https://budget.lis.virginia.gov/item/2021/2/totals/HB1800/Enrolled/1/office-of-education/new-college-institute/>

⁶¹ HB1800 Item 220 #5c (2021 Special Session I).

budget.lis.virginia.gov/amendment/2021/2/HB1800/Introduced/CR/220/5c/

⁶² Wytheville Community College. (2021). *Dual Enrollment at WCC*. www.wcc.vccs.edu/dual-enrollment

⁶³ TFV. (2021). *Making the “Virginia Dream”*. (8)

⁶⁴ HB30 Item 144 #2c. (2016 Session). budget.lis.virginia.gov/amendment/2016/1/HB30/Introduced/CR/144/2c/

⁶⁵ TFV. (2021). *Making the “Virginia Dream”*. (9)

amount received was \$85 million for 20% of the eligible student population.⁶⁶ If a McAuliffe administration could increase this number by 10%, Virginia would receive federal investment dollars of approximately **\$16,000,000** in the biennium. We include these savings in our projected budget.

Establish Career and Technical Education (CTE) certificate programs for educators in Virginia

Virginia currently permits the Board of Education to issue a provisional license to a teacher seeking an initial license in the Commonwealth who has not attained an industry certification credential in the area in which the teacher seeks endorsement to allow the teacher to attain such credential.⁶⁷ McAuliffe states that the Commonwealth does not have a clear, streamlined pathway for CTE educators to obtain the necessary credentials.⁶⁸ If he is proposing a state-funded pathway, then the costs could accumulate, but if he is merely offering to streamline the process by which local school divisions receive these provisional licenses, as set out in HB 2137 (2015), from the Board of Education, there will be no fiscal impact.⁶⁹

Expand opportunities for high school students to receive college credit and allow students to obtain credit for their CTE coursework.

This proposal is substantially similar to “Reduce the burden of student loan debt by improving transfer of community college credits to four-year institutions” and is not double counted in our analysis.

Partner with the business sector to create virtual internships and apprenticeships.

This proposal is substantially similar to “Partner with the business sector to engage students early and create virtual internships and apprenticeships” and is not double counted in our analysis.

Enable Virginians to access registered apprenticeships

This proposal is substantially similar to “Build internship and apprenticeship opportunities into the K12 experience” and is not double counted in our analysis.

COVID-19 PLAN

Continue to build capacity for COVID-19 testing, contact tracing and vaccine dissemination.

Assuming that the federal government will pick up the cost of testing, tracing, and vaccination, the only actual spending proposal for McAuliffe’s plan would be an education campaign for the

⁶⁶ State Council of Higher Education for Virginia. (2021). *Undergraduate Fall Enrollment, SNAP Participation and Potential Eligibility*. dashboards.schev.edu/college-students-on-snap

⁶⁷ Virginia Department of Education (2017) *The Path to Industry Certification: High School Industry Credentialing*. doe.virginia.gov/instruction/career_technical/path_industry_certification/index.shtml

⁶⁸ TFV. (2021) *Making the “Virginia Dream”*. (10)

⁶⁹ Department of Planning and Budget. (2015). *Fiscal Impact Statement HB 2137*. lis.virginia.gov/cgi-bin/legp604.exe?151+oth+HB2137FER122+PDF

COVIDWISE app that Governor Northam launched.⁷⁰ A campaign was launched in 2021 with a focus on “equity, diversity, and inclusion to maximize the reach of COVID-19 communications to target Virginians of various socio-economic, geographic, racial and ethnic, generational, physical and mental abilities, religious, gender, language differences, and other unique similarities and differences.” The cost to taxpayers was **\$600,000**, and we expect the cost would be similar for a COVIDWISE education campaign.⁷¹

Cut down on costs and supply-chain issues by bringing PPE and pharmaceutical manufacturing to Virginia.

McAuliffe cites his trip to San Francisco to secure a private grant to VCU of \$25 million from the Bill and Melinda Gates Foundation. He claims the trip also led to securing a \$354 million federal contract for a Richmond-based startup.⁷² Governor McAuliffe was prolific in his worldwide travel in the name of economic development. Governors of every state do this as an ordinary course, but we believe that including a budget item for McAuliffe is necessary. In 2015, he made an 11-day, six-country trip to Europe, which was reported as costing **\$176,000**, which we think is a fair addition to his potential budget.⁷³

Ensure that every Virginian has access to paid sick days

This proposal is substantially similar to “Require paid sick days and family medical leave” and is not double counted in our analysis.

Provide hazard pay for essential workers.

While McAuliffe lauds Governor Northam for providing hazard pay for home health care workers, he does not guarantee all essential workers funding from the Virginia budget. He instead states he will work with President Biden to make sure that federal COVID-relief packages include this pay.⁷⁴

Ensure every Virginian has access to unemployment benefits when they need them.

With the 2021 Special Session allocating \$862 million to the Unemployment Insurance Trust Fund, employers will be making up the rest through a rate increase. McAuliffe could spend down the General Fund to make UITF whole, but he does not state this in his plan.⁷⁵ This item will likely be moot if legislators follow through with Northam’s \$73.6 million to fast-track ongoing modernization efforts at the Virginia Employment Commission, including \$37.4 million to boost call center capacity, \$29.8 million to upgrade technology, nearly \$4.6 million to hire additional adjudication officers, and \$1.8 million for personnel support.⁷⁶

⁷⁰ Terry for Virginia. (2021). *COVID-19 Recovery Plan: Securing our Economic Recovery & Creating a More Equitable Future*. (2). terrymcauliffe.com/wp-content/uploads/2020/12/Terry-McAuliffe-COVID-19-Recovery-Plan-1.pdf

⁷¹ HB1800 Item 307 (2021 Session) budget.lis.virginia.gov/item/2021/1/HB1800/Introduced/1/307/

⁷² TFV. (2021). *COVID-19 Recovery Plan*. (2)

⁷³ Keaton, Jamey. “McAuliffe Touts Benefits of 6-Nation European Trip.” Associated Press. Associated Press, June 18, 2015. apnews.com/article/72da1bd384de408c9fdb5b4afeba2cf1.

⁷⁴ TFV. (2021). *COVID-19 Recovery Plan*. (3)

⁷⁵ Ibid. (3)

⁷⁶ Virginia Office of the Governor. (July 2021) *Governor Northam Announces Plan to Protect Virginia Employers from Paying Higher Unemployment Insurance Taxes*. www.governor.virginia.gov/newsroom/all-releases/2021/july/headline-902112-en.html

Strengthen access to basic needs like nutritious food, housing, and health care for all Virginians.

The proposal to leverage federal and state resources to ensure all Virginians have access to food, affordable housing, and health care is a vague claim. This section has the only stated policy proposal to continue Virginia’s COVID-19 levels of rent relief program and eviction prevention.

Currently, the federal CARES Act provides \$12,500,000 for the Virginia Rent Relief Program (formerly Virginia Rent and Mortgage Relief Program)⁷⁷ and plans to continue the \$6,600,000 over the biennium in funding for Eviction Prevention and Diversion Pilot Program.⁷⁸ For our analysis, we assume the federal dollars for this program are unavailable, and McAuliffe decides not to draw down the Virginia Housing Trust Fund to pay for the programs, which has been typically used to “create or preserve affordable housing units, reduce the cost of affordable housing, and increase homeownership.”⁷⁹ The cost would be **\$31,600,000**.

Increase funding for Virginia’s incentive grant fund to reopen childcare facilities and provide subsidized care for low-income families.

This proposal is substantially similar to “**Ensure childcare is accessible and affordable**” and is not double counted in our analysis.

Lift up Black and Brown-owned businesses.

Intending to provide capital and regular access to training and technical support for Small Women and Minority-Owned businesses, McAuliffe proposes a pilot program within the Virginia Department of Small Business and Supplier Diversity.⁸⁰ A pilot program for Small Business Assistance and Youth Entrepreneurship Pilot Program was proposed in 2021, the proposed spending was **\$1,546,982**, which is a fair estimate for this similar program.⁸¹

Create a revolving fund to provide low-interest loans to small businesses.

The proposal to create a program that specifically targets historically disadvantaged populations and communities for low-interest small business loans will likely be administered by the Small Business Financing Authority. His intention is to target historically disadvantaged populations.⁸²

A similar proposal for rural Virginians stated that \$1,250,000 would be needed annually for capitalization for the SBFA. Additionally, there would need to be three new positions created at a cost of \$500,000 annually for marketing and loan service capability.⁸³ The total cost would be **\$1,750,000** annually for the Commonwealth.

⁷⁷ HB 5005 Item 113 #1c (2020 Special Session I)

budget.lis.virginia.gov/amendment/2020/2/HB5005/Introduced/CR/113/1c/

⁷⁸ HB 30 Item 113 #1c (2020 Session) budget.lis.virginia.gov/amendment/2020/1/HB30/Introduced/CR/113/1c/

⁷⁹ Department of Housing and Community Development. (March 2021) *Governor Northam Awards Over \$6 Million in Virginia Housing Trust Fund Homeless Reduction Grants*. dhcd.virginia.gov/governor-northam-awards-over-6-million-virginia-housing-trust-fund-homeless-reduction-grants.

⁸⁰ TFV. (2021). *COVID-19 Recovery Plan*. (4).

⁸¹ <https://budget.lis.virginia.gov/amendment/2021/1/HB1800/Introduced/MR/128/2h/>

⁸² TFV. (2021) *COVID-19 Recovery Plan*. (4) terrymcauliffe.com/wp-content/uploads/2020/12/Terry-McAuliffe-COVID-19-Recovery-Plan-1.pdf

⁸³ SB 30 Item 105 #1s (2002 Session) budget.lis.virginia.gov/amendment/2002/1/SB30/Introduced/MR/105/1s/

Transform the regulatory process and increase support for small businesses

McAuliffe states he will transform our regulatory process and ensure that small business have access to the support they need but offers no concrete policy positions.

Retrain and re-skill employees for high-demand jobs

Virginia already offers re-training for some positions, while McAuliffe asks to ramp up these to meet previously stated goals in STEM-H field, the proposal seems similar to previously offered programs.⁸⁴ Several budget items have been proposed at community colleges across the Commonwealth, but the only statewide program for a non-reverting Workforce Retraining Fund was attributed a cost of **\$2,000,000** annually.⁸⁵

Partner with the business sector to create virtual internships and apprenticeships.

This proposal is substantially similar to “Partner with the business sector to engage students early and create virtual internships and apprenticeships” and is not double counted in our analysis.

Promote the Commonwealth to grow our economy and create new jobs

To grow our economy, McAuliffe proposes a new and aggressive marketing strategy. He laments that the competition (other states and nations) is doing more to market itself.⁸⁶ At his peak, McAuliffe’s Economic Development Services was spending \$1,000,000 over the biennium for an “expanded international and domestic marketing campaign to market Virginia to attract additional businesses to the Commonwealth.”⁸⁷

Recently, Virginia’s two closest competitors, North Carolina, and Maryland ramped up their marketing campaigns. Governor Roy Cooper proposed \$10 million in additional marketing to attract business to North Carolina.⁸⁸ Maryland’s Economic Development Marketing Fund sits at 1.9 million over the biennium.⁸⁹ While McAuliffe stated he would like to be “aggressive,” we will assume he will not outdo North Carolina’s proposal and split the difference, adding **\$4,950,000** additional dollars to Virginia’s budget.

Increase funding for the Virginia Mental Health Access Project (VMAP).

In the 2020 Special Session, funding for the Virginia Mental Health Access Program was restored in the House Budget but was not included in the conference report. The cost would be **\$882,000** annually.⁹⁰

⁸⁴ TFV. (2021) *COVID-19 Recovery Plan*. (5)

⁸⁵ SB 30 Item 108 #1s (2002 Session) budget.lis.virginia.gov/amendment/2002/1/SB30/Introduced/MR/108/1s/

⁸⁶ TFV. (2021) *COVID-19 Recovery Plan*. (6).

⁸⁷ HB5001 Item 123. (2014 Special Session I). budget.lis.virginia.gov/item/2014/2/HB5001/Chapter/1/123/

⁸⁸ North Carolina Office of the Governor. (2021). *Governor Cooper Proposes Budget to Invest in a Strong, Resilient and Ready North Carolina*. (1) governor.nc.gov/news/press-releases/2021/03/24/governor-cooper-proposes-budget-invest-strong-resilient-and-ready-north-carolina

⁸⁹ Maryland Department of Commerce. (2021). *FY 2021 Proposed Operating Budget Detail by Agency*. (14) <https://dbm.maryland.gov/budget/Documents/operbudget/2021/agency/DepartmentofCommerce.pdf>

⁹⁰ HB 5005 (2020 Special Session I) budget.lis.virginia.gov/amendment/2020/2/HB5005/Introduced/FA/321/1h/

Allocate new funding for substance use disorder prevention, harm reduction and treatment.

During McAuliffe’s administration, he put together the Governor’s Task Force on Prescription Drug and Heroin Abuse, which produced many recommendations, but very few with fiscal impacts to state agencies. Without more details, it is not possible to determine what the fiscal impact would be, but since McAuliffe states very clearly that he will be allocating new funding, we estimate it will be similar to a legislator’s previously proposed budget amendments. For harm reduction we use 2017’s Item 292#1h,⁹¹ for prevention programming we use 2017’s Item 146 #3h,⁹² and for treatment we use 2017’s Item 40 #2c⁹³, for a total of **\$275,000** a year.

Leverage federal dollars to support Permanent Supportive Housing.

While the Virginia Housing Trust Fund supports permanent supportive housing, McAuliffe is talking about specifically drawing down federal dollars for this initiative. While some federal wraparound services may provide some federal match for currently state-supported programming, the Department of Housing and Community Development report was delayed due to COVID-19 and is not available yet. We assume indeterminate spending and/or saving, and it is not included in our budget projections.

Focus mental health resources on early intervention and supporting Virginians across the lifespan.

While McAuliffe does call for building on Virginia's Behavioral Health System’s “System Transformation Excellence and Performance” (STEP-VA) program, he does not mention any new funding for the program. Instead, he mentions that he would like to invest in early intervention services as a priority.⁹⁴ This proposal represents budget prioritization and contains no new spending.

HEALTHCARE ACCESIBILITY PLAN

Implement a state reinsurance program.

In his proposal, McAuliffe intends to fulfill HB 2332 (2021) by establishing the Commonwealth Health Reinsurance Program. McAuliffe states in his plan his intention to experience reductions of 30% to premiums after Virginia has secured the 1332 waiver.⁹⁵ If this were the case, then the projected cost would be much higher for the Commonwealth. Instead, in our projections, we use the “Likely Expected Net Cost to Virginia” with a 20% projected premium reduction provided by the State Corporation Commission, which would be **\$65,400,000** annually.⁹⁶

⁹¹ HB1500 Item 292#1h (2017 Session)

budget.lis.virginia.gov/amendment/2017/1/HB1500/Introduced/MR/292/1h/

⁹² HB1500 Item 146#3h (2017 Session)

budget.lis.virginia.gov/amendment/2017/1/HB1500/Introduced/MR/146/3h/

⁹³ HB1500 Item 4 #2c (2017 Session) budget.lis.virginia.gov/amendment/2017/1/HB1500/Introduced/CR/40/2c/

⁹⁴ TFV. (2021). *COVID-19 Recovery Plan*. (7)

⁹⁵ TFV. (2021) *Building A Healthier Virginia: Ensuring That Every Virginian Has Access to Quality, Affordable Health Care* (3) <https://terrymcauliffe.com/wp-content/uploads/2021/03/Terry-McAuliffe-Building-a-Healthier-Virginia-Plan.pdf>

⁹⁶ State Corporation Commission (2021) *Fiscal Impact Statement HB 2332*. (3) <https://lis.virginia.gov/cgi-bin/legp604.exe?212+oth+HB2332FER171+PDF>

Provide financial assistance to help Virginians afford health care premiums.

During the implementation of the state-based exchange, McAuliffe stated he would like to increase the financial assistance for families making up to \$105,000 per year.⁹⁷ While he stated, he would like to work with the General Assembly to secure additional funds, it is impossible to estimate the cost without more information. Most likely, this is a change in criteria, and the reimbursements will come from the federal savings already reflected in our budget forecasting.

Expand opportunities for telehealth and make current flexibilities permanent.

In his section regarding expanding telehealth, our best estimate is that McAuliffe plans to fully enact Del. Adams HB 1987 to: “amend the state plan for medical assistance to provide for payment of medical assistance for remote patient monitoring services provided via telemedicine for certain high-risk patients, makes clear that nothing shall preclude health insurance carriers from providing coverage for services delivered through real-time audio-only telephone that are not telemedicine, and clarifies rules around prescribing of Schedule II through VI drugs via telemedicine, including establishing a practitioner-patient relationship via telemedicine.”

The Department of Medical Assistance Services (DMAS) estimates to cover all remote patient monitoring (RPM) included in this program the costs would be **\$5,954,042** from the GF and **\$9,293,064** from the NGF over the biennium. DMAS states that if a single member uses multiple RPM services, each billed separately, the costs will increase.⁹⁸

Create an Office of Health Insurance Oversight at the State Corporation Commission

McAuliffe plans to establish the Office of Health Insurance Oversight at the State Corporation Commission,⁹⁹ likely under the Bureau of Insurance. The proposal’s scope is unknown.

To get an estimate, we used 2017’s HB 1915 establishing a Student Loan Ombudsman at the State Corporation Commission; the costs were attributed to one full-time employee to establish the office and then moving to four full-time employees in the succeeding year. The cost to the Commonwealth was **\$442,300** over the biennium.¹⁰⁰

Improve health care access and outcomes for rural Virginians

McAuliffe focuses on dental health services and transportation in his policy to improve healthcare for rural Virginians.¹⁰¹ The Dental Advisory Committee’s reports one of the most considerable barriers is utilization,¹⁰² which leads us to forecast that the allocated amounts will cover the current costs. McAuliffe lists addressing transportation as one of his top priorities for care, but it is impossible to assign a fiscal impact without more information.

⁹⁷ TFV. (2021). *Building A Healthier Virginia*. (3)

⁹⁸ Department of Planning and Budget. (2021). *Fiscal Impact Statement HB 1987*. (1-2) lis.virginia.gov/cgi-bin/legp604.exe?211+oth+HB1987FEH1122+PDF

⁹⁹ TFV. (2021). *Building A Healthier Virginia*. (4).

¹⁰⁰ Department of Planning and Budget. (2017). *Fiscal Impact Statement HB 1915*. (2) lis.virginia.gov/cgi-bin/legp604.exe?171+oth+HB1915F122+PDF

¹⁰¹ TFV. (2021). *Building A Healthier Virginia*. (4).

¹⁰² Department of Medical Assistance Services. (2016). *Annual Dental Report to the General Assembly*. dmas.virginia.gov/media/2597/general-assembly-report.pdf

Hold big Pharma accountable to ensure affordable drug prices

Creating a “state watchdog for consumers”¹⁰³ does not provide much information for assessing a fiscal impact, since McAuliffe does not state this will be a new office, we assume it will behave similarly to recently created commissions like the Joint Commission on Cannabis Oversight and will assign similar fiscal implications for creation, per diem, and administrative expenses.¹⁰⁴

Improve long-term health care and support aging Virginians.

This proposal is substantially similar to “Taking care of our caregivers and providing better support to our care workers” and is not double counted in our analysis.

Streamline and modernize Medicaid enrollment

McAuliffe “will also modernize the Medicaid enrollment process,”¹⁰⁵ but is unclear in his methods besides saying that he would like to move up in terms of processing times citing a 2018 study from the Kaiser Family Foundation. Since that time Virginia has allocated over \$24 million in the Cover Virginia Call Center as a centralized eligibility processing unit (CPU).¹⁰⁶ Unless there is new data McAuliffe would like to cite, we do not see any extra spending for this proposal.

Improve outreach to Medicaid eligible individuals

In previous attempts to expand outreach the budget impact has been in terms of language, but previously similar budget amendments for Family Access to Medicaid Insurance Security outreach have been assessed at around **\$915,566** over the biennium.¹⁰⁷ This would likely be higher given the changes and growth of Virginian’s Medicaid system since the last introduced amendment, but this is our best estimate at this time.

Create a Medicaid “buy-in” option on the exchange.

While McAuliffe says he will create a new Medicaid “buy-in,” (MBI) Virginia currently has a similar program called “Medicaid Works.”¹⁰⁸ To expand the MBI Program, there will need to be an amendment to the State Plan for Medicaid Assistance under Title XIX of the Social Security Act, which we have assessed in our budget at a cost of \$57,210.¹⁰⁹

The next step to determining a fiscal impact would be to quantify the new spending with new enrollees. In our analysis, we could only find one study of the MBI Program from 2003. At the time, it was projected that removing the unearned income limit on enrollees would result in 5,261 participants (due to other stipulations such as disability status) and cost \$15,000,000,

¹⁰³ TFV. (2021). *Building A Healthier Virginia*. (5).

¹⁰⁴ SB30 Item 1#2. (2020 Session). budget.lis.virginia.gov/amendment/2020/1/SB30/introduced/FA/1/2s

¹⁰⁵ TFV. (2021). *Building A Healthier Virginia*. (6).

¹⁰⁶ HB30 Item 317 (2020 Session) budget.lis.virginia.gov/item/2020/1/HB30/Reenrolled/1/317/

¹⁰⁷ SB30 Item 310 #1h. (2012 Session). budget.lis.virginia.gov/amendment/2012/1/sb30/introduced/mr/310/1h/

¹⁰⁸ TFV. (2021) *Building A Healthier Virginia*. (7).

¹⁰⁹ HB1800 Item 313 #2c. (2021 Special Session I)

budget.lis.virginia.gov/amendment/2021/2/HB1800/Introduced/CR/313/2c/

equaling \$2,851 per enrollee.¹¹⁰ As of 2019, Virginia is home to 648,000 without health insurance. 210,000 Virginians are under the Federal Poverty Level and qualify for Medicaid without a need for a Buy-In.¹¹¹ Of the 438,000 who are projected to participate in an expanded Medicaid Buy-In, we attribute a similar participation rate as 2019's Medicaid program, 67.6%, leaving us with 296,088 new enrollees. If the 2003 cost per enrollee were attributed to this cohort, then we assume that Virginia would be looking at a cost of **844,146,888** annually to its General Fund.

Address maternal mortality for Black women

To address differences in maternal mortality, McAuliffe suggests expanding Medicaid, which he states will increase access and health screenings.¹¹² There are no other details given and no fiscal impact is assessed.

Require consistent, standardized reporting on health data by race and ethnicity

In this section, McAuliffe suggests doing more for an annual Virginia Health Equity Scorecard¹¹³, a program which is already underway.¹¹⁴ There would be no new spending from this proposal only a change in emphasis.

Expand and diversify the health care workforce

McAuliffe cites specific programs in this section: loan repayment programs to create a “broad array of healthcare workers” and the creation of new residency slots specifically for students in underrepresented health professions.¹¹⁵ We cannot assess a fiscal impact regarding the creation of new residency slots without more information. Plans to expand the Nurse Loan Repayment Program to certified nurse aides¹¹⁶ and changing the mission statement of the Virginia Health Workforce Development authority similarly incurred no new spending.¹¹⁷

Address social factors that hinder good health for communities of color

McAuliffe specifically states he will be working with the federal government for funds to leverage and there is no new spending for this proposal.¹¹⁸

¹¹⁰ Department of Medical Assistance Services. (2003). *Employment Incentives for people with Disabilities through Medicaid Buy-In Options*. (4)

¹¹¹ Virginia Health Care Foundation (2019) *Profile of Virginia's Uninsured*. <https://www.vhcf.org/data/profile-of-virginias-uninsured/>

¹¹² TFV. (2021). *Building A Healthier Virginia*. (7).

¹¹³ TFV. (2021). *Building A Healthier Virginia*. (8).

¹¹⁴ Virginia Department of Health. (2012). *Virginia Health Equity Report*. vdh.virginia.gov/health-equity/virginia-health-equity-report/

¹¹⁵ TFV. (2021). *Building A Healthier Virginia*. (8).

¹¹⁶ Department of Planning and Budget. (2021). *Fiscal Impact Statement SB 1147*. (1) lis.virginia.gov/cgi-bin/legp604.exe?211+oth+SB1147F122+PDF

¹¹⁷ DPB. (2021). *Fiscal Impact Statement HB 1976*. (1) <https://leg1.state.va.us/cgi-bin/legp504.exe?211+oth+HB1976FE122+PDF>

¹¹⁸ TFV. (2021). *Building A Healthier Virginia*. (9)

Establish a statewide social determinants of health coordinator at the Virginia Department of Health

McAuliffe proposes creating a statewide position that will directly report to the Commissioner of Health, likely a Deputy Commissioner.¹¹⁹ Given similar salaries for such a position, we assess \$153,150 annually.¹²⁰

Enshrine Roe v. Wade in Virginia’s constitution

The cost for a ballot initiative would not have an effect on the state budget and would be absorbed by the Department of Elections.

Increase abortion access and coverage.

While McAuliffe laments that 93% of counties lack an abortion provider,¹²¹ he does not state whether he would create a state provider in each of these counties, which would be rather expensive. Without more information, we cannot assess any fiscal impact.

Ensure every Virginian has access to the contraceptives they need.

In his plan, McAuliffe would force pharmacists to dispense contraceptives even if they have a conscience clause. He would also require all state-regulated health plans to cover any FDA-approved form of contraception.¹²² We do not assess a fiscal impact.

Prohibit discrimination based on reproductive health decisions

In this section, McAuliffe states his opposition to stories of employees being fired for “taking birth control, accessing fertility treatments, having sex or becoming pregnant outside of marriage, or having an abortion.”¹²³ We assign no fiscal impact to this position.

Ensure health departments are prepared in times of crisis

McAuliffe would like to begin preparation for the next health emergency to begin now, explicitly saying he will work with the federal government.¹²⁴ We assigned no fiscal impact without more information.

Modernize the public health technology infrastructure

The only policy proposal in this section is substantively similar to “Require consistent, standardized reporting on health data by race and ethnicity” and is not double counted in our analysis.

¹¹⁹ *Ibid.* (9).

¹²⁰ Hansen, Drew. “Public Paychecks: Who Earns the Most on Virginia's Payroll? Check out Our 2021 Database.” *bizjournals.com*. Washington Business Journal, 2021. <https://www.bizjournals.com/washington/news/2021/09/06/virginia-state-salaries-2021.html>.

¹²¹ TFV. (2021). *Building A Healthier Virginia*. (10).

¹²² *Ibid.* (10).

¹²³ *Ibid.* (10).

¹²⁴ *Ibid.* (11).

Establish standing regional public-private coalitions

While McAuliffe cites the resilience of academics and non-profits during the pandemic, he is not specific in his plan to “invigorate existing regional public-private coalitions and build new ones”¹²⁵ so no fiscal impact is assessed.

Increase funding for the Virginia Mental Health Access Project (VMAP).

Re-statement of “Increase funding for the Virginia Mental Health Access Project (VMAP)” and is not double counted in our analysis.

Allocate new funding for substance use disorder prevention, harm reduction and treatment

Following course of different attempts to expand services for substance use disorder, we assess similar budget amendments for substance abuse: Item 302 #3h (2007),¹²⁶ Item 303 #29s (2019),¹²⁷ and Item 292 #1h (2017)¹²⁸ to cover the prevention, reduction, and treatment respectively.

Leverage federal dollars to support permanent supportive housing

McAuliffe specifically states he would be using new federal dollars for the program and no fiscal impact to Virginia’s budget is assessed.

Focus mental health resources on early intervention, crisis prevention and supporting Virginians across the lifespan.

Re-statement of “Focus mental health resources on early intervention and supporting Virginians across the lifespan” and is not double counted in our analysis.

About the Author

Jesse Lynch is a political and public policy professional with experience in Virginia's General Assembly. He is not affiliated with the Glenn Youngkin or Terry McAuliffe campaign for Governor but is involved in a paid capacity with Republican members of Virginia's General Assembly. He is a Radford University graduate, residing in Charlottesville with wife, Bethany.

About the Thomas Jefferson Institute for Public Policy

The Thomas Jefferson Institute for Public Policy envisions a Virginia with a thriving economy where Virginians have the opportunity to succeed because economic and regulatory barriers are low, individuals and parents are empowered to make informed choices for themselves and their families, and the primary role of government is protecting citizens from each other and the overreach of government itself. It seeks to accomplish that vision by crafting and promoting public policy solutions that advance prosperity and opportunity for all Virginians.

¹²⁵ *ibid.* (12)

¹²⁶ HB1650 Item 302 #3h. (2007 Session).
budget.lis.virginia.gov/amendment/2007/1/HB1650/Introduced/MR/302/3h/

¹²⁷ SB1100 Item 303 #29s. (2019 Session).
budget.lis.virginia.gov/amendment/2019/1/SB1100/Introduced/MR/303/29s/

¹²⁸ SB900 Item 292#1h. (2017) budget.lis.virginia.gov/amendment/2017/1/sb900/introduced/mr/292/1h/

TABLE #1

Proposal	2022 GF	2022 NGF	2023 GF	2023 NGF
Dramatically and immediately increase teacher pay	\$ 290,766,111	\$ -	\$ 290,766,111	\$ -
Cultivate the next generation of highly qualified and diverse educators through the Lucy Simms Educator program.	\$ 4,577,000	\$ -	\$ 9,154,000	\$ -
Ensure every young educator has access to high-quality mentorship programs.	\$ 102,100,000	\$ -	\$ 102,100,000	\$ -
Address Modern-Day Segregation in our Schools	\$ 140,000	\$ -	\$ 140,000	\$ -
Create an Education Equity and Innovation Commission and Fund.	\$ 131,000,000	\$ -	\$ 131,000,000	\$ -
Expand the Virginia Preschool Initiative to include all 3- and 4-year-olds in need.	\$ 317,682,500	\$ -	\$ 317,682,500	\$ -
Put unprecedented resources toward critical supports for our schools	\$716,000,000	\$ -	\$ -	\$ -
Create the Beyond the Classroom Fund	\$ 2,964,548	\$ -	\$ 3,196,552	\$ -
Expand access to federal child nutrition programs.	\$ 116,039	\$ -	\$ 116,039	\$ -
Get every Virginia student online	\$ -	\$ -	\$ -	\$ -
Partner with the business sector to engage students early and create virtual internships and apprenticeships.	\$ 300,000	\$ -	\$ 1,300,000	\$ -
Establish Career and Technical Education certificate programs in Virginia	\$ 300,000	\$ -	\$ 300,000	\$ -
Build internship and apprenticeship opportunities into the K12 experience	\$ 1,100,000	\$ -	\$ -	\$ -
EDUCATION PLAN TOTAL	\$1,567,046,197	\$ -	\$ 855,755,202	\$ -

Create a cabinet-level advisory to develop and implement a statewide strategic plan to support and grow entrepreneurship and entrepreneurial ecosystems.	\$ 150,000	\$ -	\$ 150,000	\$ -
ENTREPRENEURIAL PLAN TOT.	\$ 150,000	\$ -	\$ 150,000	\$ -
Require paid sick days and family medical leave	\$ 419,444	\$ -	\$ 638,888	\$ -
Ensure childcare is accessible and affordable.	\$ -	\$ -	\$ 52,458,428	\$ -
Taking care of our caregivers and providing better support to our care workers	\$272,486,340	\$272,486,340	\$272,486,340	\$272,486,340
Strengthen Virginia's collective bargaining law	\$ 941,800,045	\$ -	\$ 933,165,245	\$ -
Promote pay equity and hold companies accountable for disparities	\$ 113,038	\$ -	\$ 113,038	\$ -
Accelerate the path to a \$15 minimum wage.	\$ -	\$ -	\$ 119,246,321	\$ 111,394,223
Create a seamless 5-year pathway to a high-demand, good-paying career.	\$ 331,236,000	\$ -	\$ 331,236,000	\$ -
Engage students early about career-training pathways to break down stigma.	\$ 5,000,000	\$ -	\$ -	\$ -
Establish regional Technology Innovation Labs (TIL) and impact teams.	\$ 35,309,600	\$ -	\$ 35,309,600	\$ -
Fund advisor positions at community colleges.	\$ 2,500,000	\$ -	\$ 2,500,000	\$ -
Increase availability of short-term immersion programs and stacking credentials to retrain and re-skill employees for high-demand jobs	\$ 1,000,000	\$ -	\$ 2,125,000	\$ -
Draw down federal dollars to students enrolled in VCCS with support services	\$ (8,500,000)	\$ -	\$ (8,500,000)	\$ -
ECONOMIC PLAN TOT.	\$1,581,364,467	\$ 272,486,340	\$1,740,778,860	\$ 383,880,563
Continue to build capacity for COVID-19 testing,	\$ 600,000	\$ -	\$ -	\$ -

contact tracing and vaccine dissemination.				
Cut down on costs and supply-chain issues by bringing PPE and pharmaceutical manufacturing to Virginia.	\$ 176,000	\$ -	\$ -	\$ -
Strengthen access to basic needs like nutritious food, housing and health care for all Virginians	\$ 15,800,000	\$ -	\$ 15,800,000	\$ -
Lift up Black and Brown-owned businesses	\$ 1,546,982	\$ -	\$ 1,546,982	\$ -
Create a revolving fund to provide low-interest loans to small businesses	\$ 1,750,000	\$ -	\$ 1,750,000	\$ -
Retrain and re-skill employees for high-demand jobs	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Promote the Commonwealth to grow our economy and create new jobs	\$ 2,475,000	\$ -	\$ 2,475,000	\$ -
Increase funding for the Virginia Mental Health Access Project (VMAP)	\$ 882,000	\$ -	\$ 882,000	\$ -
Allocate new funding for substance use disorder prevention, harm reduction and treatment	275,000	\$ -	\$ 275,000	\$ -
COVID-19 PLAN TOT.	\$ 25,504,982	\$ -	\$ 24,728,982	\$ -
Implement a state reinsurance program.	\$ 65,400,000	\$ -	\$ 65,400,000	\$ -
Expand opportunities for telehealth and make current flexibilities permanent	\$ 2,789,372	4,353,650	\$ 3,164,670	\$ 4,939,414
Create an Office of Health Insurance Oversight at the State Corporation Commission	\$ 123,500	\$ -	\$ 318,800	\$ -
Hold big Pharma accountable to ensure affordable drug prices	\$ 34,720	\$ -	\$ 34,720	\$ -
Improve outreach to Medicaid eligible individuals	\$ 166,524	\$ 291,259	\$ 166,524	\$ 291,259
Create a Medicaid “buy-in” option on the exchange.	\$ 844,204,098	\$ 57,210	\$ 844,146,888	\$ -

Establish a statewide social determinants of health coordinator at the Virginia Department of Health	\$ 153,150	\$ -	\$ 153,150	\$ -
Allocate new funding for substance use disorder prevention, harm reduction and treatment	\$ 6,147,458	\$ 5,947,458	\$ 6,147,458	\$ 5,947,458
HEALTH ACCESSIBILITY PLAN TOT.	\$ 919,018,822	\$ 10,649,577	\$ 919,532,210	\$ 11,178,131

TABLE #2

Budget Totals	2022 GF	2022 NGF	2023 GF	2023 NGF
EDUCATION PLAN TOT.	\$1,567,046,197.27	\$ -	\$855,755,201.59	\$ -
ENTREPRENEURIAL PLAN TOT.	\$ 150,000.00	\$ -	\$ 150,000.00	\$ -
ECONOMIC PLAN TOT.	\$1,581,364,467.00	\$272,486,340.00	\$1,740,778,859.50	\$383,880,563.00
COVID-19 PLAN TOT.	\$ 25,504,982.00	\$ -	\$ 24,728,982.00	\$ -
HEALTH ACCESSIBILITY PLAN TOT.	\$919,018,822.00	\$10,649,577.00	\$919,532,210.00	\$11,178,131.00
TOTAL	\$4,093,084,468.27	\$283,135,917.00	\$3,540,945,253.09	\$395,058,694.00
FY23-24 GEN FUND TOT.	\$7,634,029,721.36			
FY23-24 NON-GEN FUND TOT.	\$ 678,194,611.00			
FY23-24 TOTAL	\$8,312,224,332.36			

TABLE #3

Virginia State Agency	FY 2022	FY 2023
Office of the Attorney General	\$ 138,598	\$ 138,598
Department of Human Resources Management	\$ 854,223	\$ 769,223
Department of Corrections	\$ 769,223	\$ 769,223
Department of Transportation	\$ 769,223	\$ 769,223
Department of Behavioral Health and Developmental Services	\$ 769,223	\$ 769,223
Virginia Community College Systems	\$ 769,223	\$ 769,223
Virginia Commonwealth University	\$ 615,378	\$ 615,378
George Mason University	\$ 615,378	\$ 615,378
James Madison University	\$ 615,378	\$ 615,378
Virginia Polytechnic Institute	\$ 615,378	\$ 615,378
University of Virginia	\$ 615,378	\$ 615,378
Department of State Police	\$ 615,378	\$ 615,378
Department of Health	\$ 615,378	\$ 615,378
Department of Motor Vehicles	\$ 615,378	\$ 615,378
Department of Social Services	\$ 615,378	\$ 615,378
Office of Labor Relations	\$ 49,800	
Statewide Technology Support	\$ 8,500,000	
Administrative Total	\$ 18,157,915	\$ 9,523,115

TABLE #4

State Agency	2024 GF	2024 NGF
Department of Labor and Industry	\$ 500,290	
Central Appropriations	\$ 14,425,710	\$ 5,175,114
Compensation Board (Item 68)	\$ 415,159	
Compensation Board (Item 70)	\$ 172,680	
Compensation Board (Item 71)	\$ 384,795	
Compensation Board (Item 72)	\$ 71,496	
Compensation Board (Item 73)	\$ 1,514	
Compensation Board (Item 74)	\$ 149,192	
Department of Taxation	\$ 452,903	
Department of Medical Assistance Services	\$ 101,532,824	\$ 106,219,110
Alcoholic Beverage Control Authority	\$ 1,139,759	
TOTAL	\$ 119,246,321	\$ 111,394,223