



VIRGINIA HOUSE  
**APPROPRIATIONS**  
COMMITTEE

CHAIRMAN LUKE E. TORIAN

January 13, 2025

# 2025 SESSION OVERVIEW OF AMENDMENTS TO THE FY 2024-26 BUDGET

PREPARED BY

House Appropriations Committee Staff



# RESOURCES AND OVERVIEW

# FY 2024 SURPLUS APPROPRIATED IN HB 1600

Distribution Requirements	Amount (\$ in millions)
<b>FY 2024 Actual GF Revenues</b>	<b>\$29,448.2</b>
Chapter 1 Official Forecast	<u>28,279.5</u>
<b>FY 2024 GF Surplus</b>	<b>\$1,168.7</b>
Contingent: Chesapeake Bay Nutrient Reduction Funding in Capital (Chapter 2, Item 470)	(400.0)
Contingent I-81 Funding (Chapter 2, Item 470)	(175.0)
WQIF Part A Deposit	(59.4)
Revenue Reserve Deposit	(288.7)
VMSDEP Commitment	<u>(90.0)</u>
<b>Remaining Uncommitted GF Revenue Surplus</b>	<b>\$155.6</b>

# GF REVENUE FORECAST CHANGES

- FY 2024 surplus collections form a higher base against which FY 2025 growth is measured compared to assumptions in Chapter 2. As a result, FY 2025 revenues could **decrease** by 3.0% and still meet the revenue assumptions in Chapter 2
- Economic assumptions underlying the revised forecast assume modest economic growth through the rest for the biennium
- HB 1600 assumes revenue growth of around 4.1% in FY 2025 and 2.6% in FY 2026
- This increases the revenue assumptions by \$2.1 billion in FY 2025 and \$1.2 billion in FY 2026 prior to any proposed tax policy modifications
- Through November, year to date revenues were up 7.3% compared to FY 2024

# GF REVENUES BY SOURCE

(\$ in millions)	FY 2025	% Growth	FY 2026	% Growth
Withholding	<b>\$17,580.8</b>	<b>5.2%</b>	<b>\$17,905.3</b>	<b>1.8%</b>
Nonwithholding	6,778.5	3.3	6,382.7	(5.8)
Refunds	<u>(2,811.6)</u>	(5.4)	<u>(2,494.1)</u>	<u>(11.3)</u>
Net Individual	21,547.7	6.1	21,793.9	1.1
Corporate	1,791.5	(6.1)	1,995.4	11.4
Sales	4,797.9	1.9	4,987.4	3.9
Insurance	485.7	3.7	503.7	3.7
Wills (Recordation)	457.6	12.6	557.0	21.7
All Other Sources	<u>1,567.9</u>	<u>(4.8)</u>	<u>1,569.1</u>	<u>0.1</u>
<b>Total GF Revenues</b>	<b>\$30,648.4</b>	<b>4.1%</b>	<b>\$31,406.5</b>	<b>2.6%</b>

# GENERAL FUND TRANSFERS

(\$ in millions)	FY 2025	FY 2026
<b>Total Transfers Assumed in Chapter 2</b>	<b>\$1,128.1</b>	<b>\$1,714.8</b>
<u>Adjustments Proposed in HB 1600</u>		
Additional Transfer out of Revenue Reserve	203.0	0.0
Adjust Sales Tax Transfer for K-12 (0.375%)	14.3	13.8
Adjust ABC Profit Transfer Assumption	(1.0)	(74.9)
Eliminate Transfer from Games of Skill (legislation vetoed)	0.0	(112.5)
Other Transfer Adjustments	<u>10.4</u>	<u>(0.1)</u>
<b>HB 1600 Net Transfer Adjustments</b>	<b><u>226.6</u></b>	<b><u>(173.7)</u></b>
<b>Total Transfers Assumed in HB 1600</b>	<b>\$1,354.7</b>	<b>\$1,541.0</b>

# RESERVE FUND BALANCES

(\$ in millions)	FY 2024	FY 2025	FY 2026
<b>HB 1600 Deposit into Revenue Reserve Fund</b>		<b>\$294.5</b>	<b>\$0.0</b>
Chapter 2 Transfer out of Revenue Reserve Fund		(\$129.4)	(\$675.7)
<b>HB 1600 Increase in Transfer out of Reserve Fund</b>		<b>(\$203.0)</b>	<b>\$0.0</b>
Balance in Revenue Reserve Fund	\$1,926.1	\$1,926.8	\$1,289.6
Balance in Rainy Day Fund	<u>\$2,767.0</u>	<u>\$2,822.8</u>	<u>\$2,879.2</u>
<b>Total Balance in Both Funds</b>	<b>\$4,693.1</b>	<b>\$4,749.5</b>	<b>\$4,168.8</b>
15% Combined Statutory Cap	\$3,861.0	\$4,063.8	\$4,178.9
Reserves as a % of 3-Year Average Revenue (Income and Sales)	18.2%	17.5%	15.0%

Budget language has overwritten the Code to allow the combined balances to exceed the 15.0% cap. Language included in introduced budget would set cap at 17.53% in FY 2025 and 15.0% in FY 2026

# RESOURCE ADJUSTMENTS

- In total, HB 1600 as introduced assumes \$4.7 billion in additional GF resources compared to Chapter 2

(\$ in millions)	FY 2025	FY 2026
Change In Balances	\$1,463.1	\$0.0
Revenue Forecast Increase	2,099.1	1,176.8
Tax Policy Adjustments	(\$14.4)	(\$45.8)
Adjustments to Assumed Transfers	<u>226.6</u>	<u>(173.7)</u>
<b>Total Increase in Resources</b>	<b>\$3,774.4</b>	<b>\$957.3</b>



# TAX POLICY PROPOSALS CONTAINED IN HB 1600

(\$ in millions)	FY 2025	FY 2026
Car Tax Credit*	N/A	N/A
Eliminate Tax on Tips	\$0.0	(\$35.0)
Increase Threshold for Estimated Payments to \$1,000	(10.4)	(1.0)
Equalize Virginia's Interest Rate with Federal Rate	0.0	(10.0)
Assume 100% Utilization of EISTC Credit	(4.0)	(4.0)
Additional Staff Error Resolutions and Appeals	0.0	2.3
Modify Refund Procedures for ISP Providers	0.0	2.0
Make Current Standard Deduction Permanent	0.0	0.0
Require Multi-State Corporations to Use Market-Based Sourcing	<u>0.0</u>	<u>0.0</u>
<b>Total</b>	<b>(\$14.4)</b>	<b>(\$45.8)</b>

\* Tax Credit would be recorded as an expenditure, not revenue adjustment, for the first 3 years

# CAR TAX CREDIT

- Part 4 amendment creates a refundable tax credit based on car taxes paid effective for taxable years beginning on and after January 1, 2025
  - Single individuals whose federal adjusted gross income does not exceed \$50,000 would be eligible for a tax credit the lesser of \$150 or the amount of car tax actually paid
  - Married persons filing jointly whose federal adjusted gross income does not exceed \$100,000 would be eligible for a tax credit the lesser of \$300 or the amount of car tax actually paid
- An appropriation of \$1.1 billion GF in FY 2025 is proposed under the Department of Accounts Transfer payments to pre-fund the first three years of the tax credit
  - The impact of the credit would be funded through the appropriation for FY 2026 through 2028
  - Beginning in FY 2029 the tax credit would decrease revenues (an estimated \$376.9 million in FY 2029)

# HB 1600 SPENDING ACTIONS

- HB 1600 contains a total of \$4.7 billion of net new spending
- Net new GF operating spending in HB 1600 totals \$3.3 billion
  - \$3.5 billion in increased spending partially offset by \$180 million in savings, which are largely technical adjustments
  - Half of the new spending is for 2 amendments, \$1.1 billion for a deposit into the Car Tax Credit Fund and \$632.2 million to fund increases in the Medicaid forecast
- In addition, amendments include \$1.4 billion in additional GF cash for capital projects in FY 2025
- Spending is heavily weighted toward one-time actions, which total \$3.4 billion, leaving just \$1.3 billion in recurring program spending
- HB 1600 has an unappropriated balance of \$14.8 million at the close of the biennium

# TOP 13 ITEMS MAKE UP 80% OF NEW OPERATING EXPENDITURES

(\$ in millions)	FY 2025	FY 2026	Biennial
Car Tax Credit Fund	\$1,103.0	\$0.0	\$1,103.0
Medicaid Utilization and Inflation	337.0	295.2	632.2
Revenue Reserve Fund deposit	294.5	0.0	294.5
I-81 Improvement Program	175.0	0.0	175.0
Replacement of Tax's Revenue Management System	131.0	0.0	131.0
Update English Language Learner data	48.8	61.9	110.7
Fund Forecast for Services Provided to At Risk Youth	37.0	68.3	105.4
VMSDEP Commitment	45.0	45.0	90.0
Implement New State Assessment Contract at DOE	61.0	5.0	66.0
School Performance & Support Framework Resource Hub	50.3	1.0	51.3
Expand the Virginia Business Ready Sites Program	0.0	50.0	50.0
Provide Virginia Opportunity Scholarships	0.0	50.0	50.0
Richmond Combined Sewer Overflow Project	50.0	0.0	50.0



# HEALTH AND HUMAN RESOURCES

# HB 1600: MAJOR HHR FUNDING INITIATIVES

- HB 1600 includes a net increase of \$857.9 million GF over the biennium
- 92% of new funding driven by mandated programs
  - Medicaid expenditure forecast and backfilling the loss of Virginia Health Care Fund revenue in the Medicaid program
  - State children's health insurance programs (FAMIS and M-CHIP) expenditure forecast
  - CSA caseload and cost increases
- Other programs with significant general fund spending include:
  - Private psychiatric hospital funding for alternative custody of individuals held pursuant to an Emergency Custody Order (ECO) or Temporary Detention Order (TDO)
  - Enhancing child protective services

# HB 1600: DMAS FORECASTS

(GF \$ IN MILLIONS)

DMAS Forecasts	FY 2025	FY 2026
Official forecast of utilization & inflation	\$337.0	\$295.5
Adjust for Virginia Health Care Fund revenue	<u>(48.8)</u>	<u>15.5</u>
<b>Adjusted Medicaid Forecast</b>	<b>\$288.2</b>	<b>\$311.0</b>
FAMIS children's health insurance forecast	18.5	22.2
M-CHIP children's health insurance forecast	22.4	25.2
Involuntary Mental Commitment Fund	<u>(0.9)</u>	<u>(0.7)</u>
<b>Total DMAS Health Care Forecasts</b>	<b>\$328.2</b>	<b>\$357.7</b>

# MEDICAID POLICY AND ADMINISTRATIVE CHANGES (GF \$ IN MILLIONS)

Spending Items	FY 2025	FY 2026
Medicaid 1115 Waiver for Serious Mental Illness	\$0.2	\$1.0
Create Medicaid reserve for new initiatives	0.0	1.0
Comply with federal eligibility & processing rules	0.7	0.0
Comply w/state & fed. DD waiver requirements	0.2	0.2
Cover pre-release Medicaid services for justice-involved youth	0.0	0.4
Payment for long-acting injectables for serious mental illness outside of hospital daily rate	0.0	0.4
Fund administrative contract cost increases	0.0	0.4
Continue managed care for children served in psychiatric residential treatment facilities	0.0	0.3
<b>Total</b>	<b>\$1.1</b>	<b>\$3.7</b>



# CHILDREN'S SERVICES ACT (CSA)

- Chapter 2 (2024 Special Session I) provided an additional \$48.0 million GF each year over the 2024-26 biennium for CSA program caseload growth and cost increases
- HB 1600 provides an additional \$37.0 million GF in FY 2025 and \$68.3 million GF in FY 2026 for caseload and cost increases in the program
- Together these actions provide an additional \$201.3 million GF for CSA over the 2024-26 biennium, representing an increase of 27%
  - Caseload increased by 6% in FY 2024 and is increasing by 13.5% in the first 6 months of FY 2025
  - Expenditures are expected to increase by 10.7% in FY 2025 and 9.5% in FY 2026 due primarily to cost increases in special education private day placements, which comprise almost 44% of CSA expenditures year-to-date
- Proposes language limiting growth in state reimbursement for the cost of private day services to 2.5% beginning in FY 2026

# VIRGINIA DEPARTMENT OF HEALTH (GF \$ IN MILLIONS)

Spending Item	FY 2026
Create perinatal health hub pilot program	\$2.5
Adds 15 staff for safe drinking water compliance activities	1.6
Backfill federal grant to prevent sexually transmitted diseases	1.0
Provide additional community health workers (CHWs) and doulas at local health departments (8-10 CHWs/doulas)	1.0
Enhance inspections of home care organizations	0.9
Fund information security audits and investigations	0.8
Reflect rent increases at local health department facilities	0.5
Increase the fee for expediting vital records from \$48 to \$53 in FY 2026	Language
<b>Total</b>	<b>\$8.3</b>

# HHR LANGUAGE

## Department of Medical Assistance Services (DMAS)

- Provides DMAS with authority for a federal 1115 waiver to provide Medicaid coverage for short-term acute stays in psychiatric hospitals or residential treatment settings that qualify as Institutes of Mental Disease
  - Adds language to allow for the carryforward of FY 2025 balances to FY 2026 if costs to develop the waiver continue into FY 2026
- Creates a Medicaid reserve to set aside a one-year amount for projected but unbudgeted costs of new initiatives to ensure those costs are in the base budget to offset the next biennial cost of the initiative
  - Language would allow the initiative to be delayed if the reserve amount is not appropriated
  - Allows the Governor to use the reserved amounts to offset current year general fund Medicaid shortfalls that cannot be addressed through legislative action

## Department of the Deaf and Hard of Hearing

- Requires agency report on the anticipated transition from Text Telephone Technology (TTY) to Real Time Text (RTT) and associated forms of digital telecommunication technology for Relay Services

# DBHDS: \$54.2 MILLION GF OVER THE BIENNIUM

- \$35.2 million GF in FY 2026 for a new initiative to provide funding to private hospitals to hire special conservators of the peace to maintain custody of an individual under an ECO or TDO
- \$4.6 million GF and 22 positions in FY 2026 to fund nurse care consultants, behavioral analysts, quality improvement specialists, dental staff, and dental services for individuals with intellectual or developmental disabilities
- \$3.3 million GF the second year to address the rising pharmaceutical costs at state facilities
- \$2.4 million GF in FY 2026 to provide salary increases to trades positions at state facilities

# DBHDS INITIATIVES

- \$1.5 million GF the second year to support two Adult Psychiatric Access Lines to allow primary care physicians to better treat patients with mental health or substance use disorders
- \$1.5 million GF in FY 2026 for Part C Early Intervention services
- \$1.2 million GF the second year to create two local crisis co-response teams pursuant to MARCUS Alert legislation
- \$1.0 million GF in FY 2025 to create an educational campaign to alert youth to the impacts of mental health, substance use, and social media

# DEPARTMENT OF SOCIAL SERVICES

- \$8.0 million GF over the biennium to implement recommendations from the Office of the State Inspector General to enhance child protective services, including improvements to the CPS Hotline interactive voice response system
- \$7.3 million GF and \$6.5 million NGF in FY 2026 to fund further increases in the employment and income verification for benefits contract
- \$1.5 million GF and \$1.4 million NGF the second year to increase the foster care and adoption COLA
- Removes \$14.3 million GF and \$9.8 million NGF in FY 2025 and \$13.0 million GF and \$9.2 million NGF in FY 2026 from the Child Welfare Forecast based on recent expenditure trends
- Includes \$2.0 million GF in FY 2025 and \$1.8 million GF in FY 2026 and removes \$22.8 million NGF in FY 2025 and \$27.8 million NGF in FY 2026 to update the TANF and VIEW Childcare Forecast



# PUBLIC EDUCATION

# PUBLIC EDUCATION

- Proposes an additional \$286.5 million GF over the biennium, a 1.4% increase over Ch. 2
- Proposes \$197.3 million GF in policy actions
- Technical updates result in an \$89.2 million GF increase
- Recommends \$290.0 million NGF for school construction from casino revenues and literary fund

GF \$ in millions	FY 2025	FY 2026	Biennial
<b>Base (Chapter 2)</b>	<b>\$9,826.4</b>	<b>\$10,047.7</b>	<b>\$19,874.2</b>
Policy Proposals	138.1	59.2	197.3
Technical Updates	<u>21.0</u>	<u>68.1</u>	<u>89.2</u>
<b>Proposed in HB 1600</b>	<b>\$159.1</b>	<b>\$127.4</b>	<b>\$286.5</b>



# \$89.2M K-12 TECHNICAL UPDATES

GF \$ in millions	FY 2025	FY 2026	Bienn.
<b>Update English Learner Proficiency Data.</b> Due to improved compliance with English proficiency screening requirements	\$48.8	\$61.9	\$110.7
<b>Update Sales Tax (Net Impact)</b> <ul style="list-style-type: none"> <li>▪ 1-1/8% dedicated K-12 sales tax forecast increased \$86.3 million over biennium</li> <li>▪ These additional revenues decrease state basic aid required by \$47.9 million</li> </ul>	20.0	18.4	38.4
<b>Update Enrollment Projections.</b> Based on fall enrollment data, ADM projection for FY 2025 increased 0.2%, or 2,140 students and FY 2026 increased 0.3%, or 3,873 students	13.3	20.5	33.8
<b>Update Lottery Revenues.</b> GF savings from increase in available NGF Lottery Proceeds	(40.9)	(22.4)	(63.3)
<b>Other Updates.</b> Updates participation data	(20.2)	(10.3)	(30.5)
<b>TOTAL TECHNICAL UPDATES</b>	<b>\$21.0</b>	<b>\$68.1</b>	<b>\$89.2</b>

# DIRECT AID TO PUBLIC EDUCATION

- **School Construction Grants.** Proposes a \$290.0 million increase to provide \$450.0 million in grants this biennium
  - \$150.0 million NGF from Literary Fund
  - \$111.3 million NGF from School Construction Fund (casino revenue) balances and \$28.7 million NGF from casino revenue reforecast
- **Virginia Opportunity Scholarships.** Recommends \$50.0 million GF in FY 2026 to provide \$5,000 grants for eligible low-income students to attend Virginia accredited private schools
- **College Partnership Laboratory Schools.** Proposes \$25.0 million GF in FY 2025 to establish schools in partnership with public and private HBCUs

# DEPARTMENT OF EDUCATION

- **Assessment Contract.** Proposes \$61.0 million GF in FY 2025 and \$5.0 million GF in FY 2026 to support one-time and ongoing costs of transitioning to new assessment contract
- **Board of Education-Directed Support.** Proposes \$50.0 million GF in FY 2025 for Board to designate among several priorities, including:
  - Leadership development and mentorship training
  - School improvement supports
  - Grants to expand access to advanced coursework in middle schools
  - Compilation of best practices from high performing, high poverty schools
  - Statewide Academic and Career Planning Platform
  - Statewide Attendance Dashboard
  - Statewide IEP System

# DEPARTMENT OF EDUCATION

- **Virginia's Visualization and Analytics Solution (VVAAS)**  
Recommends \$1.9 million GF in FY 2025 and \$3.1 million GF in FY 2026 to continue access to VVAAS data analytics tool for schools and parents after expiration of federal pandemic relief funds
- **Regional Academic Support Specialists.** Proposes \$250,000 GF in FY 2025 and \$1.0 million GF in FY 2026 to establish six positions to support schools not meeting accreditation benchmarks
- **Staffing Level Adjustments.** Increases maximum employment level by 32 positions, reflecting actual staffing levels

# EARLY CHILDHOOD

Proposes several actions to address access to early childhood slots without additional state funding:

## Proposed Early Childhood Actions in HB 1600, Introduced

**Family Copayments.** Increases Child Care Subsidy Program (CCSP) and Mixed Delivery (MD) copayments for FY 2026 to a max of 7% of family income for most eligible families and to \$5/month for lowest income families

**Va. Preschool Initiative (VPI) LCI Cap.** Eliminates the .5000 LCI cap, saving \$7.9 million GF in FY 2026, redirecting savings to create additional CCSP slots

**FY 2025 VPI Nonparticipation Savings.** Redirects \$5.2 million GF in savings due to lower than anticipated VPI utilization to CCSP slots in FY 2025

**Parental Work Requirements.** Imposes a 90-day limit on job search as a qualifying parental activity

**Attendance Requirements.** Directs VDOE to revise attendance requirements across all early childhood programs

**Child Care for School-Age Children.** Ceases enrollment of additional school-age children in CCSP and establishes workgroup to strengthen afterschool and extracurricular programming to serve this population

*Note: Chapter 2 includes an additional 2,440 slots in FY 2026 above those provided in FY 2025*



# HIGHER EDUCATION

# PROPOSED HIGHER EDUCATION SPENDING

- Proposed amendments in the 2024-26 budget include a biennial increase of \$53.6 million in general fund
  - \$12.0 million in the second year under SCHEV for to-be-determined initiatives to increase the number of nursing graduates
  - \$12.9 million over the biennium for increased costs of VMSDEP stipends (\$9.4 million) & workforce credential grants (\$3.5 million)
  - \$15.0 million in the second year at the VCCS to support technical education
    - Also proposes to transfer \$20.0 million from the “G3” program for the same purpose
  - \$5.0 million in the first year at ODU for a new initiative related to student pathways
  - \$4.0 million in the first year for research at the VCU Massey Cancer Center

# PROPOSED POLICY CHANGES

- Proposes a tuition and fee freeze for FY 2026 and then imposes a 2.5% cap thereafter although the budget will no longer be in effect
- Requires the development of a sustainability study for the New College Institute by August of 2025 but has language that stipulates no funding shall be provided for the next biennium, when this budget is no longer in effect
- Proposes the use of fund balances from the prepaid 529 programs for reimbursement of waiver costs at public colleges and universities without any proposed legislation



# COMMERCE AND LABOR

# ECONOMIC DEVELOPMENT PROJECTS

\$1.4 million for anticipated Micron payment in FY 2026

- MEI approved economic development project; legislation will be considered by the 2025 General Assembly

\$3.9 million for Wythe County related to Blue Star Manufacturing Project

- Economic development project has stalled
- Amendment reimburses the County for work completed at Progress Park for the company per VEDP's MOU with the County

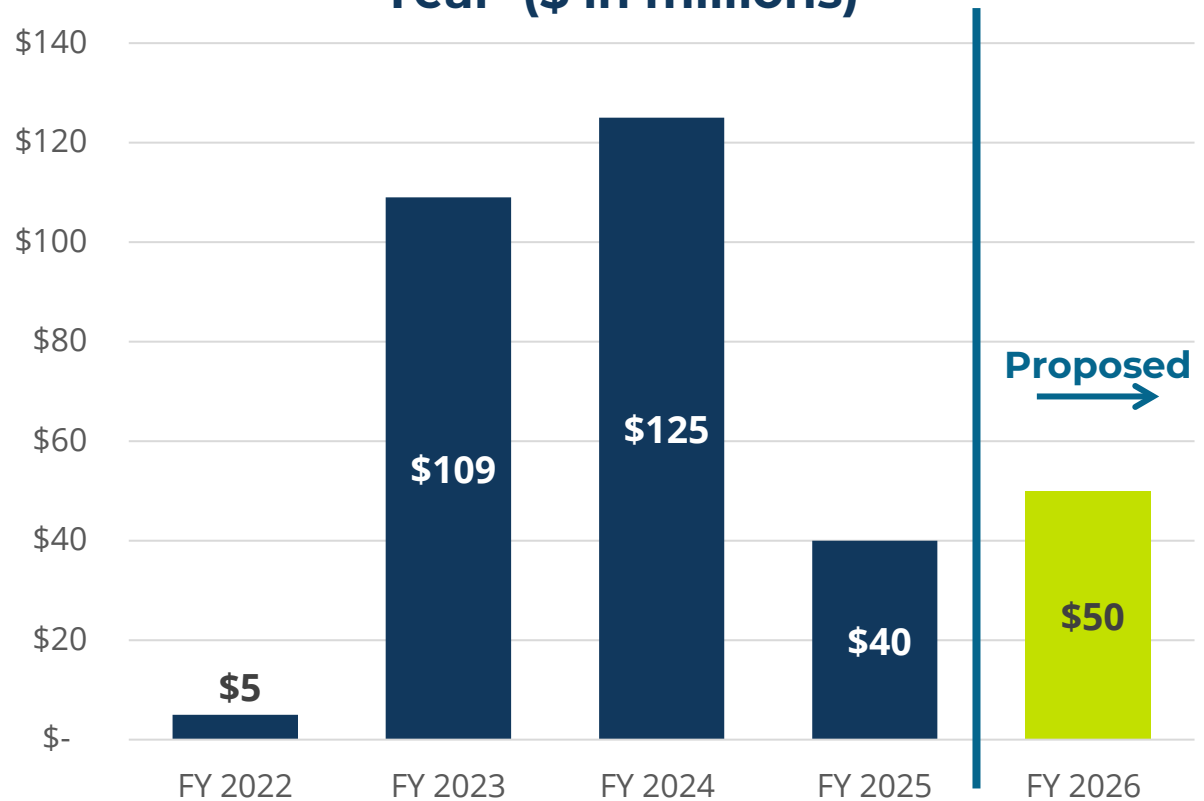
# VIRGINIA BUSINESS READY SITES

Provides an additional \$50.0 million for Virginia's Business Ready Sites Program

General Assembly has invested \$279.0 million in site development

Twice, second year money (for FY 2024 and FY 2026) has been advanced to the first year for earlier usage; making it difficult to establish a true base for the program and ensure consistent funding from year to year

## Available Sites Funding by Fiscal Year (\$ in millions)



# HOUSING AND COMMUNITY DEVELOPMENT

## \$25.0 million GF for New Disaster Assistance Fund

- Creates a permanent fund for disaster relief in the budget to supplement federal, private, and insurance disaster funding
- Capitalizes the fund with \$25.0 million GF, and December 2023 RGGI auction proceeds, estimated at \$102.0 million

## \$15.0 million for Daycare Facilities Capital Grant

- Proposes a new program for localities or higher education institutions to construct daycare facilities
- Adds \$14.0 million in new money for this program, and repurposes \$1.0 million designated in the budget for a childcare facility for state employees

# LIFE SCIENCES

## GA Approved Program (2024)

- Invested \$90.0 million GF in 4 university life science initiatives at UVA, VT, VCU, and ODU
- Structured as a 5-year commitment based on project performance

## Governor's New Proposal

- Makes current GA investments in life sciences one-time
- Adds \$35.0 million to fund new life sciences initiatives:
  - \$5.0 million for new lab space in Roanoke
  - \$12.5 million for new lab space at UVA
  - \$12.5 million for a new training center at VSU
  - \$5.0 million to develop a fast-acting insulin
- Requires a review by a taskforce of representatives from VIPA, VEDP, HAC, SFAC, and Secretary of Finance and final approval from Secretary of Commerce and Trade before funding is released to projects

# TOURISM AND WORKFORCE

\$5.0 million for new tourism program to recruit sports tournaments and events to Virginia

- Capitalizes a new fund to recruit youth, collegiate, and adult amateur sporting events and tournaments to the state; legislation will be considered by the 2025 General Assembly
- Directs \$500,000 to the MLB Speedway Classic in Bristol

\$2.1 million for new marketing campaign, Virginia Has Jobs

- Marketing money for a new jobs posting platform development by Virginia works

\$645,000 for tourism activities in Southwest Virginia

- \$395,000 for Spearhead Trails to purchase additional equipment
- \$250,000 for Heart of Appalachia Tourism Authority to support the development of the Three Rivers Destination Discovery Center

# AG & NATURAL RESOURCES

# WATER QUALITY IMPROVEMENT FUND

- Proposes appropriating \$93.7 million for the mandatory WQIF deposit as follows:
  - \$50.0 million for the City of Richmond's Combined Sewer Overflow Project
  - \$26.4 million deposited to WQIF, with \$8.9 million directed to the WQIF Reserve and \$17.4 million to support Ag BMPs
  - \$17.4 million to DEQ to support wastewater treatment plant improvements



# DEPARTMENT OF CONSERVATION & RECREATION

- \$610,000 the second year to reflect the addition of conservation officers to VALORS
  - Pursuant to 2024 General Assembly legislation which requires reenactment
- \$323,846 the second year for two support positions in the Division of Planning and Recreation Resources
- Proposes use of special funds to support operations
  - \$216,000 from the State Park Conservation Resources Fund to establish a revenue specialist position
  - \$463,000 from interest earnings in WQIF and NRCF for three SWCD support positions
  - \$355,000 from interest earnings in SWCD Dam Maintenance fund to support administration of the fund

# DEPT. ENVIRONMENTAL QUALITY

- \$1.5 million GF for water treatment plant upgrades at the Richlands Regional Treatment Facility
- Two NGF adjustments
  - \$486,000 to reflect federal appropriation for Sewer Overflow and Stormwater Municipal Grant award
  - \$103,000 to reflect federal Coal Combustion Residuals grant
- Proposes language delaying polystyrene container prohibition until 2028 for retail food establishments operating more than 20 locations in the Commonwealth and until 2030 for smaller establishments
  - Language in Chapter 2 establishes the respective effective dates as July 1, 2025 and 2028

# OTHER NATURAL RESOURCES AGENCIES

## Department of Wildlife Resources

- \$4.4 million for state portion of cost for U.S. Army Corps of Engineers project to construct permanent seabird nesting habitat
  - State share represents 35% of total estimated cost of project

## Department of Historic Resources

- \$250,000 the first year for outside legal counsel to assist with drafting battlefield easements
  - OAG currently has battlefield easement processing backlog

## Virginia Marine Resources Commission

- \$150,000 for safety upgrades at main offices

# AG & FORESTRY

## **VDACS**

- \$2.9 million for ongoing modernization of Department's regulatory systems
  - First 2 of 21 required systems to be updated
  - Completion of all system updates anticipated in 2036
- \$632,000 for new equipment required to implement inspections process for electric vehicle chargers
- \$250,000 to provide reimbursements to livestock producers for the premium payments under the USDA Pasture, Rangeland, and Forage insurance program

## **Dept. of Forestry**

- \$502,000 over the biennium to upgrade the Integrated Forest Resource Information System

# PUBLIC SAFETY & VETERANS

# DEPARTMENT OF CORRECTIONS

- \$4.1 million in FY 2026 to reflect projected spending on inmate medical services
- \$2.1 million in FY 2025 for mobile classrooms to expand career and technical education offerings for HVAC and renewable energy
- \$987,000 deposit in the Corrections Special Reserve Fund to reflect estimated bedspace impacts of 13 bills affecting criminal sentencing
- \$935,000 in FY 2026 for two mobile teams to provide dental services to inmates in state correctional facilities
- \$905,000 in FY 2026 to expand electronic monitoring of individuals under probation supervision



# DEPT. OF CRIMINAL JUSTICE SERVICES

- \$6.8 million increase in FY 2025 for School Resource Officer Incentive Grant Fund
  - Would increase to \$30 million in FY 2025, in addition to \$20.4 million in FY 2026 already provided for in Chapter 2
- \$3.5 million in FY 2026 to reimburse local law enforcement for TDO/ECO transportation
  - Reimbursement only for time spent on transportation
  - Limited to VSP Divisions III, IV, and VI, and localities “whose agencies must travel far distances to transport an individual to a state facility”
- \$2.5 million in FY 2025 for grants to localities to purchase public safety radio and communications infrastructure equipment
  - Localities required to score both above average or high on the DHCD fiscal stress index and double-distressed by VEDP distressed localities assessment

# STATE POLICE

- \$3.3 million the second year to reflect pay step increase for sworn trooper positions
  - 1.4% average increase in addition to 3% statewide increase for all state employees
- \$2.4 million in one-time funding to upgrade or replace LiveScan fingerprint units
- \$2.2 million from unspecified non-general fund balances for ongoing costs of upgrading the Virginia Criminal Information Network (VCIN)



# OTHER PUBLIC SAFETY

Agency	Item	GF \$ in millions
Fire Programs	Grant program for local purchase of protective firefighter equipment	\$5.0
Fire Programs	6 state fire marshal positions	0.7
Dept. Juvenile Justice	Increased operating costs related to youth admissions and contracted services	3.1
Forensic Science	2 forensic biology section positions	0.3
Forensic Science	2 building operations positions for Central Lab	0.2
VDEM	Pay off line of credit balance for 2020 utilization of Disaster Response Fund	0.2

# VETERANS & DEFENSE AFFAIRS

## **Dept. of Veterans Services**

- \$4.7 million in additional general fund support for start-up costs at new veterans care centers
  - \$19.1 million provided in Chapter 2
- \$1.1 million and one position for development and maintenance of agency's IT systems
  - Includes one-time funding the first year to add text messaging to scheduling system
- Proposes \$2.6 million line of credit to support Davis & McDaniel Veterans Care Center
  - Center facing cash flow issues as a result of delayed reimbursement for services provided

## **Dept. of Military Affairs**

- Proposes a new \$12 million line of credit for federally reimbursable projects



# TRANSPORTATION

# GF TRANSPORTATION ACTIONS

- **(VDOT) GF Support for I-81 Improvement Program.** Includes \$175.0 million GF in FY 2025 for the I-81 Corridor Improvement Program which was authorized in Chapter 2 contingent on the FY 2024 year-end surplus
- **(DRPT) Adjust Funding for WMATA Operating Support.** Adjusts funding included in Chapter 2 for WMATA by moving all of the funding into the first year and reducing the total by \$11.1 million based on an updated estimate of the required 2025 local share
  - Amendment eliminates the FY 2026 appropriation of \$84.5 million and increases FY 2025 appropriation by \$73.4 million
- **(VPA) Funding for Dredging Project.** Proposes \$1.0 million GF in FY 2025 to support the dredging of Back Creek off of the York River

# NGF TRANSPORTATION AMENDMENTS

(\$ in millions)	FY 2025	FY 2026
VDOT – Updated Revenue Projections and Six Yr. Plan	\$313.3	(\$106.9)
DMV – Support Computer System Replacement	0.0	25.0
VCSFA – Update Projected Revenues	0.1	1.0
Aviation – Adjust NGF for Salary & Health Insurance Increases	0.0	0.3
DMV Transfer Payments – Updated Revenue Projections	2.5	2.5
VDOT Transfer Payments – Updated Revenue Projections and Six Yr. Plan	<u>(4.1)</u>	<u>57.0</u>
<b>Total</b>	<b>\$311.8</b>	<b>(\$21.1)</b>

# VDOT TOLL RELIEF AMENDMENTS

- **Modify Language Pursuant to Toll Relief in Hampton Roads.** Modifies language adopted in Chapter 2 providing additional toll relief in Hampton Roads
  - Clarifies that only residents of Norfolk and Portsmouth are eligible for the additional toll relief benefit
  - Authorizes some of the new funding to be used to support original Elizabeth River Crossings (ERC) Toll Relief Program if the ERC program has a funding shortfall
- **Eliminate Tolling on the George P. Coleman Bridge.** Includes language eliminating tolls on George P. Coleman Bridge effective January 1, 2026
  - Language states that any remaining debt to state's Toll Facility Revolving Account that cannot be repaid shall be written off

# OTHER LANGUAGE AMENDMENTS

- **(Aviation) Support for Project at Roanoke-Blacksburg Regional Airport.** Authorizes a \$20.0 million state-supported treasury loan to support a runway modification project at the Roanoke-Blacksburg Regional Airport contingent on the Federal Aviation Administration approving the project
- **(DMV) Charge Credit Card Convenience Fee for Large Transactions.** Authorizes the Department to charge 1.5% convenience fee for credit card transactions of \$10,000 or more
- **(DMV) Retain Revenue From Rent Charges.** Includes language which authorizes the Department to retain any revenues generated through the rental of space in DMV owned facilities



# COMPENSATION AND BENEFITS



# EMPLOYEE COMPENSATION ACTIONS

- Chapter 2 included 3% salary adjustments for all employee groups in each year of the biennium
  - The introduced budget does not modify the across-the-board salary increases
- Chapter 2 also included \$61.4 million for targeted salary increases across both years
- The introduced budget proposes \$7.1 million GF for 3 additional targeted salary increases in FY 2026
  - \$3.3 million GF to fund the FY 2026 State Adjustment for the State Police Pay Plan
  - \$2.4 million GF to provide market adjustments for Trade Positions within the DBHDS facilities
  - \$1.4 million to provide a 9.3% salary increase for E-911 Dispatchers in sheriffs' offices

# ADJUSTMENTS TO BENEFIT PROGRAMS

(\$ in millions)	FY 2025	FY 2026
6% premium increase for state employee health program	\$0.0	\$40.5
Adjust funding for Line of Duty Act premiums	(0.4)	0.0
Adjust funding for state employee Workers' Compensation premiums	0.0	(1.0)
Adjust funding for scheduled minimum wage increase based on current law	<u>(0.1)</u>	<u>(0.3)</u>
<b>Total</b>	<b>(\$0.5)</b>	<b>\$39.2</b>

# CAPITAL OUTLAY

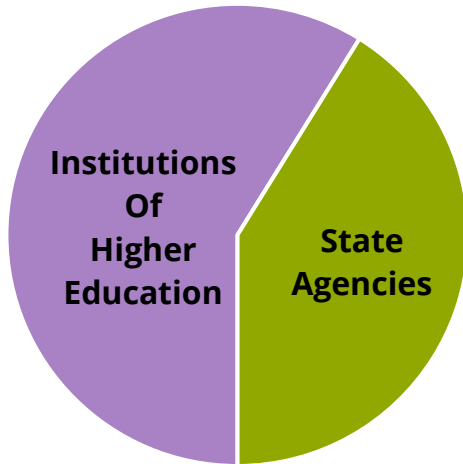
# HB 1600: CAPITAL OUTLAY

Capital Outlay Funding Type for FY 2024-2026	(\$ in millions)
General Fund Cash	\$1,367.2
General Fund Bonds	(400.0)
Nongeneral Fund Cash	165.8
9(c) Revenue Bonds	206.1
9(d) Revenue Bonds	31.5
<b>Total</b>	<b>\$1,370.6</b>

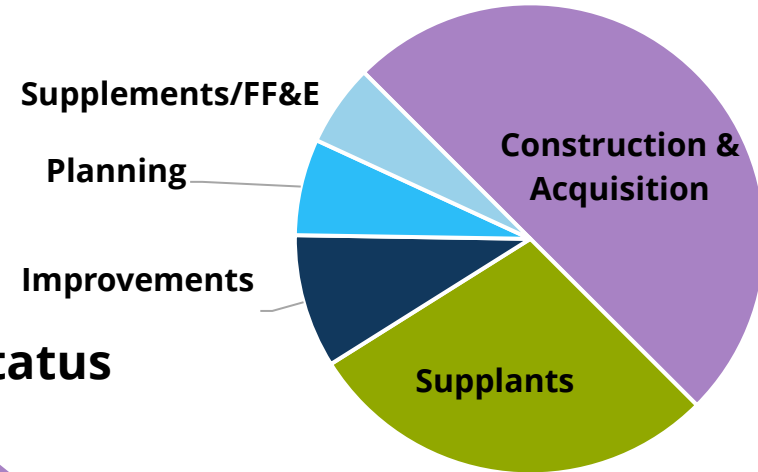
- No new tax-supported debt
- Net of \$967.2 million GF in new capital spending
  - After accounting for \$400.0 million in GF cash supplant of existing tax-supported debt

# ALLOCATIONS OF THE \$1.4 BILLION GF IN CAPITAL SPEND

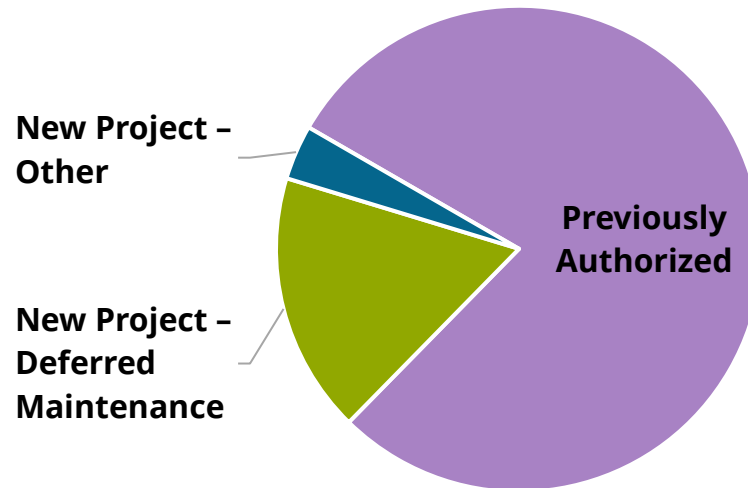
## By Owner



## By Project Type



## By Authorization Status



# CONSTRUCTION & ACQUISITION

HB 1600 proposes a total of \$698.0 million GF for construction and acquisition projects

Two-thirds of the funding is for nine projects at institutions of higher education

One-third of the funding is for four projects at state agencies

Projects are funded via a mix of stand-alone and pool process allocations

## Projects of note

Owner	Project Name
Virginia State Police	Replace Training Academy Acquire Division 6 Headquarters-Roanoke
Virginia Tech	Expand VT-Carilion School of Medicine & Fralin Biomedical Research Institute
VCU	Acquire Altria Building
Virginia Military Institute	Construct Center for Leadership & Ethics Phase II, & Parking Structure
Virginia State University	Renovate Virginia Hall
Virginia Community College System	Renovate Amherst/Campbell, Central VA Replace Godwin Building, Annandale Campus, Northern Virginia
Inst. of Advanced Learning & Research	Expand Center for Manufacturing Advancement
William and Mary	Replace Law School Central Utility Plant
Department of Military Affairs	Construct State Military Reservation Training and Emergency Ops. Facility

# EXISTING FACILITY IMPROVEMENTS

- Total of \$125.4 million GF for projects that address life safety, accessibility, upgrades, and security
- \$90.2 million GF for projects at state agency facilities
  - \$52.1 million for DBHDS to make priority repairs at state facilities
  - Other projects include office renovations in the Patrick Henry Building, fire protection systems at the VMFA, and replacement of sprinkler systems at the Bon Air Juvenile Correctional Center
- \$35.2 million GF for improvement projects at the following institutions of higher education
  - George Mason University, William and Mary, Virginia State University, Longwood University, University of Mary Washington, and Norfolk State University

# PLANNING

## Project Highlights:

### New State Building

\$35.0 million GF to plan a new building and parking garage on the VDOT Annex footprint

Also authorizes sale of property at 7<sup>th</sup> & Main and use of the project funds to upgrade spaces to relocate Monroe Building tenants

### New Courts Building

\$14.5 million GF to continue planning, demolition, and site preparation

\$90.6 million GF to continue or initiate project planning; projects of note

Owner	Project
Department of General Services	Replace State Laboratory
Wilson Workforce Rehabilitation Center	Replace Switzer Student Workforce Transition Facility Perform Structural Repairs
Old Dominion University	Address Oceanography Building Deferred Maintenance
Radford University	Construct Roanoke Academic Building
University of Virginia at Wise	Construct Technology Classroom Building ( <i>pre-planning only</i> )
Virginia Community College System	Replace Buchanan and Tazewell Halls, Southwest Virginia Community College
Dept. of Beh. Health and Dev. Services	Adjust Scope for Food Service Renovations



# OTHER CAPITAL

- \$62.4 million GF as supplements for two projects facing cost overruns
- \$14.5 million GF for furniture, fixtures, and equipment (FF&E) for four projects nearing completion
- Language authorizing the sale of property near the Science Museum currently housing DGS' Office of Fleet Management Services
- Language amending the scope of a project to implement long-term water security for state facilities in Nottoway
- Language transferring \$7.2 million GF and \$4.1 million in bond authorization between projects



# GENERAL GOVERNMENT

# GENERAL GOVERNMENT: GF SPENDING HIGHLIGHTS

- \$131.0 million for the Department of Taxation to replace the state's revenue management system (IRMS)
- \$11.7 million for the GF share of agency rent and IT cost increases
- \$10.0 million to adjust agency premiums for property insurance
- \$7.6 million for the Supreme Court to enhance IT and support sealing fee legislation implementation
- \$4.0 million for the Virginia IT Agency to create a new Project Management Center
- \$2.7 million for the Department of Accounts to support core operations
- \$2.0 million for the 2026 transition and inauguration of elected officials
- \$1.0 million for the Office of the Attorney General to enhance ratepayer protection and expand Operation Ceasefire to Northern Virginia