



2022 Session Budget Overview Amendments to FY 2020-22 Budget Proposed FY 2022-24 Budget

January 14, 2022

Prepared by the House Appropriations Committee Staff

A Healthy Surplus Will Carry Us Through the Next Biennium ...

Based on COVID concerns, FY 2021 forecast was very conservative

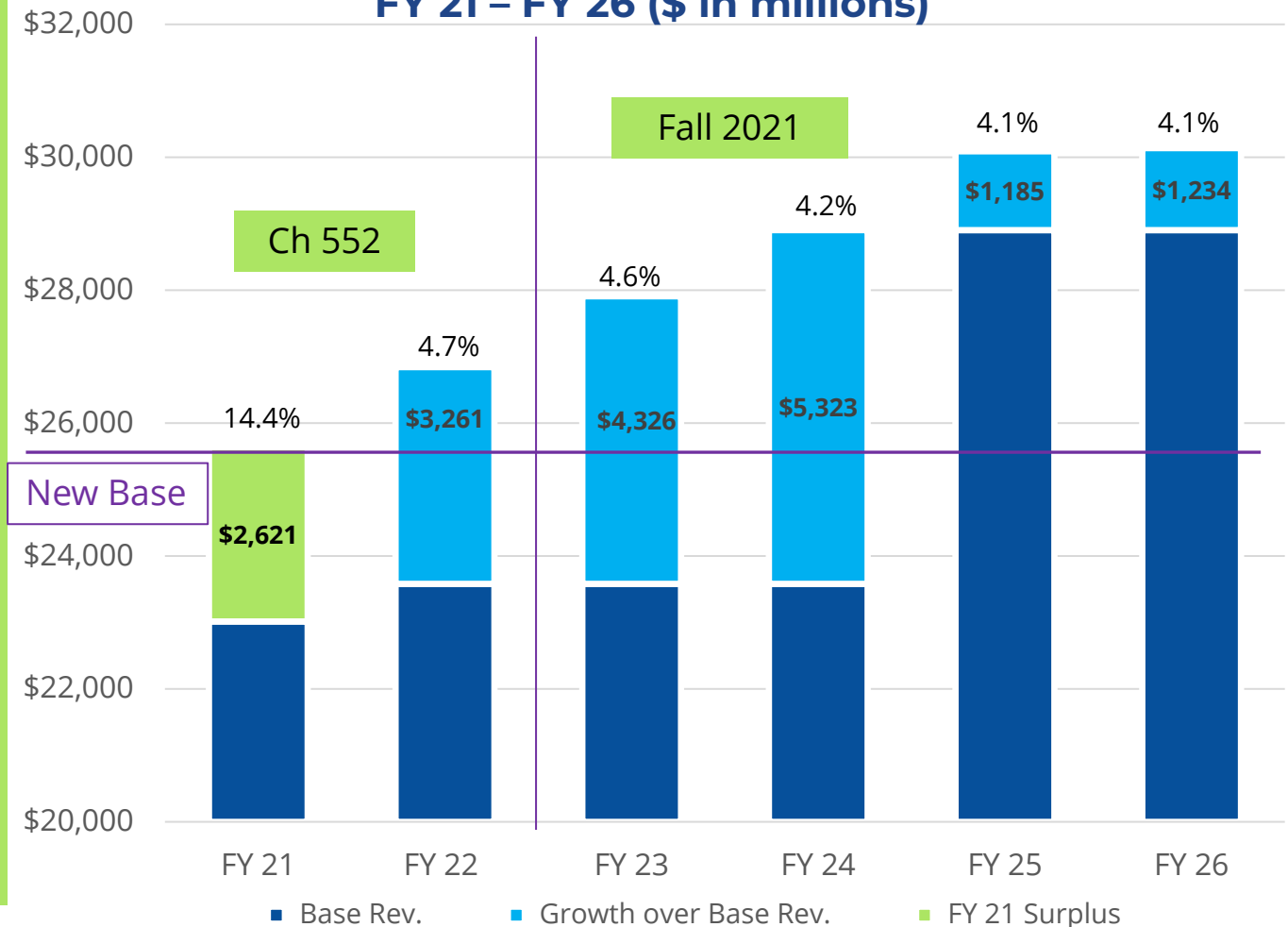
This resulted in the record \$2.6 billion surplus in FY 2021, which creates a new higher base against which revenue growth is measured

As a result, a 4-5% growth rate generates \$4-5 billion in FY 23 and FY 24 due to the large revenue base adjustment

But revenue growth of 4.1% generates only \$1.2 billion a year in FY 25 and FY 26

Funding dedicated to ongoing activities must be limited to that which can be supported longer term

Projected Year-Over-Year GF Revenue Growth FY 21 – FY 26 (\$ in millions)



HB 29: FY 2022 FORECAST AND SPENDING OPTIONS



FY 2022 Forecast Changes in HB 29

Source (\$ in millions)	CH 552 Forecast	Percent Growth	HB 29 Forecast	Percent Growth	Difference
Withholding	\$14,245.9	1.7%	\$14,838.7	5.9%	\$592.8
Nonwithholding	3,890.5	-25.4%	5,269.2	1.0%	1,378.7
Refunds	(2,145.0)	11.4%	(2,033.6)	5.6%	111.4
Net Individual	15,991.4	-7.6%	18,074.3	4.5%	2,082.9
Sales	3,992.2	-4.2%	4,427.81	6.3%	435.6
Corporate	1,271.6	-16.1%	1,725.5	13.8%	404.7
Recordation	467.0	-31.3%	593.7	-12.6%	126.7
Insurance	360.9	-0.6%	394.3	8.6%	33.4
All Other Revenue	816.0	-5.8%	874.7	2.9%	58.7
Total Revenue	22,899.1	-8.0%	26,090.3	4.9%	3,191.2
Total Transfers	682.4	-1.9%	752.4	-0.8%	70.0
Total General Fund	\$23,581.5	-8.0%	\$26,842.7	4.7%	\$3,261.2



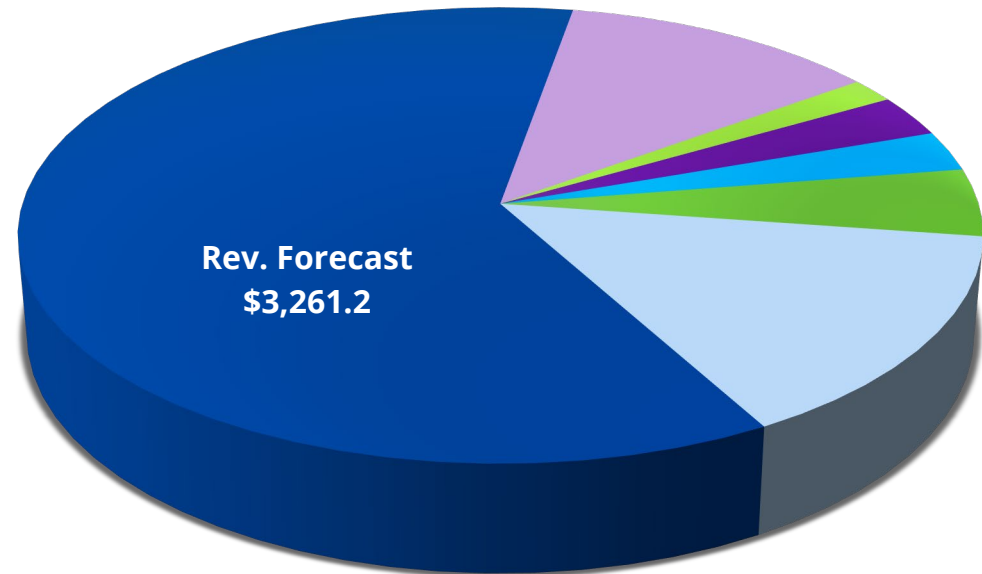
Estimated FY 2022 Additional Resources Available: \$5.0 billion

Exclusive of the FY 2021 Surplus, the proposed reforecast for the current year totals \$3.3 billion

Substantial other resources are generated from a large Medicaid forecast adjustment, unanticipated Health Care Fund revenues in FY 2021, excess Lottery proceeds from FY 2021 and a revised forecast for FY 2022, the assumed reversion of a portion of agency year-end discretionary balances, and the excess FY 21 surplus revenues

Only offsetting revenue loss is ARPA tax conformity

2022 Additional Resources



■ Rev. Forecast
■ Tax Conform.
■ FY 21 Surplus

■ Medicaid Forec.
■ Lottery Forecast

■ 21 HCF Bal.
■ Revert 21 Balances



Fiscal Year 2022 Year-to-Date Revenue Collections

Percent Growth over Prior Year

<u>Major Source</u>	<u>As a % of Total Revenues</u>	<u>YTD Actual</u>	<u>Annual Estimate</u>	<u>Variance</u>	<u>Jan - Jun Req'd to Meet Est.</u>	<u>Prior Year Jan - Jun</u>
Withholding	57.2 %	10.3 %	5.9 %	4.4 %	1.8 %	6.5 %
Nonwithholding	20.1	0.2	(0.2)	0.4	(0.4)	37.1
Refunds	(8.2)	(27.4)	10.3	(37.7)	22.6	(1.7)
Net Individual	69.1	10.9	3.6	7.3	(2.2)	18.6
Sales	17.1	14.8	6.3	8.5	(0.5)	17.4
Corporate	6.6	57.3	13.6	43.7	(18.7)	60.3
Wills (Recordation)	2.3	2.1	(12.6)	14.7	(27.6)	42.3
Insurance	1.5	n/a	8.6	n/a	5.3	(2.1)
All Other Revenue	3.4	10.4	2.9	7.5	(1.7)	14.4
Total	100.0 %	14.1 %	4.2 %	9.9 %	(3.4) %	20.2 %
Total less Nonwithholding	79.9 %	16.0 %	5.4 %	10.6 %	(4.5) %	14.7 %

\$1,070.6 million ahead of the December forecast through December



HB 29 Savings and Spending Proposals

- HB 29 contains 48 amendments that result in a net increase in GF spending of \$135.6 million
- 33 amendments increase spending by \$1.3 billion
- The largest spending items are:
 - \$563.9 million for a voluntary deposit to the Revenue Reserve Fund
 - \$211.4 million in capital project supplements
 - \$150.0 million proposed for the Virginia Business Ready Sites Program
 - \$115.8 million from FY 2021 surplus for transportation
 - \$91.3 million reflecting increased sales tax available for K-12
- This is offset by 15 amendments that decrease spending by \$1.2 billion, all of which are technical in nature. The two largest are:
 - \$653.7 million for Medicaid utilization and inflation
 - \$132.8 million of increased Health Care Fund revenues which offsets GF Medicaid costs
- Net result of additional resources, spending and savings changes leaves almost \$4.2 billion to flow into the FY 2022-24 biennium



FY 2022-2024 Forecast

(\$ in millions)	Actual	HB 30 Forecast		
	FY 2021	FY 2022	FY 2023	FY 2024
Growth by Revenue Source				
Net Individual	12.7%	4.5%	5.6%	5.0%
Sales	12.4%	6.3%	4.1%	2.9%
Corporate	49.8%	13.8%	1.5%	1.5%
All Other Revenue Sources	13.5%	2.9%	1.5%	1.9%
Total GF Revenue Growth	14.4%	4.9%	4.6%	4.2%
General Fund Revenues	\$24,878.5	\$26,090.3	\$27,339.6	\$28,496.7
Transfers	758.6	752.4	731.9	749.5
Total GF Resources	\$25,637.1	\$26,842.7	\$27,907.8	\$28,904.7
GF Resources Above Forecast/22 Base	\$2,620.8	\$3,261.2	\$4,326.3	\$5,323.2



Revenues Available in HB 30

(\$ in millions)	GACRE Forecast FY 2022	GACRE Forecast FY 2023	GACRE Forecast FY 2024
GF Resources Above Forecast/22 Base	\$5,160.4	\$4,326.3	\$5,323.2
Assumed Expenditures in Caboose Bill	\$135.6		
Available Carryforward to FY 23-24 Biennium	\$4,166.9	→ 4,166.9	
Total Available in HB 30		\$8,493.2	\$5,323.2

Total of \$13.8 billion in resources available over the three-year period



Summary of HB 30 Actions

- Net new GF operating spending in HB 30 totals \$9.7 billion
 - This includes \$10.5 billion of increases offset by \$850.6 million in savings
 - All savings items contained in HB 30 are technical in nature relating to NGF forecast adjustments (i.e. Health Care Fund, Lottery Proceeds Fund, federal enhanced Medicaid match) or reflect the removal of one-time spending not previously removed as base adjustments
- In addition to the spending increases, HB 30 assumes tax policy adjustments which reduce revenues by \$1.97 billion over the biennium
- Also included are capital project funding totaling \$2.54 billion in GF cash
- The unexpended balance at the close of the biennium is \$149.4 million



Impact of Tax Policy Actions in HB 29/30

Policy	Northam's Proposal			Notes
	(\$ in millions)	FY 2022	FY 2023	
GACRE Forecast Growth Rate	26,090.3 4.9%	\$27,339.6 4.8%	\$28,496.7 4.2%	
Eliminate AST		\$202.8	\$0	Eliminates remaining AST (currently businesses with sales above \$10 million) effective June 2023
Taxpayer Relief Checks		1,048.6		Assumes checks of \$250 for single filers, \$500 for joint returns
Eliminate GF Grocery Tax – 1%		106.2	252.3	Eliminates 1.5% state sales tax on food – 0.5% goes to transportation, 1% to K-12 Assumes 1/1/2023 start (GF impact 1%)
Tax Conformity	158.6	35.6	35.6	Related to conformity w/ ARPA provisions
EITC		\$159.0	\$156.0	Establishes a refundable earned income tax credit equal to 15% of federal credit
TOTAL	\$158.6	\$1,552.9	\$419.3	
Revenues Minus Tax Policy	\$25,931.7 4.2%	\$25,786.7 -0.6%	\$28,077.4 8.9%	

Note: Revenues exclude transfers and carryforwards



Major Spending in HB 30

Funding Program	Biennial \$ in Millions
Mandatory FY 2023 Revenue Stabilization Fund Deposit	\$1,127.7
VRS Payment to Reduce Unfunded Liabilities	924.0
Medicaid Utilization and Inflation	821.2
State and State-Supported Local Employee 5% Salary Inc. Per Year	806.8
K-12: Teacher and Support Positions 5% Salary Inc. Each Year	751.0
K-12: Grants for School Construction and Modernization	500.0
K-12: Hold Harmless for Rebenchmarking Impact from COVID-19	354.5
Mandatory Water Quality Improvement Fund Deposit	313.0
DMAS: Increase Developmental Disability Waiver Rates	294.2
K-12: Increase At-Risk Add-On	268.5
VDOT: Multi-Use Trails	207.2
Debt Service	\$191.3



Major Spending in HB 30

Funding Program	Biennial \$ in Millions
Virginia Housing Trust Fund	\$190.0
Higher Ed: Need-Based Financial Aid	170.4
K-12: School Employee Retirement/Literary Fund	166.0
K-12: Hold Harmless Due to Elimination of Grocery Tax	158.0
Higher Ed: Increase for Affordable Access	114.0
Behavioral Health System Reform	100.0
Increase Sheriff Deputies and Regional Jail Officers Salaries	89.5
DOC: Correctional Officer Compensation	85.2
Major Headquarters Workforce Grant Fund (Amazon HQ2)	85.0
DBHDS: Fund Direct Staff Compensation Increases	71.5
K-12: Expand Early Reading Intervention Program	63.1
Children's Health Insurance Programs Utilization and Inflation	\$52.5



FEDERAL ARPA FUNDING



Allocations of Federal Pandemic Response Funds

- **Allocate Federal American Rescue Plan Act (ARPA) Funds**

Recommends \$603.1 million NGF the first year and \$85.8 million NGF the second year for the continuation of previously approved ARPA initiatives, new ARPA State and Local Fiscal Relief Fund (SLRF) allocations. Of the amounts by category:

- \$253.2 million NGF the first year and \$85.3 million NGF the second year for the continuation of ARPA initiatives originally authorized in Chapter 1, 2021 Special Session II
- \$349.9 million NGF the first year and \$500,000 NGF the second year in new ARPA State and Local Fiscal Relief Fund (SLRF) allocations, not previously authorized; and
- Even if all the proposed allocations are adopted, this leaves an unobligated balance of \$424.2 million in State SLRF to be programmed by the General Assembly



SLRF For Previously Approved Uses

2022-24 ARPA Allocations – SLRF Continuation (NGF \$ in millions)

Agency/Use	FY 2023	FY 2024
VEC – Unemployment Assistance	\$17.6	\$0.0
DHCD – Broadband	8.0	0.0
DHCD – Other Small Business	26.5	0.0
VDACS – Food Access	11.0	0.0
VDH – Drinking Water, Wastewater, and CSOs	26.6	29.2
Mental Health Treatment Centers – Mental Health	68.1	0.0
Intellectual Disabilities Training Centers – Mental Health	8.4	0.0
Virginia Center for Behavioral Rehabilitation – Mental Health	7.2	0.0
DBHDS Grants to Localities – Mental Health	20.0	0.0
DBHDS/DCJS – Mental Health	4.4	0.0
VDH – Substance Use Disorder, Public Health Initiatives	37.0	48.0
DBHDS Grants to Localities – Public Health Initiatives	5.0	0.0
DGS – Public Health Initiatives	2.4	2.4
DHCD – Public Health Initiatives	3.8	0.0
Miscellaneous Other	7.3	5.9
Sub-Total SLRF Continuation	\$253.2	\$85.3



Proposed New SLRF Allocations

2022-24 ARPA Allocations – SLRF New (NGF \$ in millions)		
Agency/Use	FY 2023	FY 2024
VDACS – Dairy Industry Support	\$2.0	\$0.0
DSBSD – Rebuild VA	100.0	0.0
DEQ – CSOs	165.0	0.0
DEQ – Drinking Water and Wastewater	68.6	0.0
Mental Health Treatment Centers – Mental Health	0.7	0.0
VDH – Public Health Initiatives	5.0	0.0
DSS – Public Health Initiatives	5.0	0.0
DOC – Public Safety	3.1	0.0
DOA – ARPA Reporting	<u>0.5</u>	<u>0.5</u>
Sub-Total SLRF New	\$349.9	\$0.5



FY 2024 Structural Balance

- FY 2024 is the base against which the next biennial budget will be developed
- As introduced, FY 2024 spending is supported by \$269.1 million in carryforward revenues from FY 2023, a sufficient portion is dedicated to one-time expenditures such that uncommitted base resources will fully support base spending in the 2022-2024 biennium

(\$ in millions)	FY 2024 Base
FY 2024 Resources	\$28,820.9
FY 2024 Expenditures	28,940.6
Expenditure Adjustments	
Cash for Capital Outlay	(761.7)
Other One-Time Expenditures	(17.5)
Subtotal of Expenditure Adjustments	(810.0)
Expenditure Base for FY 2025	28,130.7
Uncommitted Resources Available above Base	\$690.3



PUBLIC EDUCATION



HB 30 As Introduced

- Proposes an additional \$2.4 billion GF over biennium
 - Rebenchmarking and other technical updates cost \$29.4 million GF; atypically low cost increase
 - Policy actions result in \$2.4 billion GF in new spending:
 - \$751 million for salary increases
 - \$500 million for school construction

\$ in millions GF	FY 2023	FY 2024	Bien. Total
Base - Ch 552, 2021 Special Session I	7,395.4	7,395.4	14,790.9
Technical Updates	(16.3)	45.7	29.4
Policy Actions	<u>1,373.9</u>	<u>1,031.4</u>	<u>2,405.4</u>
Net Change	1,357.7	1,077.1	2,434.7
HB 30, Introduced	8,753.1	8,472.5	17,225.6
% Change from Base	18.36%	14.56%	16.46%



Direct Aid Rebenchmarking & Technical Updates

\$ in millions GF	FY 2023	FY 2024
Remove FY 22 one-time spending Mostly driven by removing No-Loss Payments from FY 22 base	(\$127.3)	(\$127.3)
Update Student Enrollment & Characteristic Data	36.5	71.2
Update Prevailing Cost Data	87.3	90.1
Update Local Composite Index 62 divisions increased; 64 divisions decreased	3.9	4.2
Update VRS Fringe Benefit Rates. VRS Board reduced rates for teacher retirement from 16.62% to 14.76% and for group life from 0.54% to 0.48%	(67.6)	(67.8)
Update Lottery Proceeds. Offsets GF costs	(73.8)	(73.8)
Update Sales Tax. 1 1/8% sales tax distributed to school divisions to reduce state and local basic aid costs; distributed based on estimated school-age population	124.5	148.8
TOTAL REBENCHMARKING & TECHNICAL	(\$16.5)	\$45.6



Direct Aid Policy Proposal: Salaries

- \$245.5 million GF in FY 23 and \$505.5 million GF in FY 24 for the state share of a **5% Percent Salary Increase each year**
 - Local option for state share of two 5% salary increase for SOQ instructional and support positions, proposed to occur July 1, 2023 and July 1, 2024
 - Participating school divisions required to provide a 5% increase in each fiscal year; or may opt to provide a 5% increase in only one year
 - School divisions may provide smaller increases with prorated state funding; however, a minimum 2.5% increase must be given to access state funds
 - Local match required, based on Local Composite Index



Direct Aid Policy Proposal: School Facilities

- \$500.0 million in FY 23 for **School Construction and Modernization Grants**
 - Eligible expenditures include: nonrecurring capital costs for construction, renovations, site acquisition, debt service payments for projects completed in last ten years
 - Distributed based on ADM and LCI; includes a floor distribution to ensure small divisions receive at least \$1 million
 - School divisions permitted to carry over funds from year-to-year
- Proposes **modifications to Literary Fund** to revive the Fund as an attractive financing option for school construction
 - \$83.0 million GF each year to eliminate use of Literary Fund to fund teacher retirement; an additional \$83.0 million GF in FY 22 proposed in Caboose Bill
 - Authorizes \$200.0 million in Literary Fund loans each year
 - Maximum loan amount increases from \$7.5 million to \$25.0 million
 - Incentives for projects resulting in school consolidation
 - Grants to assist with closing costs
 - Indexes loan interest rates; currently rates are established in statute and regulation



Other Direct Aid Policy Proposals

\$ in millions GF	FY 2023	FY 2024
<p>Increase At-Risk Add-On</p> <ul style="list-style-type: none"> • Increase maximum rate from current 26% to 49.5% in FY 23, then decrease to 36% in FY 24 • Temporary FY 23 increase helps fulfil federal Maintenance of Effort requirement 	\$194.2	\$74.2
<p>Hold school divisions harmless from rebenchmarking data impacted by COVID-19</p> <ul style="list-style-type: none"> • Applicable to special education, pupil transportation, and non-personal support cost data 	177.1	177.4
<p>Recognize elimination of grocery sales tax in SOQ Formula</p> <ul style="list-style-type: none"> • Removes sales tax revenues \$103.0 million in FY 23 and \$254.4 million in FY 24 • Increases state aid required for basic aid by \$57.5 million in FY 23 and \$141.9 million in FY 24 	(45.5)	(112.5)
<p>Hold school divisions harmless from elimination of grocery sales tax</p> <ul style="list-style-type: none"> • Proposes one-time hold harmless for 2022-24 biennium 	45.5	112.5



Other Direct Aid Policy Proposals

\$ in millions GF	FY 2023	FY 2024
Hold VRS Contribution Rates at Current Levels <ul style="list-style-type: none"> Maintain higher rate, providing longer term savings 	\$70.9	\$74.8
Expand Early Reading Intervention Program <ul style="list-style-type: none"> Expand funding from grades K-3 to K-5 	31.5	31.6
Additional English Learner Teachers <ul style="list-style-type: none"> Proposes staffing ratio change from 1:22 to 1:20 	9.7	10.5
Expand Cost of Competing Adjustment to Eastern Shore	\$3.5	\$3.7
Expand State Operated Programs <ul style="list-style-type: none"> Provide capacity at Childrens Hospital of Richmond & CHKD Norfolk 	1.4	1.4
Community Schools Grant Program	10.0	0
K-12 Tech Talent Initiative <ul style="list-style-type: none"> Grants advance computer science education in K-12 Transfers existing \$1.4 million GF program from Central Appropriations Provides an additional \$1.4 million GF each year 	2.7	2.7



Direct Aid Policy Proposals: Early Childhood Care & Education

\$ in millions GF	FY 2023	FY 2024
Virginia Preschool Initiative		
• Implement biennial rebenchmarking for VPI per pupil funds	\$13.7	\$13.7
• Expand VPI Three-Year-Old slots	6.0	13.4
• Additional Mixed-Delivery VPI Provider Add-On Grants	0	3.4
Virginia Preschool Initiative Subtotal	\$19.7	\$30.5
Mixed-Delivery Grant Program. Expand VECF-administered program to serve additional three- and four-year-old slots, and pilot to serve up to 200 infants or toddlers each year	2.0	4.7
Additional Early Childhood Educator Recruitment/Retention Grants	5.0	5.0
Grow-Your-Own Early Childhood Educator Pipeline programs	1.1	1.1
Expand Va. Kindergarten Readiness Assessments and classroom observations for publicly-funded programs*	1.5	1.7
Additional VDOE staff support (2 FTEs)*	0.3	0.3
TOTAL PROPOSED NEW EARLY CHILDHOOD FUNDING	\$29.5	\$43.3

* These proposed items would be funded in Department of Education, Central Office rather than Direct Aid



Policy Proposals: Supplemental Grants

- Proposes \$9.8 million GF in FY 2023 and \$6.1 million GF in FY 2024 for various education grant programs

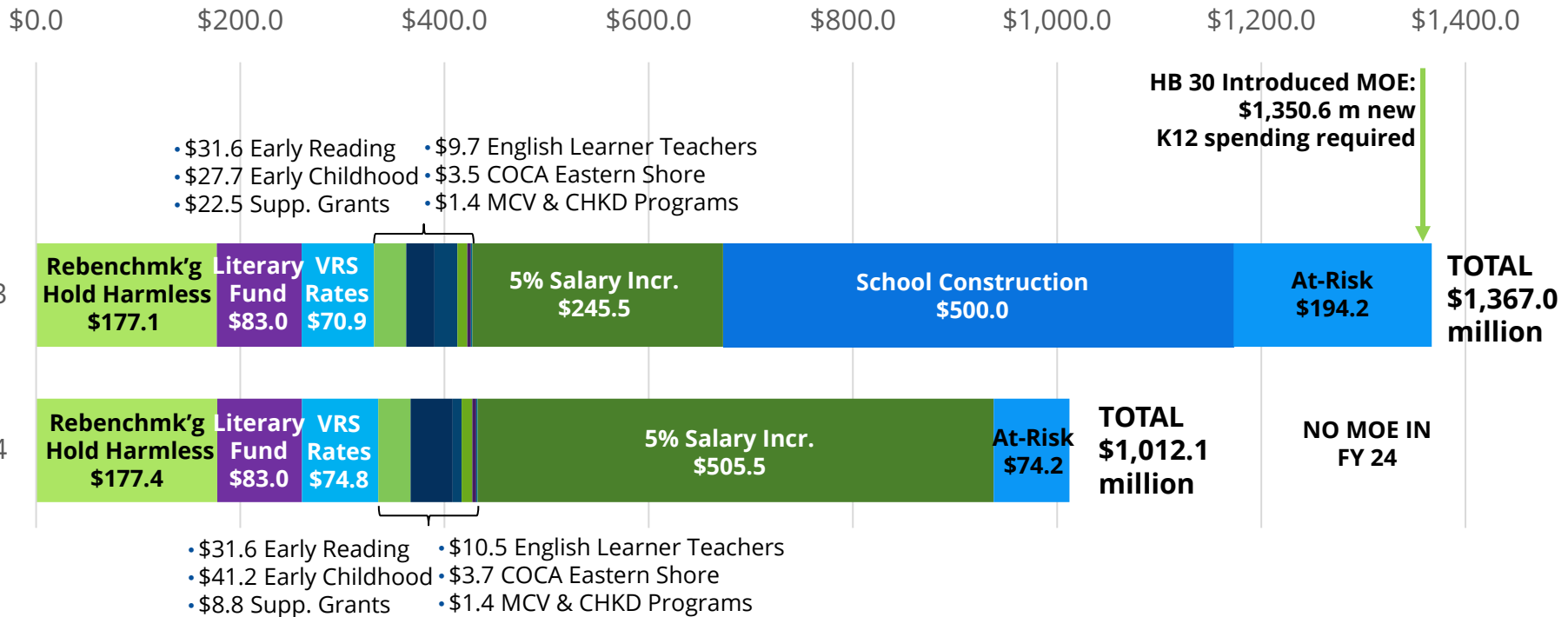
\$ in millions GF	FY 2023	FY 2024
New Supplemental Grant Programs		
Minority Computer Science Teacher Recruitment Grants	\$1,500,000	\$1,500,000
Urban League of Hampton Roads' Project Ready-Career Beginnings	2,000,000	0
Youth Entrepreneurship Pilot Program – Portsmouth	1,500,000	0
Virginia Public Media	500,000	500,000
AP Computer Science Enrollment Grants	500,000	500,000
K-8 STEM Pipeline Grants	250,000	250,000
Increases to Existing Supplemental Grant Programs		
Communities in Schools (increase to \$2.0 million each year)	760,000	760,000
Virginia Air & Space Center (increase to \$1.2 million each year)	500,000	500,000
eMediaVa/WHRO (increase to \$1.5 million each year)	500,000	500,000
Blue Ridge PBS (increase to \$850,000 each year)	500,000	500,000
Power Scholars Academy (increase to \$1.5 million each year)	500,000	500,000
Wolf Trap STEM (increase to \$1.0 the first year and \$1.3 million the second year)	275,000	575,000
Teacher Residency Programs (increase to \$2.3 million the first year, remain at \$1.8 million the second year)	500,000	0
Project Discovery (increase to \$987,500 each year)	25,000	25,000



Summary: Direct Aid Policy Proposals

HB 30 As Introduced New K-12 Policy Spending: 2022-23

\$ in millions GF



- ARPA Maintenance of Effort (MOE) requirement applicable to FY 23 is based on proportion of total statewide GF spending dedicated to K-12
- MOE amount will change depending on revenue actions during 2022 session



HEALTH & HUMAN RESOURCES



HB 30: Major Funding Initiatives

- HB 30 includes a net increase of \$1.8 billion GF over the biennium
- 58% of new funding driven by mandated programs
 - Medicaid expenditure forecast
 - FAMIS and MCHIP state children's health insurance expenditure forecasts
 - Foster care and adoption assistance expenditure forecast
 - Implementation of behavioral health services pursuant to STEP-VA
- Other significant new general fund spending includes:
 - Compensation of direct care staff in state psychiatric facilities
 - Medicaid provider rates increases for developmental disability waiver services and other medical care providers
 - Additional developmental disability waiver slots
 - Behavioral health services to relieve pressure on state facilities and provide additional community services



HB 29/30 DMAS Forecasts

DMAS Forecasts (GF \$ in millions)	FY 2022	FY 2023	FY 2024
Official Forecast Medicaid Utilization & Inflation	(\$653.7)	\$291.3	\$529.9
Adjust for Virginia Health Care Fund revenue (tobacco MSA and taxes, Medicaid recoveries)	(132.8)	(2.2)	(7.4)
Adjust Medicare premium payments	11.8	22.9	23.9
Adjusted Medicaid Forecast	(\$774.7)	\$312.0	\$546.4
FAMIS children's health insurance forecast <ul style="list-style-type: none"> • Additional eFMAP in FY 23 • Enrollment growth: 7% in FY 23 & 1.3% in FY 24 • Managed care rate increases 	(7.7)	12.7	17.3
Medicaid children's health insurance program (MCHIP) forecast <ul style="list-style-type: none"> • Additional eFMAP in FY 23 • Enrollment growth: 3.8% in FY 23 & 1.8% in FY 24 • Managed care rate increases 	(3.6)	8.7	13.8
Total DMAS Health Care Forecasts	(\$786.0)	\$333.4	\$577.5



Medicaid Spending: Provider Rates

Medicaid Spending (GF \$ in millions)		
Provider Rates	FY 2023	FY 2024
Developmental Disability Waiver Services (rebasings of selected services)	\$137.1	\$157.1
Primary Care Medical Services to 80% Medicare (excludes emergency department)	9.3	10.7
Obstetrics & Gynecology Services from 85% to 100% of Medicare	3.3	3.3
Dental Services rates - 5% increase (last increase was in 2005)	0	5.4
Vision Service rates – 30% increase	3.1	3.1
Psychiatric Residential Treatment Facilities – inflation adj. in FY 2023 and rebase in FY 2024	0.7	3.0
Total	\$153.5	\$182.6



Medicaid Spending: Covered Services

Medicaid Spending (GF \$ in millions)		
Covered Services	FY 2023	FY 2024
Add 1,200 dev. disability waiver slots	\$13.0	\$26.0
Eliminate Medicaid and FAMIS copayments	0.4	0.4
Add prevention services and vaccines for adults in base Medicaid program	1.1	1.2
Exclude excess assets from eligibility redeterminations of long-term care recipients	0	5.4
Medicaid coverage of care coordination & outreach for prisoners 30 days prior to release	1.1	1.4
Total	\$15.6	\$34.4



DBHDS: Behavioral Health Services

- Spending on behavioral health services totals almost \$255 million over the 2022-24 biennium

Major Categories of BH Spending (GF \$ in millions)

Services	FY 2023	FY 2024
Community behavioral health services	\$37.2	\$50.7
Community substance use disorder (SUD) treatment	5.6	10.7
Community crisis services	5.3	25.3
Central office behavioral health initiatives	10.1	11.0
State facilities	10.2	88.7
Total	\$68.3	\$186.4



Community BH/SUD Services

Major Categories of Community BH Spending (GF \$ in millions)

Services	FY 2023	FY 2024
Fund STEP-VA remaining services & infrastructure needs	\$22.2	\$28.3
Permanent supportive housing (serves 1,250 additional adults with serious mental illness)	11.3	19.1
Discharge planning funds (DAP) for individuals ready for discharge from state facilities, IT system for clinical & financial tracking, study and rate improvement	3.7	3.3
Substance use disorder treatment (\$5.0 million from ARPA funding in FY 2023)	NGF	5.0
Virginia Association of Recovery Residences	2.2	2.3
Permanent supportive housing for pregnant or parenting women with substance use disorder (serves 75 addt'l. women)	1.7	1.7
Marijuana use prevention activities	1.0	1.0
Supplement funding for 14 mental health court dockets	0.7	0.7
Total	\$42.8	\$61.4



Crisis Services

Major Categories of Community BH Spending (GF \$ in millions)

Services	FY 2023	FY 2024
Crisis system transformation – mobile teams and Crisis Receiving Centers	\$2.0	\$22.0
Continue MARCUS Alert implementation - funds five additional localities	3.0	3.0
e988 funding for Crisis Call Center (\$6.4 m. in FY 2023 and \$7.5 m. in FY 2024 from wireless surcharge)	NGF	NGF
Crisis system administrative positions	0.3	0.3
Total	\$5.3	\$25.3



State DBHDS Facilities

Major Categories of State DBHDS Facility Spending (GF \$ in millions)

Compensation/Services	FY 2023	FY 2024
Increase compensation costs from 10 th to 75 th percentile of market based comp. (\$80.1 m. in FY 2023 from ARPA funds)	ARPA	\$80.1
Pilot program to expand discharge planning & therapeutic intervention at CSH & SVMHI	\$5.1	5.1
Overtime costs at state facilities	3.3	0.0
Additional security staff at ESH and NVMHI	1.8	1.8
Diversion and discharge pilots for individuals with dementia at state facilities (\$1.7 m. in FY 2023 from ARPA funds)	ARPA	1.7
Total	\$10.2	\$88.7



Other DBHDS Spending Proposals

- Comprehensive study of state and local behavioral health system
 - \$1.0 million GF in FY 2023 for study and \$100.0 million GF in FY 2024 in Central Accounts for implementation
- IT Systems & Personnel
 - \$6.7 million in FY 2023 and \$5.4 million in FY 2024 and 13 positions to:
 - Replace accounts receivable and billing system
 - Fund electronic health records system enhancements
 - Fund modernization of IT systems and data analytics for STEP-VA, DOJ compliance and data sharing
 - Fund IT security systems



Department of Social Services

Child Welfare Services

- \$18.0 million GF and \$6.6 million NGF to fund the forecast of foster care and adoption subsidy payments
 - Reflects trends in expenditure growth, changes in the number of children eligible for services under federal Title IV-E, and policy changes related to maintenance and special needs payments
 - Reflects a pre-pandemic 50/50 state and federal matching rate for Title IV-E foster care and adoptions
- \$8.5 million GF each year to supplant TANF Funds for relative support payment program for children to prevent foster care
- \$2.3 million GF and \$1.9 million NGF each year to adjust foster family home rates and adoption assistance maintenance payments by 5%
 - Required by Appropriation Act in the year following a state employee salary increase



DSS – IT Systems Funding

- \$18.1 million GF and \$89.7 million NGF over the biennium and five positions to replace three major information technology systems in the Department of Social Services

HB 30 Proposed IT Spending for DSS

IT System (\$ in millions)	FY 2023		FY 2024		2022-24
	GF	NGF	GF	NGF	FTE
Replace Virginia Case Management System (VaCMS)	\$2.6	\$12.3	\$8.5	\$23.5	
Replace the Child Support Information System	0	19.7	0	20.0	
Replace Child Welfare Information System	3.5	7.1	3.5	7.1	5.00
Total	\$6.1	\$39.1	\$12.0	\$50.6	5.00



Virginia Dept. of Health Spending

Spending Items (GF \$ in millions)	FY 2023	FY 2024
Office of the Chief Medical Examiner		
Fund additional medicolegal death investigators	\$0.3	\$0.3
Health Workforce Items		
Provide matching funds-Va. State Loan Repayment Prog.	1.2	1.2
Fund support for the Va. Health Workforce Development Auth.	0.8	0.3
Local Health Department Items		
Fund the 3-year phase-in of local match rate changes	2.8	5.7
Reflect rent increases at Local Health Dept. facilities	0.9	0.9
Drinking Water and Environmental Health Items		
Create Chesapeake Bay septic pilot program	1.0	1.0
Support consolidation of small community waterworks	1.0	1.0
Other		
Continue funding an integrated E-referral system (Unite Us)	\$8.0	\$8.0
Expand comprehensive harm reduction services (needle exchange, counseling, testing, naloxone distribution)	1.1	1.7
Total	\$20.7	\$23.7



COMPENSATION & BENEFITS



VRS Benefit Contributions

- HB 30 includes \$924.0 million in FY 2023 for lump sum payments to the Virginia Retirement System to reduce the systems' unfunded liabilities
 - Funding is allocated to reduce unfunded liability across the statewide retirement and OPEB plans by one percentage point
- Provides an additional \$13.2 million GF in FY 2023 and \$13.8 million GF in FY 2024 to fund changes to contribution rates for the Judicial Retirement, State Police Officers' Retirement, and Virginia Law Officers' Retirement systems
 - The rates for the state employee and teacher retirement plans are being maintained at current 2020-2022 biennial levels, which is higher than the new rates certified by the VRS Board
 - Contribution rates for the OPEB plans also remain at the current levels



Allocation of VRS Lump Sum Payment

Plan	Funded Status	Allocation
State Plan	77.13%	\$270,000,000
Teacher Plan	77.21%	\$545,000,000
SPORS	70.65%	\$13,500,000
VaLORS	69.33%	\$24,500,000
JRS	81.90%	\$7,700,000
OPEBS		
Group Life	60.90%	\$37,500,000
State Emp. HIC	18.40%	\$10,500,000
Teacher HIC	12.10%	\$14,800,000
Const. Off HIC	20.06%	\$340,000
Local SS HIC	15.81%	\$150,000
Registrars HIC	28.64%	<u>\$8,000</u>
Total		\$923,998,000



Across the Board Pay Raises

- Introduced budget includes funding for 5% across the board raises in each year of the biennium for all public employee groups
 - HB 29 includes language authorizing the first salary increase so it will be reflected in first paycheck of FY 2023

GF \$ in Millions	FY 2023	FY 2024
State Employees	\$195.4	\$400.5
Adjunct Faculty/Grad Teaching Assistants	\$9.8	\$20.0
State-Supported Local Employees	\$59.4	\$121.7
Teachers/SOQ Positions (5% both years) *	\$245.5	\$505.5



Targeted Salary Actions

GF \$ in Millions	FY 2023	FY 2024
State Police	\$23.6	\$24.8
DOC Correctional Officers	41.6	43.6
Deputy Sheriffs & Regional Jail Officers	42.8	46.7
DBHDS Direct Care Staff to 75 th Percentile *	83.7	80.1
VMI Pay Equity Actions	1.2	1.2
Department of Veteran Services Staff	0.6	0.7
Veterinary Staff at VDACS	0.3	0.3
DGS Division of Cons. Laboratory Services Staff	1.8	1.9
DGS State Mail Services Staff	0.1	0.1
Magistrates	3.9	4.1
Legal Aid Attorneys Through State Bar	<u>2.0</u>	<u>2.0</u>
Total	\$201.6	\$205.5

* Salary increase for DBHDS staff are supported with ARPA funds in FY 2023 in lieu of state GF (\$83.7 million). FY 2024 funding is GF



Public Safety Compensation

	State Police	Correctional Officers	Deputy Sheriffs/ RJ *
Current Starting Pay	\$47,833	\$35,064	\$35,149
Proposed Starting Pay	\$51,500	\$44,000	\$42,000
Increase	\$3,667	\$8,936	\$6,851
% Increase	7.67%	25.48%	19.49%
Salaries for deputies & regional jail officers exclude local supplements provided by all but 5 localities			

- HB 30 also proposes adjustments in compensation for current public safety employees;
 - **State Police:** New pay scale which sets salary based on rank and years of service
 - **DOC Correctional Officers:** Increases salaries for higher rank positions by approximately 20% and provides compression adjustment based on rank and years of service
 - **Deputy Sheriffs/Regional Jail Officers:** For employees with at least 3 years of service, a \$100 per year of service compression adjustment, capped at 30 years of service



Other Compensation Amendments

GF Funding	FY 2023	FY 2024
State Employee Health Insurance	\$12,751,533	\$27,979,699
Funding for Agencies to Support January 2023 Increase in Minimum Wage	\$4,238,857	\$8,468,250
Compensation Board Additional Funding for Career Development Programs	\$785,974	\$857,426
Line of Duty Act Funding Change	(\$441,519)	(\$441,519)
Workers Compensation Premium Change	(\$951,700)	(\$807,776)
DHRM Review of Executive Pay	\$75,000	\$0
VMRC - \$3,000 Law Enforcement Hazard Pay Bonus	\$250,000	\$0
DCR - \$3,000 Law Enforcement Hazard Pay Bonus	\$276,000	\$0

- Amendment within DGS provides \$636,887 in NGF each year to support salary increase for staff within the Division of State Architectural and Engineering Review Oversight



TRANSPORTATION



HB 29 Spending Amendments

- Amendments to HB 29 total \$763.2 million
 - Proposes \$647.4 million NGF to reflect the December 2021 CTF revenue forecast federal funding anticipated under the Infrastructure Investment and Jobs Act (IIJA)
 - Includes \$115.8 million GF to reflect the statutory requirement that 67 percent of undesignated surplus
 - Language allocates the \$115.8 million across 6 projects allocated as follows:
 - \$30.0 million for improvements to the Mid-Atlantic Regional Spaceport
 - \$25.8 million to support multi-use trails
 - \$20.0 million for the Air Terminal Interchange on the I-564 connector
 - \$20.0 million to improve Interstate 64 between exit 205 and exit 234
 - \$10.0 million the Transportation Partnership Opportunity Fund; and
 - \$10.0 million to remediate the wildlife habitat impacted HRBT project



HB 30 VDOT Amendments

- Proposes \$207.2 million GF in FY 2023 to support the construction of multi-use trails across the Commonwealth including in Central Virginia, the Shenandoah Valley, and the Eastern Shore
- Increases the net VDOT appropriation by \$741.2 million NGF in the first year and \$1.0 billion NGF the second year to reflect the December 2021 Commonwealth Transportation Fund revenue forecast, increased federal formula funding anticipated under the Infrastructure Investment and Jobs Act (IIJA), and the six-year financial plan approved in June 2021
 - The introduced budget does not reflect the proposal to eliminate the state share of sales tax applied to food estimated at \$54 million in FY 2023 and \$132.5 million in FY 2024



Other Transportation Agencies

- **Department of Rail and Public Transportation (DRPT):** Includes \$37.9 million NGF in FY 2023 and \$53.1 million NGF in FY 2024 for concession payments for the I-66 “Outside the Beltway” and I-395 projects
- **Virginia Passenger Rail Authority:** Sets out funding of \$343.1 million NGF in FY 2023 and \$278.7 million NGF in FY 2024 to for the authority which was created by the 2020 General Assembly
 - Funding of \$109 million NGF each year was transferred out of DRPT to support the new Rail Authority
- **Department of Motor Vehicles:** Capital budget proposes to replace the leased Hilltop Customer Service Center in Virginia Beach with one that will be owned by DMV



Other Transportation Agencies

- **Virginia Port Authority**

- Includes \$2.0 million GF and \$2.0 million NGF each year for the Port Opportunity Fund
- Provides \$5.4 million NGF in FY 2023 and \$11.0 million NGF in FY 2024 to fund increased costs of the Virginia International Gateway lease
- Increases funding for debt service \$12.8 million NGF in FY 2023 and \$18.6 million NGF in FY 2024
 - \$7.0 million each year is for capital improvements to Norfolk International Terminal North and the remainder for equipment obtained through the Master Equipment Leasing Program

- **Department of Aviation:** Language included in HB 29 and HB 30 authorizes the Department to sell one of its current 2007 King Air 350 aircraft and to purchase a jet aircraft as a replacement

- An amendment in HB 30 provides an increase in appropriation of \$8.1 million NGF in FY 2023 and \$500,000 NGF in FY 2024 to support the purchase of the new jet



CAPITAL OUTLAY



Treasury Board

- HB 29:
 - Debt service savings in Treasury Board of \$9.8 million GF in FY 22 due to refinancing and issuance delays
- HB 30:
 - Proposes \$60.0 million in FY 23 & \$131.3 million in FY 24 for debt service for previously authorized projects
 - Provides \$14.5 million in VPBA authority for the Fairfax County Adult Detention Center for security and mechanical upgrades



HB 29: Capital Outlay

- Introduced budget proposes \$211.5 million GF and \$6.1 million NGF in capital outlay spending
- Proposed general fund projects are as follows:
 - \$100.0 million GF supplement due to increases in material costs
 - Language also overrides the requirements of the Code regarding project overruns such as seeking nongeneral fund sources, changing scope, and value engineering before seeking supplemental funds
 - Authority for approval shifts from the General Assembly to the Department of Planning and Budget
 - \$80.0 million GF to supplement previously authorized projects
 - \$20.7 million GF for workforce development projects tied to the Tech Talent initiative
 - \$8.7 million GF at VMI for safety and security project
 - \$2.1 million to supplement planning for the Integrated Science Center at CNU
- \$6.1 million NGF proposed to plan two VCU projects, construct a historic barn replacement, and expand columbaria at two veterans' cemeteries



HB 29: Capital Language

- Language directs the Department of Corrections to submit a report on its planned use of the Beaumont Juvenile Correction Center property as a medical facility
 - The language further suspends the previously authorized planning projects for a medical facility at Deerfield and replacement of the Powhatan Infirmary
 - The language bypasses the General Assembly and requires the report to be submitted to the Six-Year Capital Outlay Advisory Committee (CAPSIX) and further authorizes the CAPSIX to approve the new project at Beaumont and transfer previous planning funds to that project
 - DOC actions have been precipitated by its unilateral decision to cancel the contract for medical services from an outside vendor and to proceed with providing medical services in-house



Capital Proposed in HB 30 for 2022-2024

- Introduced budget proposes \$3.7 billion in new capital outlay spending including:
 - \$2.5 billion in general fund
 - \$988.8 million in nongeneral funds
 - \$100.9 million in 9 (c) NGF revenue bonds
 - \$56.4 million in 9 (d) NGF revenue bonds

Capital Outlay Funding Categorization as Proposed in HB 30

(\$ in millions)

Major Category	GF	NGF Bonds	NGF Cash	Total
Planning, Preplanning, and Evaluation	\$76.8	\$ -	\$29.6	\$106.4
Construction & Facility Improvements	1,962.9	157.3	811.1	2,931.3
Equip. for Previously Approved Projects	31.0	-	120.0	151.0
Acquisition	-	-	14.9	14.9
Supplements Previously Approved Projects	120.0	-		120.0
Maintenance Reserve	354.0	-	13.2	367.2
Total	\$2,544.7	\$157.3	\$988.8	\$3,690.8



Construction & Improvements

- Proposes nearly \$2.0 billion GF and \$968.4 million NGF over the biennium for 81 new construction and existing facility improvement projects
 - Stand Alone: \$837.2 million GF and \$939.2 NGF over the biennium for 55 stand-alone projects (higher education and state agency)
 - Construction Pool for Higher Education Projects: \$913.9 million GF and \$29.3 million NGF over the biennium for 16 projects
 - Construction Pool for State Agency Projects: \$111.7 million GF over the biennium for 10 projects
 - \$100.0 million GF over the biennium for deposit to the Stormwater Local Assistance Fund (SLAF)
- Includes \$157.3 million NGF over the biennium in NGF-supported 9(c) and 9(d) bonds for construction projects



Other Capital Outlay

- Supplements: Proposes \$120.0 million GF over the biennium for supplements for previously approved projects
 - \$100.0 million for a supplemental funding pool
 - \$20.4 million to supplement existing projects at the Library of Virginia and Virginia State University
- Equipment: Proposes \$31.0 million GF for a central pool to provide equipment for previously approved projects nearing completion
- Proposes \$354.0 million GF and \$13.2 million NGF over the biennium for maintenance reserve
 - \$354.0 million GF in a central maintenance reserve account
- Proposes a new methodology to calculate maintenance reserve allocations
 - Results in a measurable change to the proportion of maintenance reserve that agencies and institutions of higher education have received in recent years



Project Planning

- HB 30 proposes \$76.8 million GF and \$29.6 million NGF for planning over the biennium
 - Central Planning Pool: \$76.3 million GF and \$1.5 million NGF over the biennium for 21 projects via a central capital planning pool
 - Stand Alone: \$28.0 million NGF for six projects for institutions of higher education
 - The NGF advanced by the institution for planning is proposed to be reimbursed if/when the projects advance to construction
 - These projects have an estimated total construction cost of more than \$2 billion
- Eighteen previously planned and authorized projects with an estimated construction cost of \$1.5 billion, several of which are ready to proceed, are not included in the proposed capital outlay
 - There are \$500 to \$700 million in projects included in the proposed budget that have not been previously authorized for planning and have jumped ahead in the capital queue



COMMERCE AND TRADE AND LABOR SECRETARIATS



Economic Development Projects (HB 29 / HB 30)

Project (GF \$ in millions)	FY 2022	FY 2023	FY 2024
CMA CGM	(\$6.3)	\$1.4	\$1.2
Blue Star Manufacturing	8.5	-	-
Advance Payment for Amazon HQ2	-	42.5	42.5
Virginia Investment Performance Grants	4.4	2.9	2.8
Virginia Economic Development Incentive Grants	1.0	1.2	1.2
Amazon Web Services	5.2	-	-
Huntington Ingalls	8.0	8.0	8.0
Merck	3.0	3.0	3.0
Microsoft	5.6	5.6	5.6
Morgan Olson	0.5	1.3	1.3
Volvo	2.0	0.3	1.7
Totals MEI / Economic Development Projects	\$31.9	\$66.2	\$67.3



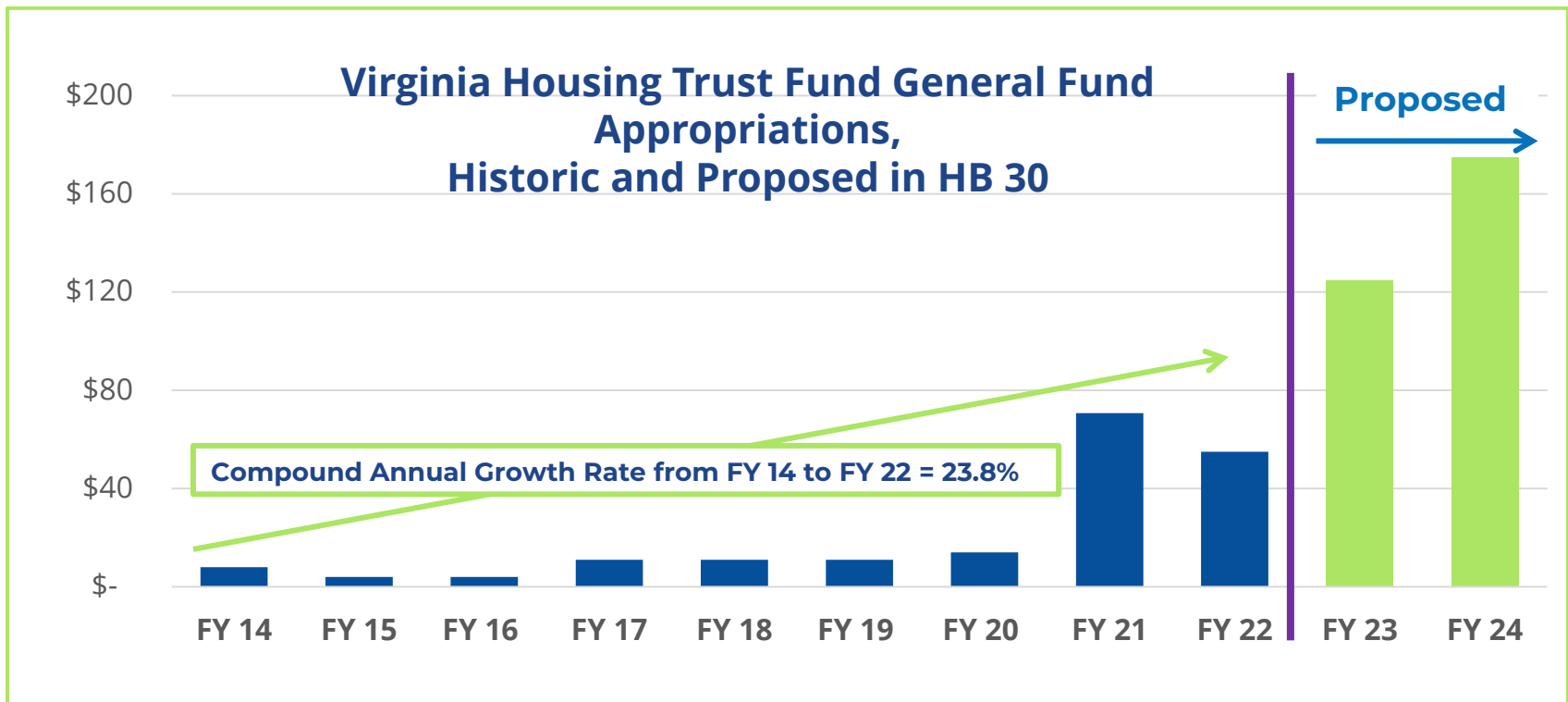
Economic Development Proposals in HB 29

- Proposes \$150 million GF in FY 22 in one-time support for the Virginia Business Ready Sites Program (VBRSP)
 - VEDP proposes to invest \$100 million in competitive site development projects, and to distribute \$50 million to GO Virginia regions on a per capita basis
 - Currently funded at \$5.6 million GF in FY 22 (Ch. 552, Special Session I)
- Shifts funding for Jefferson Labs back to the Commonwealth Development Opportunity Fund (CDOF)
 - Adds \$1.5 million GF in FY 22 to the CDOF to replace funds invested in Jefferson Labs from this source



Department of Housing and Community Development

- Proposes an additional \$190 million GF over the biennium for the Virginia Housing Trust Fund, bringing the total biennial investment to \$300 million



Department of Housing and Community Development Continued

Program (GF \$ in millions GF)	FY 2023	FY 2024
Additional funding for the Community Development Financial Institutions Fund	\$5.3	\$0.3
Support Virginia International Raceway infrastructure	4.0	0.0
Increase for the Enterprise Zone program	3.7	3.7
Manage Virginia's participation in federal Southeast Crescent Regional Commission	0.2	0.2
Increase business operations capacity	1.4	1.4
Expand State Building Codes Office	0.4	0.4
Total	\$15.0	\$6.0

- Establishes an appropriation for the Housing in Energy Efficiency (HIEE) program of \$95.0 million NGF in each year
 - Reflects the statutory shared of Regional Greenhouse Gas Initiative auction proceeds



Additional Commerce Proposals

Program (GF \$ in millions)	FY 2023	FY 2024
Secretary of Commerce and Trade		
Formalize Office of Outdoor Recreation	\$0.1	\$0.1
Economic Development Incentive Payments		
Increase support for Governor's Motion Picture Opportunity Fund	3.5	3.5
Department of Energy		
Capitalize the Low-income Solar Loan and Rebate Pilot Program	30.0	-
Create new geologist staff positions	0.3	0.3
Finish gold mining study (Ch. 387, Special Session I)	0.3	-
Small Business and Supplier Diversity		
Purchase monitoring software for business participation goals on state contracts	\$0.3	\$0.3



Additional Commerce Proposals

Program (GF \$ in millions)	FY 2023	FY 2024
Virginia Economic Development Partnership		
Fully fund the International Trade Plan	\$3.5	\$7.0
Fully fund the Talent Accelerator Program	2.3	2.3
Virginia Tourism Corporation		
Increase support for Spearhead Trails Initiative	0.3	0.3
Provide support for marketing and initiatives around OpSail 250	1.0	-
Virginia Innovation Partnership Authority		
Add new funding to the Regional Innovation Fund	3.0	3.0
Total – Additional Commerce Proposals	\$44.6	\$16.8



Labor Agencies

Department of Labor and Industry

- Proposes \$1.1 million GF in the first year and \$542,063 GF in the second year to implement and enforce a monthly payroll certification requirement for government contractors
- Adds \$3.9 million GF in the first year and \$378,143 GF in the second year to upgrade the agency's software applications to VITA's Microsoft Dynamics platform, which will bring them into compliance with VITA's security recommendations for IT systems (includes funding for one position)

Virginia Employment Commission

- Continues language to ensure no employer has a higher UI tax burden than their 2021 rate until pandemic related claims are no longer factored into an employer's base rate calculation



AG, FORESTRY, AND NATURAL RESOURCES



Water Quality

- Proposes a total of \$339.5 million GF over the biennium for the Water Quality Improvement and Natural Resources Commitment Fund
 - \$313.0 million GF in FY 2023 represents the statutorily mandated deposit based upon FY 2021 revenue surplus and unexpended agency balances.
 - Of this amount, \$208.9 million is directed toward Natural Resources Commitment Fund (NRCF) for agricultural best management practices
 - \$26.5 million GF in FY 2024 represents a supplemental deposit made directly to the NRCF to fully-fund agricultural BMP needs assessment for biennium identified to meet Water Quality Improvement Plan (WIP) 2025 goals



Water Quality

- \$44.6 million GF of the FY 2023 Water Quality Improvement Fund Deposit is directed toward a number of new and continuing water quality-related activities and programs

Initiative	FY 2023 Amount
DCR - Small Herd Initiative	\$8,000,000
Conservation Reserve Enhancement Program (CREP) Match	6,000,000
DEQ - Assistance for Newly Regulated MS4 Localities	5,000,000
DEQ/VDH - Shenandoah River Harmful Algal Bloom Study	2,500,000
Poultry Litter and Other Nonpoint Source Reduction Projects	4,560,000
Virginia Conservation Assistance Program	4,000,000
Dept. of Forestry - Virginia Trees for Clean Water Program	4,000,000
DEQ - Pay for Documented Performance for Nutrient Removal Technologies	3,000,000
Incentives for Riparian Buffers by Agricultural Producers	2,000,000
State Lands Watershed Implementation Plan	2,000,000
Conservation Application Suite	1,500,000
Dept. of Forestry - Water Quality Grants	1,000,000
Virginia Cooperation Extension Outreach	700,000
DCR - Small Farm Outreach Program	250,000
VDH / VIMS - Septic Hot Spots Identification and Mapping	100,000
Total	\$44,610,000



Water Quality

- Proposes an additional \$165.0 million NGF from ARPA funds for grants to the Cities of Alexandria, Lynchburg, and Richmond for their combined sewer overflow control projects
 - \$125.0 NGF from ARPA funds was provided for these projects by Chapter 1 of 2021 Special Session II
- Directs \$68.6 million NGF from ARPA funds for local water, wastewater, and sewer projects
 - \$27.0 million to the City of Fredericksburg
 - \$17.0 million to the Town of Quantico
 - \$16.0 million to the King George County Service Authority
 - \$5.0 million to the Town of Exmore
 - \$3.6 million to the Town of Wachapreague



Department of Conservation and Recreation

- Includes \$20.0 million GF deposit in the Dam Safety, Flood Prevention, and Protection Assistance Fund
 - This is in addition to \$45.5 million GF in FY 2023 in Part 2 of the bill provided to support rehabilitation of publicly-owned Soil and Water Conservation District Dams
- Appropriates \$85.0 million NGF each year to the Community Flood Preparedness Fund
 - Reflects statutory program share of anticipated Regional Greenhouse Gas Initiative (RGGI) auction proceeds
- Proposes \$12.0 million GF in FY 2023 to purchase Tribal lands in Virginia
- Provides an additional \$10.0 million GF in FY 2023 to double the deposit into the Virginia Land Conservation Fund in the first year
- Provides \$5.3 million GF over the biennium for increased support for state parks and other attractions



Department of Environmental Quality

- Includes \$8.1 million GF in FY 2023 and \$9.5 million GF in FY 2024 for the required 20% state match to support the anticipated federal funding for the Virginia Clean Water Revolving Loan Fund
- Provides \$3.0 million GF in FY 2023 to support MS4 permitting obligations in the Town of Dumfries
- Other DEQ Items include:

Item	FY 2023	FY 2024
3 New Ombudsman Positions	\$366,300	\$366,300
Stormwater Projects in Town of Occoquan	325,000	-
2 Positions – Solar Project Permitting	250,000	250,000
New Position for Water Quality Programs	122,100	122,100



Department of Historic Resources

- Proposes \$5.0 million GF each year to capitalize the Black, Indigenous, and People of Color Preservation Fund
 - Fund would be established pursuant to legislation, and would support the acquisition, protection, and rehabilitation of land and archaeological sites of significance
- Proposes \$6.9 million GF in FY 2023 in one-time funding to support historic and cultural attractions in Virginia
 - \$2.0 million to Richmond to support the Virginia Museum of History and Culture
 - \$1.0 million to Richmond to support the Valentine Museum
 - \$1.0 million to Norfolk to support the Chrysler Museum
 - \$1.0 million to the County of Richmond to support the Glass House Project at Menokin
 - \$500,000 to Alexandria to support the Douglass Memorial Cemetery
 - \$300,000 to Richmond to support Preservation Virginia
 - \$50,000 to Richmond to support the Elegba Folklore Society



Agriculture and Forestry

- **VDACS**

- Proposes increase of \$2.5 million GF each year for the Office of Farmland Preservation bringing total funding to \$3.4 million each year
- Includes \$2.1 million GF in FY 2023 and \$800,000 GF in FY 2024 in additional support for the Agriculture and Forestry Industries Development (AFID) Fund increasing AFID funding to \$3.0 million in FY 2023 and \$1.75 million in FY 2024
- Proposes \$1.0 million GF each year to establish a Virginia Spirits Promotion Fund based on legislation to be considered by 2022 GA

- **Forestry**

- Proposes \$3.0 million GF each year to expand grant funding available for urban and community forestry planting and maintenance activities
- Includes \$1.4 million GF in FY 2023 to support construction and maintenance of recreation facilities in Virginia State Forests
- Proposes \$2.5 million GF in FY 2023 and \$400,000 GF in ongoing funding to re-establish hardwood seedling operations at the nursery in New Kent County



PUBLIC SAFETY AND VETERANS



Department of Corrections

- Largest increase for Department reflects the cost of implementation of a compensation plan for security staff, totaling \$85.2 million GF over the biennium
- Provides an additional \$20.5 million GF over the biennium for inmate medical services to reflect inflation and utilization projections
 - Also includes 276 positions in FY 2023 and 432 positions in FY 2024 to reflect the unanticipated termination of DOC's medical services contract. DOC plans to bring all inmate medical services "in-house" over the biennium
 - Companion amendment to caboose bill provides a \$6.8 million GF increase in FY 2022 for increased inmate medical costs
- Includes \$4.9 million GF in FY 2023 and \$5.9 million GF in FY 2024 for new mental health and cognitive counselor positions
- Provides \$7.0 million GF over the biennium and 19 new positions related to implementation of new earned sentence credit provisions
 - Provides additional probation and parole officers, and annualizes costs of positions provided in Chapter 552 (2021 Spec. Sess. I)
- Proposes \$5.7 million GF over the biennium for 47 additional probation and parole officers to reduce average sex offender supervision caseloads



Cannabis Control Authority

- Includes \$11.8 million GF in FY 2023 and \$21.7 million GF in FY 2024 to establish operational funding for the Virginia Cannabis Control Authority

Item	FY 2023	FY 2024	FY 2023 Positions	FY 2024 Positions
Board of Director Salaries and Expenses	\$121,210	\$121,210	5.00	5.00
Chief Executive Officer and Support	394,246	394,246	2.00	2.00
Social Equity Team	1,555,068	1,683,841	13.00	15.00
Administrative Support Team	1,417,921	1,649,601	11.00	13.00
Planning and Policy Communications Team	1,149,538	1,144,538	10.00	10.00
Licensing and Hearings	1,078,954	2,790,029	11.00	31.00
Investigations, Tax and Enforcement	3,615,039	5,555,692	21.00	40.00
General Office Expenses	2,511,112	2,396,612	-	-
Cannabis Equity Loan Fund		6,000,000	-	-
Total	\$11,843,088	\$21,735,769	73.00	116.00



DCJS

- Proposes \$27.4 million GF over the biennium and 13 positions to establish the Virginia Center for Firearm Violence Intervention and Prevention
 - Includes funding for administrative staff, establishment of a firearm incident data-sharing platform, and the provision of grants to gun violence prevention and intervention, firearm suicide prevention, and firearm removal programs and initiatives

Item (\$ in millions)	FY 2023	FY 2024
Marcus Alert	\$ -	\$1.5
Pre- and Post-Incarceration Services	1.0	1.0
Big H.O.M.I.E.S. Program	1.5	-
Regional Justice Training Academies	0.5	0.5



VSP and VDEM

- **VSP:**

- Includes \$23.6 million GF in FY 2023 and \$24.8 million GF in FY 2024 to support compensation increases for sworn officers
- Proposes \$8.3 million GF in FY 2023 and \$6.3 million GF in FY 2024 for technology projects

- **VDEM:**

- Continues \$21.1 million GF each year for ongoing COVID-19 response and recovery costs
 - \$19.1 million each year for the state share of federal grants and other COVID-19 related expenditures
 - \$1.1 million each year to operate the PPE warehouse
 - \$865,000 each year for operations at the Joint Information Center
- Proposes \$1.0 million GF each year to support 10 positions currently supported by federal grants



Veterans and Defense Affairs

Secretary of Veterans and Defense Affairs

- Includes \$10.0 million GF in FY 2023 to capitalize a proposed State Military Community Infrastructure Program

Department of Veterans Services

- Proposes \$5.0 million GF each year to establish a new program focused on the prevention of suicide and opiate use among Virginia veterans
- Includes \$4.8 million GF over the biennium for a total of 16 additional staff in multiple program areas
- Provides \$1.3 million GF over the biennium for the implementation and operation of a new customer relationship case management system

Department of Military Affairs

- Increases by \$1.0 million GF each year support for the National Guard State Tuition Assistance Program (STAP)
 - Associated legislation would reconstitute the program from a up-front direct-award to reimbursement base model
- Includes \$895,000 GF each year to support 11 positions no longer supported by the federal government



GENERAL GOVERNMENT



Compensation Board

- Targeted Salary Actions for Sworn Sheriffs' Deputies and Regional Jail Staff
 - \$74.0 million GF over the biennium to increase starting pay to \$42,000
 - \$15.6 million GF over the biennium to address salary compression for staff with 3+ years of consecutive state service
- Full Funding for New Jail Behavioral Health Care Standards
 - \$37.7 million GF over the biennium to comply with new standards set by the Board of Local and Regional Jails:
 - 253 medical and treatment positions
 - Estimated remaining statewide need; state pays 2/3 and local/regional jails pay 1/3 of the cost
 - 249 new behavioral health case managers
 - HB 30 assumes state pays full cost
 - Assumes all positions start July 1, 2022



Virginia Information Technologies Agency (VITA)

- \$175.2 million NGF and 71.0 positions over the biennium, supported by fees paid by customer state agencies. Major proposals include:

(NGF, \$ in millions)	Biennial \$	FTE
Update internal service fund for usage projections	\$114.7	--
Enhance cybersecurity efforts	45.0	10.0
Improve service delivery under new model and enhance network capabilities and system offerings	12.8	60.0

- Cybersecurity staffing proposed in HB 30 does not account for the agency's stated need in a December 2021 JLARC-directed report
- HB 30 as introduced includes additional cybersecurity funding allocated directly to agencies in other areas of the budget



Other General Government Proposals in HB 30

(GF, \$ in millions)	Biennial \$	FTE
ADMINISTRATION		
Dept of General Services - Expand capacity for bioinformatics and sequencing	\$4.8	7.0
-Targeted salary increases for Lab Scientists	3.7	0.0
Dept of Human Resources Management - Establish a business intelligence program and create capacity for personnel-related analytical support	1.6	4.0
Dept of Elections - Increase funding for public education and outreach	2.7	1.0
Compensation Board - Provide supplemental career development funding for eligible staff in Treasurers, Commissioners of Revenue, and Commonwealth's Attorneys offices	1.6	0.0
EXECUTIVE OFFICES		
Office of the Governor - Provide for increased language access and equity via the Governor's Office of Diversity, Equity, and Inclusion	1.1	2.0
-Staff the Cannabis Equity Re-investment Board	0.7	2.0
Office of the Attorney General - Fund a Consumer Data Protection Unit	0.9	4.0



Other General Government Proposals in HB 30

(GF, \$ in millions)	Biennial \$	FTE
FINANCE		
Dept of Taxation - Administer tax policy changes proposed in HB 30	\$0.9	0.0
Dept of Treasury - Administer taxpayer refund proposed in HB 30	2.5	0.0
-Provide relief for three wrongfully incarcerated persons; cost assumes proposed changes to compensation formulas	6.5	0.0
Treasury Board - Increase debt service costs for VPBA / VCBA-issued bonds	60.0	131.3
JUDICIAL BRANCH		
District Courts - Provide 120 positions for local district court offices	15.6	120.0
Magistrates - Fund targeted salary actions for magistrates	8.0	0.0
Supreme Court - Increase language interpreter services in Virginia courts	2.0	10.0
-Provide oversight of mental health and veteran specialty dockets	0.5	2.0
Circuit Court - Restore prior cuts to the technology fund (<i>in Comp Board</i>)	2.0	0.0
-Fund additional Circuit Court judgeship for Prince William County	0.6	0.0
Virginia State Bar - Provide targeted salary actions for legal aid positions	4.0	0.0



General Government: Central Accounts

Amounts are total GF for the 2022-2024 biennium

- **Statewide Operating System Charges**
 - Cardinal Human Capital Management: \$11.8 million for the GF share of new system charges, and savings of \$1.2 million from the decommissioning of a legacy HR system
 - Cardinal Financial: \$2.2 million for the GF share of statewide charges
 - Performance Budgeting: Savings of \$1.1 million for the GF share of statewide charges
- **VITA Information Technology and Security Charges**
 - \$60.6 million for the GF share of agency VITA rates
 - \$1.8 million for IT audits and information security officer (ISO) services
- **Language access:** \$10.8 million to improve language service access across state agencies
- **2024 Presidential Primary:** \$5.9 million in FY 2024 to reimburse localities for presidential primary expenses
- **Liability Insurance Premiums:** \$4.0 million for increased insurance rates



HIGHER EDUCATION



HB 30: Higher Education Institutions

- The introduced budget proposes \$455.3 million in new general fund support for colleges & universities, as follows:
 - \$170.4 million is proposed for additional financial aid including \$150 million for undergraduate students
 - \$126.1 million is proposed for increased base operating support
 - \$115.5 million is proposed for various institution-specific initiatives including:
 - \$38.0 million for the VCCS for grants to individual colleges to create new G-3 programs
 - These funds are not directed to the student to assure affordability
 - \$13.5 million for the VCCS to implement new workforce initiatives
 - \$11.0 million for UVA-Wise for several new initiatives aimed at rural economic development
 - \$25.3 million at NSU & VSU for enhancements to student services and a new Advanced Manufacturing Logistics Institute
 - \$43.2 million is proposed for new research funding including \$26.6 million to UVA for cancer research



HB 30: Biennial Allocations to Colleges and Universities for Operating Costs & Financial Aid (\$ in millions)

Institution	Operating / Other	Financial Aid	Institution	Operating / Other	Financial Aid
CNU	\$3.4	\$1.7	UVA	41.2	4.6
CWM	5.9	1.1	UVA-W	12.4	2.2
GMU	9.6	32.4	VCU	15.7	15.7
JMU	10.1	7.6	VMI	6.4	0.3
LU	2.4	2.1	VT	17.2	10.0
NSU	28.2	13.0	VSU	34.3	9.8
ODU	10.4	25.4	RBC	1.3	0.7
RU	3.3	11.7	VCCS	79.2	30.0
UMW	3.9	2.1	Total	\$284.9	\$170.4



HB 30: SCHEV

- The introduced budget proposes \$69.4 million in new general fund support for SCHEV, including:
 - \$21.4 million to increase the TAG award from \$4,000 to \$4,500 in FY 23 and \$5,000 in FY 24
 - \$10.8 million for the military survivor's program (VMSDEP) due to program growth
 - \$20.0 million to provide financial assistance to Virginia students attending Hampton University and Virginia Union
 - Limits eligibility to Pell students within a 25-mile radius
 - Allows funds to be used for room and board where other state aid programs limit use to tuition and fees
 - \$16.8 million to provide state financial aid for students not eligible for federal aid programs
 - Program parameters and limits are all to be determined
 - \$2.25 million for SCHEV to increase FAFSA completion by high school students
 - No language designates these funds or outlines program parameters and success metrics



HB 30: Other Major Higher Education Actions

- \$4.6 million is proposed for VIMS for several new and continuing initiatives
- \$6.2 million for VT Extension to complete the funding for the Building Resilience initiative started in FY 20
- \$6.8 million for the New College Institute for a broadband training program
- \$3.5 million for Jamestown-Yorchtown for the 250th Anniversary of the American Revolution
- \$5.2 million for arts grants at the Virginia Commission for the Arts

