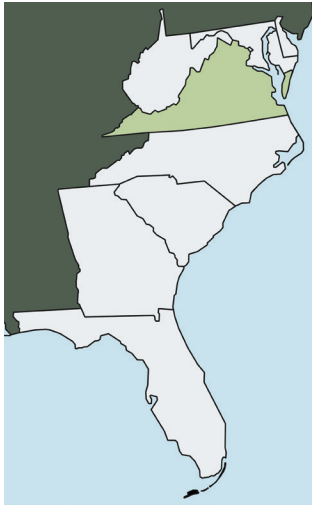


VIRGINIA Budget Report Card



VIRGINIA'S AVERAGE BUDGETARY GRADES for fiscal 2015 through 2019 in the budget maneuvers and legacy costs categories reflect past shortcomings more than recent reforms.

In budget maneuvers—the use of one-time measures to achieve balance—Virginia received a C average despite having weaned itself from practices that deferred recurring expenditures or funded them with debt. Its remaining maneuver in fiscal 2019 was requiring businesses to accelerate sales tax payments that would ordinarily be paid in the next fiscal year. The number of businesses affected declined, however, as the state sought to reduce its reliance on this tactic.

Virginia's D average in legacy costs, the second-lowest mark possible, stemmed partly from funding public worker pensions and other postemployment benefits (OPEB), primarily health care, at less than actuarially recommended levels in 2015–17. In 2018, however, the state began making full actuarial pension contributions; it did the same for OPEB the next year.

Its funding ratio for pensions was 77 percent in 2019, 6 percentage points above the total for all states.

Virginia achieved a top A average for reserve funds based on policies that guide withdrawal and replenishment and establish a link between rainy day fund deposits and revenue volatility. The state has room to improve in the transparency category, where it scored a C average for its lack of comprehensive annual or biennial reporting on tax expenditures and because it does not disclose deferred infrastructure maintenance costs.






SOUTH ATLANTIC STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Delaware	B	A	C	B	B
Florida	A	B	C	B	B
Georgia	C	A	B	B	B
Maryland	A	C	C	C	B
North Carolina	A	B	C	B	B
South Carolina	A	A	D	B	C
Virginia	A	C	D	A	C
West Virginia	B	B	B	B	B
US AVERAGE	C	B	C	B	B

NOTE States are grouped by US Census Bureau divisions.

Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preparing for the Storm* at VolckerAlliance.org. © 2021 VOLCKER ALLIANCE INC.

VIRGINIA Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING											
	CATEGORY GRADE	2015	2016	2017	2018	2019	TREND				
		B	A	A	A	B	'15	'16	'17	'18	'19
	Consensus Revenue Forecasts	✓	✓	✓	✓	✓		●	●	●	
	Multiyear Expenditure Forecasts	✓	✓	✓	✓	✗	●				●
	Multiyear Revenue Forecasts	✓	✓	✓	✓	✓					
	Revenue Growth Projections	✗	✓	✓	✓	✓					
5-YEAR AVERAGE							A				
BUDGET MANEUVERS											
	CATEGORY GRADE	2015	2016	2017	2018	2019	TREND				
		D	D	C	C	B	'15	'16	'17	'18	'19
	Deferring Recurring Expenditures	✗	✓	✓	✓	✓					
	Revenue and Cost Shifting	✗	✗	✗	✗	✓					●
	Funding Recurring Expenditures with Debt	✗	✗	✓	✓	✓			●	●	
	Using Asset Sales and Up-Front Revenues	✗	✗	✗	✗	✗		●			
5-YEAR AVERAGE							C				
LEGACY COSTS											
	CATEGORY GRADE	2015	2016	2017	2018	2019	TREND				
		D	D	D	C	A	'15	'16	'17	'18	'19
	Public Employee OPEB Funding	✗	✗	✗	✗	✓					●
	Public Employee Pension Funding	✗	✗	✗	✓	✓					
	Public Employee Pension Funded Ratio*	75%	72%	77%	79%	77%				●	
	5-YEAR AVERAGE							D			
RESERVE FUNDS											
	CATEGORY GRADE	2015	2016	2017	2018	2019	TREND				
		A	A	A	A	A	'15	'16	'17	'18	'19
	Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓	●	●	●	●	●
	Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓					
	Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓					
	Reserves Tied to Revenue Volatility	✓	✓	✓	✓	✓					
5-YEAR AVERAGE							A				
TRANSPARENCY											
	CATEGORY GRADE	2015	2016	2017	2018	2019	TREND				
		C	C	C	C	C	'15	'16	'17	'18	'19
	Consolidated Budget Website	✓	✓	✓	✓	✓					
	Provides Debt Tables	✓	✓	✓	✓	✓					
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	✗	✗	●	●	●	●	●
	Discloses Tax Expenditures	✗	✗	✗	✗	✗					
5-YEAR AVERAGE							C				

KEY

✓	Followed best practice
✗	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg.

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