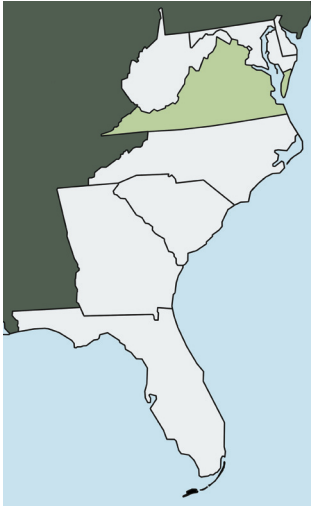


VIRGINIA Budget Report Card



VIRGINIA'S DECISION TO MAKE actuarially determined contributions to public worker pensions beginning in 2018 helped raise its average in legacy costs to C for fiscal 2017 through 2019 from D in the previous evaluation period.

The higher contributions, on top of other reforms enacted over the past decade, powered an increase in Virginia's pension funding level to 79 percent in 2018, 7 percentage points above its 2016 level and about 9 points above the total for all states. While the state comes close to fully funding most of its other postemployment benefits (OPEB), its pre-Medicare retiree health care plan is run on a pay-as-you-go basis and does not meet actuarial goals.

Virginia fared better in budget forecasting, in which it was one of only twelve states receiving a top A average. Each year, the governor submits an estimate of revenues and a six-year revenue projection for the general fund and other major funds, including transportation.

The estimate reflects input from two advisory organizations representing the business community, economists, tax experts, and legislators. The Joint Advisory Board of Economists evaluates economic assumptions and econometric methodology, as well as data from the state Department of Taxation. The Governor's Advisory Council on Revenue Estimates reviews the economic assumptions and state business climate and produces revenue projection recommendations. Virginia also averaged an A in reserve funds.

SOUTH ATLANTIC STATES SIDE BY SIDE: Three-Year Average Grades, 2017–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Delaware	A	A	C	B	B
Florida	A	B	C	B	B
Georgia	C	A	A	B	B
Maryland	A	C	B	C	B
North Carolina	A	B	C	B	B
South Carolina	A	A	D	B	C
Virginia	A	C	C	A	C
West Virginia	B	B	B	B	B
US AVERAGE	B	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: The Balancing Act* at VolckerAlliance.org.


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VIRGINIA Budget Report Card

BUDGET FORECASTING				
	2017	2018	2019	
	CATEGORY GRADE	A	A	A
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	✓	✓	✓
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE		A	3-YEAR TREND —	

BUDGET MANEUVERS				
	2017	2018	2019	
	CATEGORY GRADE	C	C	B
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	✗	✗	✓
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Upfront Revenues	✗	✗	✗
3-YEAR AVERAGE		C	3-YEAR TREND ↗	

LEGACY COSTS				
	2017	2018	2019	
	CATEGORY GRADE	D	C	C
	Public Employee OPEB Funding	✗	✗	✗
	Public Employee Pension Funding	✗	✓	✓
	Public Employee Pension Funded Ratio*	77%	79%	79%
3-YEAR AVERAGE		C	3-YEAR TREND ↗	

RESERVE FUNDS				
	2017	2018	2019	
	CATEGORY GRADE	A	A	A
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	✓	✓	✓
3-YEAR AVERAGE		A	3-YEAR TREND —	

TRANSPARENCY				
	2017	2018	2019	
	CATEGORY GRADE	C	C	C
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗
	Discloses Tax Expenditures	✗	✗	✗
3-YEAR AVERAGE		C	3-YEAR TREND —	

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; 2018 data also used for 2019.

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