

HB 1600 - Summary of Major Items in the Conference Report

- Net Conference available resources total \$4.8 billion, including an increase of \$1.46 billion from the FY 2024 carryforward balance, a \$3.2 billion increase in GF revenue, and a \$119.5 million increase in transfers.
- Available revenues are heavily focused on the first year, meaning spending contains substantial one-time investments to maintain structural balance across the biennium.
- Leaves an unappropriated balance at the close of the biennium of \$15.6 million.

Tax Policy Changes

- Redeploys \$1.1 billion to provide immediate and on-going tax relief to Virginia's hard-working citizens.
 - Authorizes a tax rebate of \$200 for individuals and \$400 for joint filers to be issued by October 15, 2025 (\$978.0 million one-time cost).
 - Reduces all citizens' tax liability by further adjusting the standard deduction to \$8,750 for individuals and \$17,500 for joint filers (revenue reduction of \$70.5 million in FY 2026, \$53.3 million annually thereafter).
 - Increases the refundable portion of the Earned Income Tax Credit (EITC) to 20 percent of the federal credit, providing on-going tax relief to lower income citizens (\$35.0 million annual revenue reduction starting in FY 2026).

Public Education

- Overall provides a \$782.4 million increase in state funds to support public education over the biennium (\$520.1 million GF and \$262.3 million from other state sources).
 - From these funds, \$552.7 million in additional support is distributed directly to school divisions.
- Includes \$222.9 million to fully fund state-recognized support positions, as recommended by the Joint Subcommittee on Elementary and Secondary Education Funding.

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- Increases support for school construction by \$150.0 million across the two years, for a total of \$310.0 million in school construction grants this biennium supported by casino gaming revenues.
- Provides \$134.4 million for a \$1,000 bonus in June of this year for funded instructional and support personnel with no local match required.
- Provides \$52.8 million to increase state support by 10 percent for special education students by establishing an add-on payment to basic aid for these students, as recommended by the Joint Subcommittee on Elementary and Secondary Education Funding.
- Provides \$25.0 million for a public-private early childhood care and education partnership to share the cost of child care slots between parents, employers, and the state.
- Expands state-supported early childhood care and education slots by about 4,500 slots while maintaining affordable family copayments for working families.
- Includes \$12.0 million for an initiative to focus state efforts on improving student achievement in mathematics through targeted support and grants.
- Provides \$10.1 million to continue providing school divisions access to a virtual learning management platform, and to expand capabilities of the online Virginia IEP system.
- Provides a \$2.5 million increase in support for community schools to expand wraparound services in underserved areas.
- Includes \$1.0 million to support the Joint Subcommittee on Elementary and Secondary Education Funding's work to ensure adequate state support is provided for public education.
- Includes \$500,000 to guide the development of a modern high-quality state SOL assessment system.

Higher Education

- Provides \$55.0 million GF of funding to maintain affordability and access goals at public colleges and universities.
 - Allows institutions to limit in-state undergraduate tuition increases.

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- Includes \$20.0 million GF for the ongoing Historically Black Colleges and Universities collaboration that includes Norfolk State University, Virginia State University, Hampton University, and Virginia Union University and localities.
- Provides \$26.8 million GF for increased student financial assistance as follows:
 - \$15.0 million for in-state undergraduate financial aid at public colleges and universities.
 - \$10.0 million for the Virginia Tuition Assistance Grant (VTAG) to maintain the \$5,250 award level.
 - \$1.8 million for a VTAG supplemental award of up to \$2,000 at federally designated Hispanic-Serving Institutions (HSI).
 - Also includes \$15.0 million NGF to support the workforce credential grant that provides industry-based credential training.
- Allocates \$10.3 million GF to support healthcare programs.
- Contains \$120.0 million to support offsetting the cost of tuition waiver programs.
 - Includes \$100.0 million GF and \$20.0 million dedicated from the FY 2025 year-end surplus.

Employee Compensation

- Provides \$83.1 million for a 1.5 percent bonus for state and state supported local employees.
 - State employees will receive their bonus in their June 16th paycheck and state supported local employees will receive their bonuses on July 1, 2025.
 - Included under K-12 is \$134.4 million for a \$1,000 bonus for SOQ positions in FY 2025.
- Includes an amendment which extends the worker's compensation benefits for post-traumatic stress disorder, anxiety disorder, or depressive disorder to two years for law enforcement personnel and firefighters.
- Provides \$1.0 million for a \$2,231 salary increase for security positions at the Department of Juvenile Justice.
- Includes \$0.9 million for a 6 percent salary adjustment for E-911 dispatchers employed within sheriffs' offices.

Health and Human Resources

- Provides an additional \$869.0 million GF for Health and Human Resources over the biennium. About 89 percent represents mandatory increases due to enrollments and utilization.

Medicaid

- Includes budget language to strengthen both internal and external financial oversight of the Medicaid program.
- Provides \$686.1 million GF over the biennium for the Medicaid and the children's health insurance forecasts.
- Adds \$10.0 million GF in FY 2026 to provide operating support for nursing homes.
- Includes \$6.9 million GF to expand Medicaid coverage for weight loss drugs based on criteria more closely aligned with the state employee health program.
- Provides \$1.1 million GF to increase Medicaid rates for substance use disorder services by 6.5 percent.
- Includes \$1.6 million to fund Medicaid services for individuals with brain injuries.

Behavioral Health

- Invests an additional \$41.2 million for behavioral health and developmental services.
 - \$8.7 million to hire additional support coordinators at CSBs to ensure individuals receiving a DD waiver get timely access to services and to help with the increased caseload due to the significant addition of DD waiver slots this biennium.
 - \$6.0 million to support 10 additional MARCUS Alert sites.
 - \$4.2 million to expand an alternative custody program to help individuals under a temporary detention order waiting for an available hospital bed.
 - \$3.2 million to address rising pharmaceutical costs at state facilities.
 - \$2.3 million to sustain and expand the Adult Psychiatric Access Line to support primary care physicians treating patients with mental health or substance use disorders.

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- \$1.5 million to support outpatient competency restoration services to reduce state hospital census pressures.
- \$1.5 million to support Part C Early Intervention Services for infants and toddlers with disabilities.
- \$1.1 million to bolster the behavioral health workforce.
- \$1.0 million to expand pilot programs to divert and discharge individuals with dementia from state hospitals to community placements.

Aging and Disability Services

- Provides \$3.2 million GF in FY 2026 for aging and disability services.
 - \$750,000 for services to local agencies on aging to assist in providing community services to elderly Virginians.
 - \$750,000 for community brain injury services.
 - \$600,000 to address workforce retention by community brain injury services providers.
 - \$400,000 to add two pilot projects to develop interdisciplinary plans of care and dementia case management for 200 individuals diagnosed with dementia. Projects will be located in Richmond and Roanoke.
 - \$400,000 to expand a pilot program in Fairfax County that reduces the risk of social isolation among older Virginians, with the goal of expanding the program statewide.
 - \$300,000 for Centers for Independent Living to provide independent living skills training, peer mentoring, information and referral, and transition services for people with significant disabilities.

Other Health and Human Resources

- Provides \$100.3 million GF over the biennium for the Children's Services Act caseload and cost increases.
- Adds \$25.0 million GF in FY 2025 for drinking water grants to localities to upgrade or replace existing drinking water infrastructure.

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- Provides \$8.0 million GF over the biennium to implement enhanced child protective services, including improvements to the CPS Hotline interactive voice response system.
- Adds \$6.7 million GF in FY 2026 for pregnant and postpartum individuals to improve maternal and infant health outcomes.

Commerce and Labor

Housing

- Makes significant investments to help Virginians achieve homeownership, address high rental costs for low-income Virginians, and increase the state's supply of affordable housing.
 - Includes \$20.0 million to pilot a program that will provide direct rental assistance to families in Northern Virginia and Hampton Roads, so that the cost of housing does not exceed 30.0 percent of their income.
 - Provides \$15.0 million for a new grant program for first-time homebuyers to receive a grant of up to \$10,000 to offset the cost of homeownership.
 - To increase the supply of affordable housing, the conference report increases the capacity of the Virginia Housing Opportunity Tax Credit.

Disaster Assistance

- Recognizes the devastating impacts of Hurricane Helene for individuals that lost their homes. Includes \$50.0 million to help citizens in Southwest Virginia repair and rebuild their homes, and prepare for future occurrences of flooding.

Site Readiness

- Adds an additional \$35.0 million for economic development site investments, including an additional \$20.0 million for the Virginia Business Ready Sites Program.

Life Sciences

- Retains \$90.0 million for health science investments at the University of Virginia, Virginia Tech, Virginia Commonwealth University, and Old Dominion University.
- Provides an additional \$14.5 million for new life sciences investments designed to retain bioscience companies and research in Virginia and lower the cost of insulin.

Natural Resources, Agriculture, and Forestry

- Conference report meets the Commonwealth's funding commitments related to Chesapeake Bay Cleanup:

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- Fully funds agricultural best management practices for the biennium (\$27.0 million in new funding, plus \$201.0 million in Chapter 2).
- Fully supports state share of costs for wastewater treatment plant improvements (\$448.0 million).
- Provides \$40.0 million for the Stormwater Local Assistance Fund.
- Includes an additional \$50.0 million to support the Richmond CSO project.
- Provides \$50.0 million for the Community Flood Preparedness Fund.
- Provides \$11.0 million in one-time support for historic and cultural attractions across the Commonwealth.
- Supports \$20.0 million in additional funding to address State Park maintenance needs.

Public Safety and Veterans

- Includes an additional \$5.9 million to support grants for local community violence intervention programs.
- Maintains \$4.5 million for inmate healthcare, including improvements to the quality of dental services provided.
- Includes an additional \$3.5 million of support to sexual assault and domestic violence victim agencies and victim witness programs.
- Provides \$2.1 million to expand career and technical offerings for state inmates.
- Provides \$2.0 million for reimbursement of local law enforcement transportation of individuals under emergency custody or temporary detention orders.
- Removes proposed language that would withhold funding from local law enforcement agencies if they do not comply with new requirements related to federal immigration enforcement.
- Removes language that prohibits certain state-responsible inmates from earning the enhanced earned sentence credit rate on their sentence.
- Includes an amendment which extends the workers' compensation benefits for post-traumatic stress disorder, anxiety disorder, or depressive disorder to two years for law enforcement personnel and firefighters.

Transportation

- Includes language, NGF appropriations adjustments, and debt authority to enable the Virginia Port Authority to amend its lease for the Virginia International Gateway Terminal with the intent to enter into an agreement to effectuate the purchase of the Terminal at the end of the current lease in 2065.
- Restores \$3.3 million GF in FY 2025 for operating support for WMATA.
 - The introduced budget reduced funding by \$11.1 million, and after a review of the calculation, an additional \$3.3 million is necessary.
- Provides up to \$8.0 million from the Transportation Partnership Opportunity Fund for the Port to support a dredging project at Wallops Island to enable large barges to bring rockets to the launch site.

Capital Outlay

- A \$1.9 billion capital outlay package, including \$1.0 billion general fund, \$71.2 million in tax-supported debt, \$596.8 million NGF, \$206.1 million in 9(c) revenue bonds and \$24.5 million in 9(d) revenue bonds.
 - Limits new tax-supported debt to only \$71.2 million, using significantly less than the available debt capacity of \$1.2 billion. Key GF-supported projects include:
 - \$626.0 million GF for ten higher education projects in a pool;
 - \$106.6 million GF for eight state agency projects in a pool;
 - \$71.2 million to address water quality improvement needs and local stormwater runoff;
 - \$32.3 million to address critical improvements at state mental health facilities;
 - \$25.0 million to provide air conditioning in state prisons; and,
 - \$20.0 million to address needs at state parks.

General Government

- \$131.0 million to replace the state's revenue management system (IRMS).
- \$16.5 million to address costs related to legislation to seal criminal records, including maintaining \$3.0 million included in the introduced budget.
- \$1.0 million for three additional judgeships in General District and Juvenile and Domestic Relations courts.

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- \$1.0 million to support various legislative commissions and initiatives, including enhanced operational support for the Virginia State Crime Commission, Commission on Women's Health, the Freedom of Information Act Council, Virginia Housing Commission, and Commission on Electric Utility Regulation.
- \$750,000 for a statue to commemorate the legacy of former Governor L. Douglas Wilder.
- Establishment of a legislative member workgroup to review potential uses of nearly \$1.6 billion in available balances in the Virginia 529 Defined Benefit Fund.