



# OVERVIEW OF VIRGINIA'S BUDGET FOR FY 2024 - 2026

CHAPTER 725, 2025 ACTS OF ASSEMBLY



VIRGINIA HOUSE  
APPROPRIATIONS  
COMMITTEE

# Introduction

Last year, the General Assembly adopted a new budget for the FY 2024 – FY 2026 biennium, which consists of fiscal years 2025 and 2026. In odd-year sessions, the General Assembly updates this budget with amendments, which are reflected in the budget bill with italics (new money and language) and “strike throughs” (removing existing money and language). On May 2, 2025, the Governor exercised his constitutional ability to line-item veto items included in the budget. There are 37 items the Governor elected to veto, 3 of which were deemed not in conformity with the Constitution and thus were not recognized by the General Assembly. The Governor line-item vetoes are indicated in the budget itself with handwritten notes from the Governor.

This document, *Overview of Virginia's Budget for FY 2024 – FY 2026*, provides a summary of changes made to the state's budget during the 2025 legislative process, which is codified as Chapter 725, 2025 Acts of Assembly.

The Executive Summary includes a discussion of the state's resources for spending and highlights key spending items. The details on resources, spending, and savings adopted follow the Executive Summary and are organized by budget area. Changes made by the Governor through the line-item veto process are indicated throughout the document.

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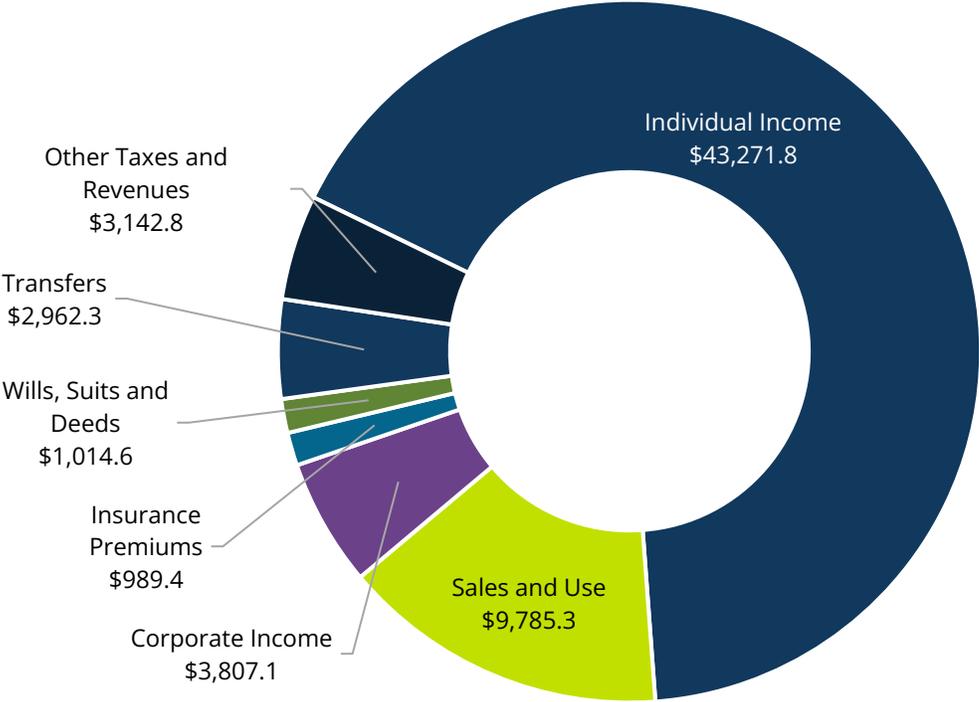
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# Executive Summary

## Revenue Overview

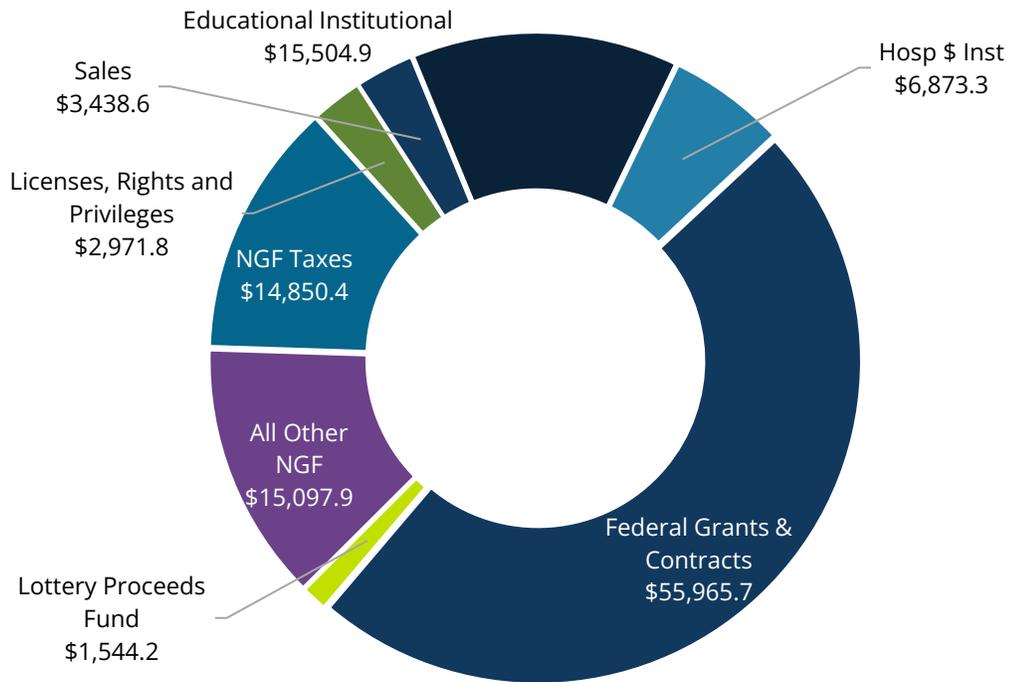
- The amended budget for the 2024-26 biennium budget, Chapter 725, includes \$69.5 billion in general fund resources (including carryforward balances) available for appropriation. Resources include a beginning balance of \$12.7 billion partially offset by a \$8.2 billion reduction in balances, resulting in a net available balance of \$4.5 billion. This balance is in addition to the \$62.0 billion in estimated revenues over the 2 years and \$3.0 billion in assumed transfers to the General Fund over the biennium. The chart below shows General Fund resources by source.
- Chapter 725, HB 1600 as adopted, includes \$4.73 billion in additional general funds above those included in Chapter 2.

**FY 2024-26 GF REVENUES & TRANSFERS = \$64.9 BILLION  
CH 725, AS ENACTED (\$ in millions)**



- Total biennial revenues, including nongeneral funds, are \$181.2 billion. Consistent with recent biennia, the nongeneral fund revenues make up 2/3s of total resources. The chart on the next page includes a breakdown of nongeneral fund revenues.

**FY 2024-26 NONGENERAL FUND REVENUES = \$116.2  
BILLION  
CHAPTER 725 (\$ in millions)**



- The 2024-26 general fund revenue forecast included in the introduced budget, prior to any policy adjustments, assumes revenue growth of 4.1% in FY 2025 and 2.3% in FY 2026. The policy adjustments included in the revenue assumptions do not have a material impact on these growth rates.
- Through the first nine months of fiscal year 2025, revenue collections are 5.8% ahead of FY 2024 collections.
- The adopted budget has an unappropriated general fund balance of \$51.0 million. Additionally, the Governor vetoed approximately \$849.5 million in spending that was included in the budget adopted by the General Assembly leaving \$900 million unappropriated.

## Break Out of Revenue Adjustments in Chapter 725 (\$ in millions)

	FY 2025	FY 2026
Chapter 2 GF Revenues	\$28,563.8	\$30,275.6
GACRE Revenue Forecast Adjustments	1,951.7	1,065.4
Post GACRE Forecast Adjustments	147.4	111.4
Sports Betting Forecast Adjustment	2.2	3.5
Updated Forecast Based on Current Policy	30,662.8	31,452.3
<b>Tax Policy Adjustments</b>		
Increase Tax Staff - Expedite Appeals & Resolution	0.0	2.3
Tax Refund Procedures for ISP Exemption	0.0	2.0
Education Improvement Scholarships Tax Credit	(4.0)	(4.0)
Incr. Threshold for Estimated Payments to \$1,000	0.0	(1.1)
Increase Standard Deduction \$250/\$500	0.0	(70.5)
Increase Refundability for EITC to 20.0 percent	0.0	35.0
Reflect Revenues from Expiring Tax Credits	0.0	20.2
<b>Total Revenue</b>	<b>\$30,661.0</b>	<b>\$31,360.4</b>

\* Note: The Budget includes \$977.8 million to cover the cost of a tax rebate of \$200 for single filers and \$400 for married filers to be paid no later than October 15, 2025.

## Tax Policy Changes

### Increase the Standard Deduction for Tax Year 2025 and 2026 to \$8,750 for Single Filers and \$17,500 for Joint Filers

- The 11<sup>th</sup> enactment clause in the adopted budget increases the standard deduction for tax years 2025 and 2026 to \$8,750 for single filers and \$17,500 for joint filers, a \$250 and \$500 increase, respectively.
- The budget reduces revenues in FY 2026 by \$70.5 million to reflect the impact of the change in the standard deduction.

### Increase the Threshold for Estimated Payments from \$150 to \$1,000 on or after January 1, 2026

- The 5<sup>th</sup> and 6<sup>th</sup> enactment clauses in the adopted budget increase the payment threshold for estimated payments from \$150 to \$1,000 of estimated income tax liability for the taxable year, effective for taxable years beginning on and after January 1, 2026.

- The budget assumes a revenue reduction of \$10.4 million in FY 2026. The out-year revenue reduction is expected to be \$1.1 million each year beginning in FY 2027.

### **Increase the Refundability of the Earned Income Tax Credit**

- The 11th enactment clause in the adopted budget increases the refundability of the earned income tax credit from 15.0% to 20.0% of the federal earned income tax credit.
- The budget reduces revenues in FY 2026 by \$35 million to reflect the impact of the change in the earned income tax credit refundability.

### **Reflect Revenues from Expiring Tax Credits**

- The budget increases assumed revenues in FY 2026 by \$20.2 million to reflect the impact of the expiration of 4 tax credits that were not authorized to continue.
  - Major Research and Development Tax Credit – \$14.6 million
  - Research and Development Expenses - \$2.9 million
  - Major Business Facility Job Tax Credit – \$2.4 million
  - Tax Credit for Participating Landlords - \$0.3 million

### **Fund Education Improvement Scholarships Tax Credit up to Statutory Cap**

- Reduces assumed revenues by \$4.0 million each year by assuming the usage for the Education Improvement Scholarships Tax Credit will reach its statutory cap of \$25.0 million annually. The usage has historically not reached the cap, but usage has been increasing.

### **Improve Efficiencies Within Tax Department**

- Assumes additional revenues of \$2.3 million annually, starting in FY 2026, from hiring additional staff for the error resolution and appeals unit at the Tax Department.
- Assumes \$2.0 million in additional revenues in FY 2026 from streamlining the refund procedures for the internet services provider exemption.

## **Spending Overview**

Chapter 725, 2025 Acts of Assembly, includes general fund spending totaling \$67.5 billion over the biennium with operating expenditures of \$34.8 billion in FY 2025 and \$32.7 billion in FY 2026. Measured against Chapter 2 operating expenses, this represents an increase of \$3.0 billion in FY 2025 and \$700.0 million in FY 2026, which includes amendments accepted by the General Assembly during the reconvened session. The Governor reduced operating expenditures through the line-item veto process by \$168.2 million over the biennium; \$16.9 million of which will not be recognized by the General Assembly. When considered together, the authorized state budget includes an additional \$3.5 billion of operational spending over the previous budget of Chapter 2.

The General Assembly authorized new GF capital outlay totaling \$1.0 billion. However, the Governor vetoed \$691.3 million of this spending through the line-item veto process, bringing total new capital outlay spending to \$351.9 million over the biennium.

**New GF spending (operating and capital outlay) above Chapter 2 totals \$3.9 billion, with an additional \$900 million left unspent and available for future needs.**

New operational support for FY 2025 includes a significant number of one-time investments. Although it is not a requirement to fund “one-time” spending in the first year of biennium, doing so makes it easier to identify one-time spending during the annual budget development process. One-time spending in Chapter 725 includes:

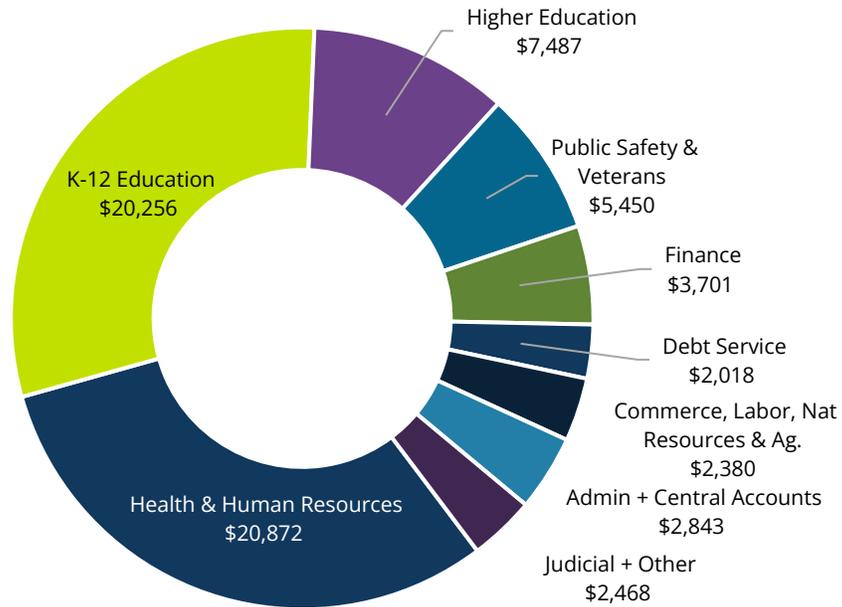
- \$977.8 million to fund a tax rebate of \$200 for single filers and \$400 for joint filers
- \$294.5 million for the Revenue Reserve Fund, which was set out as contingent spending in Chapter 2 from the FY 2024 revenue surplus
- \$175.0 million for the I-81 improvement project, which was set out as contingent spending in Chapter 2 from the FY 2024 revenue surplus
- \$134.4 million to fund a \$1,000 bonus for teachers without a local match requirement
- \$131.9 million to replace the state’s revenue collection system at the Department of Taxation
- \$83.1 million for a 1.5% bonus for state employees and state-supported local employees

Chapter 725 also includes some significant spending that will continue to the next biennium. This budget eliminates the support cap (\$223 million in FY 2026) and implements the special education add-on (\$53 million in FY 2026) in K-12 education, both of which will continue in the next biennium. Additionally, Chapter 725 addresses the rising costs of the state’s Medicaid program with an additional \$601.8 million over the biennium included to address increase utilization and inflation. The cost of the state’s Medicaid program will continue to drive spending decisions in the next biennium.

The chart below highlights biennial GF operating spending by secretarial area, which totals \$67.4 billion over the biennium. Inclusive of the Governor’s line-item vetoes recognized by the General Assembly, this spending figure is reduced to \$67.2 billion. The state’s mandatory programs, K-12 Education and health and human services, continue to dominate total spending with 61% of spending directed to these areas of government.

Major spending included in Chapter 725, 2025 Acts of Assembly are detailed below by Secretarial Area.

**FY 2024 - FY 2026 BIENNIAL GENERAL FUND  
SPENDING BY SECRETARIAL AREA, CH 725  
\$67.4 billion (\$ in millions)**



### Health and Human Resources

- **Medicaid Forecast.** Provides \$337.0 million in FY 2025 and \$264.8 million in FY 2026 for the forecast of utilization and inflation in the Medicaid program.
- **Virginia Health Care Fund.** Reflects a general fund reduction of \$48.4 million GF in FY 2025 and an increase of \$15.5 million GF in FY 2026 to account for the latest revenue estimates in the Fund. The tobacco tax forecast has not decreased as much as expected in FY 2025 which will offset the general fund amount needed to fund Medicaid program costs. In addition, Medicaid recoveries are expected to be higher in FY 2025 due to the receipt an additional managed care organization payment. In FY 2026, revenue from other tobacco taxes and pharmacy rebates are expected to be less than previously forecast.
- **Children’s Health Insurance Programs.** Includes spending of \$40.9 million in FY 2025 and \$47.4 million in FY 2026 for the children’s health insurance programs (FAMIS and M-CHIP).
- **Children’s Services Act (CSA) Forecast.** Adds \$37.0 million in FY 2025 and \$63.3 million in FY 2026 for estimated caseload and cost increases in CSA.
- **Department of Behavioral Health and Developmental Services.** Includes \$35.2 million GF the second year to give funding to private hospitals to employ special conservators of the

peace (SCOPs) to maintain custody of an individual under an emergency custody or temporary detention order.

- **Department of Health.** Adds \$25.0 million in FY 2025 for grants to localities to upgrade or replace existing drinking water infrastructure.

## Early Childhood and K-12 Education

- **\$1,000 Bonus for School Personnel.** Includes \$134.4 million GF in FY 2025 to provide a one-time \$1,000 bonus for state-recognized instructional and support staff. No local match is required for school divisions to access these funds, and flexibility is provided to allow school divisions to adjust the amount of these bonuses per employee as needed to promote retention among staff.
- **Fund Support Positions at Prevailing Ratio.** Provides \$222.9 million GF in FY 2026 to increase the number of state-recognized support positions from 24.0 to 27.89 support positions per 1,000 students, effectively eliminating the “support cap” imposed during the Great Recession.
- **Special Education Add-On.** Provides \$52.8 million GF in FY 2026 to establish an add-on to per-pupil basic aid for each special education student. This add-on provides an additional 4.75 percent to basic aid for special education students receiving Level I services and an additional 5.25 percent for students receiving more intense Level II services.
- **School Construction.** Includes an additional \$170.0 million NGF in FY 2025 and \$30.0 million NGF in FY 2026 for school construction assistance grants, increasing the total grants available for the biennium from \$160.0 million to \$360.0 million.
- **Update English Learner Proficiency Data.** Includes \$48.8 million in FY 2025 and \$61.9 million GF in FY 2026 to support additional English Learner students identified as requiring intense support.

## Economic and Workforce Development

- **Virginia Economic Development Partnership Authority (EDIP).** Provides an additional \$20.0 million for the Virginia Business Ready Sites program, which funds characterization and development grants for localities to improve economic development site quality. Since FY 2022, the General Assembly has appropriated \$279.0 million for this program. Provides \$7.5 million to support a site readiness project in Pulaski County at the Department of Housing and Community Development.
- **Virginia Economic Development Partnership Authority (EDIP).** Includes \$14.5 million for life science activities in Roanoke, Charlottesville, and Petersburg, which includes lab space construction for research teams and new bioscience companies, and the development of low-cost insulin.

- **Virginia Economic Development Partnership Authority.** Transfers \$6.0 million and responsibility for the business-related activities of the innovative internship program from SCHEV to VEDP.
- **Department of Housing and Community Development.** Provides \$50.0 million to assist victims of Hurricane Helene and recent flooding occurring in February 2025 that suffered major property damage with repairs and replacement efforts and improve the likelihood that housing stock is better able to withstand hazards in communities affected by flood disasters.
- **Department of Housing Community Development (Vetoed).** Provides \$50.5 million to support several housing initiatives including: \$20.0 million for a 3-year pilot program to provide rental assistance to families in Planning District Commission regions 8 and 23; \$15.0 million to provide grants to first-time homebuyers equal to 5% of the sales price, up to \$10,000; \$13.0 million to aid localities with or starting housing trust funds to create more affordable housing; and, \$2.5 million to capitalize the Urban Public-Private Partnership Redevelopment Fund. **These items were vetoed by the Governor.**

## Public Safety and Homeland Security

- **Community Violence Intervention (Vetoed).** Provides an additional \$350,000 in FY 2025 and \$5.5 million in FY 2026 to support community violence intervention programs. This includes a one-time, \$350,000 grant to the VICTOR program, \$2.0 million for the Firearm Violence Intervention and Prevention Fund to provide grants to the City of Chesapeake, and a total of \$5.0 million to support the expansion of the Safer Communities program to the Cities of Hampton and Newport News. **This item was vetoed by the Governor.**
- **Increased Inmate Medical Costs.** Includes \$4.1 million GF in FY 2026 to reflect updated projections of Department of Corrections inmate medical spending and the increased costs of providing medical care. The amended budget includes an additional 12 medical positions to replace medical contractors with state employees.
- **TDO and ECO Transportation Reimbursement.** Provides \$3.0 million GF in FY 2025 at the Department of Criminal Justice Services to reimburse local law enforcement agencies for the time and costs of transporting individuals held under emergency custody orders and temporary detention orders. The language prioritizes reimbursement of agencies within State Police Divisions III, IV, and VI, and localities who must travel long distances to transport an individual to a state facility.

## Veterans and Defense Affairs

- **Support Start-Up Costs at New Veterans Care Centers.** Includes an additional \$4.7 million NGF in FY 2025 to support start-up operating costs at Jones & Cabacoy and Puller Veterans Care Centers. This money would be in addition to the \$19.1 million GF provided in Chapter 2 and brings the total startup support to \$23.8 million for the year. The funding has been

provided with the expectation that once full staffing and occupancy levels at the Centers are reached sufficient nongeneral fund revenue will be generated to support all ongoing operational costs.

## Agriculture and Forestry

- **Modernize Regulatory IT Systems.** Provides \$2.9 million GF in FY 2026 to begin modernization of the first two of VDACS' 21 regulatory systems. VDACS currently estimates the modernization program will last until 2036.
- **EV Charger Inspection.** Adds \$632,000 GF in FY 2025 for equipment to begin testing of electrical vehicle chargers through VDACS' Weights and Measures program.
- **Forest Resource Information System.** Includes \$270,000 GF in FY 2025 and \$232,000 GF in FY 2026 for software upgrades to the Department of Forestry's 20-year-old Integrated Forest Resource Information System.

## Natural and Historic Resources

- **Richmond Combined Sewer Overflow.** Provides \$50.0 million GF the first year to support the City of Richmond's ongoing Combined Sewer Overflow project.
- **Agricultural Best Management Practices.** Includes \$26.3 million to be deposited into WQIF from the mandatory WQIF deposit of FY 2024 surpluses. Of this amount, \$17.4 million is directed to the Natural Resources Commitment Fund to support agricultural best management practices, and \$8.9 million is directed to the WQIF reserve.
- **Enhanced Nutrient Removal Certainty.** Directs \$17.4 million from the mandatory WQIF deposit of FY 2024 surpluses be provided to support reimbursements for projects identified as part of the Enhanced Nutrient Removal Certainty program.

## Capital Outlay

- **Overall Capital Outlay.** Total of \$351.9 million GF, which includes \$85.1 million for construction and acquisition, \$96.8 million for improvements, \$93.2 million for planning, and \$76.9 million for supplements and equipment for projects currently under construction. The Governor vetoed an additional \$691.3 million of GF spending in the capital area budget.
- **Higher Education Projects.** Provides \$133.8 million for projects at institutions of higher education. The Governor vetoed \$646.3 million of spending on projects for higher education institutions including the purchase of the Altria Building for use by VCU for its medical school, construction of Center for the Arts for UVA, expansions of the Virginia Tech-Carilion School of Medicine and Fralin Biomedical Research Institute and of the Institute of Advanced Learning and Research's Center for Manufacturing Advancement, and the renovation of Virginia Hall at VSU.
- **State Agency Projects.** Provides \$226.1 million for state agency projects, including planning for a new state agency building at the site of the VDOT Annex and a replacement state

laboratory, funding for State Police to continue planning a new Training Academy and to purchase a new Area 6 headquarters, allocations to make critical repairs to DBHDS facilities and to renovate offices in the Patrick Henry Building. The Governor vetoed funding to address deferred maintenance in Virginia's State Park system (\$20 million), and for the first phase of an effort to provide air conditioning in all state prisons currently without (\$25 million).

## Higher Education

- **Access and Affordability.** Provides \$75.0 million GF of increased funding over the biennium to maintain affordability and access goals at public colleges and universities which will allow institutions to limit in-state undergraduate tuition increases.
- **Student Financial Assistance.** Provides \$26.8 million GF in additional financial aid for private colleges and universities through the VTAG program, public colleges and universities, and federally designated Hispanic Serving Institutions (HSI).
- **State Council of Higher Education.** Includes \$19.4 million GF over the biennium to support projected cost increases in the VMSDEP stipend (\$9.4 million) and to offset the cost of waiver programs at public higher education institutions (\$10.0 million).

## Compensation and Retirement

- **State 1.5% Bonus for State Employees and State Supported Local Employees.** Provides \$83.1 million general fund in FY 2025 to provide a 1.5% bonus for state employees and state supported local employees at the end of fiscal year 2025.
- **State Employee Health Insurance Premiums.** Provides \$40.5 million GF in FY 2026 to support a 6.0% increase in premiums for the state employee health insurance program effective July 1, 2025.

## General Government

- **Funding for Income Tax Rebate.** Includes \$977.8 million GF the first year for an income tax rebate of \$200 for single filers and \$400 for married filers to be paid no later than October 15, 2025.
- **New State Revenue Management System.** Provides \$131.0 million in FY 2025 to replace the state's revenue management system (IRMS) and another \$6.8 million GF for other critical agency IT needs.
- **Criminal Record Sealing.** Adds \$16.5 million for various agencies to support costs to implement legislation passed during the 2025 Session directing the sealing of certain criminal records starting July 1, 2025.
- **Wrongful Incarceration Compensation.** Includes \$9.0 million in FY 2026 for claim payments to four wrongfully incarcerated individuals.

- **Virginia IT Agency (VITA).** Includes \$3.9 million to establish a new project management center to oversee agency system development and implementation (\$2.0 million) and for state match to draw down additional federal cybersecurity grants (\$1.9 million).
- **Courts Information Technology.** Adds \$3.5 million to support court information technology system security and necessary upgrades.
- **Additional Judgeships.** Provides \$0.9 million for three additional judgeships approved by the 2025 General Assembly for General District and Juvenile and Domestic Relations courts
- **Debt Service Savings.** Total savings of \$59.0 million to reflect updated debt service payments owed on bond issuances.
- **Governor L. Douglas Wilder Statue.** Provides \$750,000 to construct a statue that commemorates the legacy of former Governor L. Douglas Wilder.
- **Florence Neal Cooper Endowment for Sickle Cell Disease.** Includes \$500,000 for the Florence Neal Cooper Smith Sickle Cell Research Endowment Fund, established by House Bill 2500 of the 2025 Acts of Assembly.

## Transportation

- **VDOT I-81 Improvement Program.** Appropriates the \$175 million in General Fund support for I-81 Corridor Improvement Program which was authorized in Chapter 2 contingent on the FY 2024-year end surplus.

# Resources

Chapter 725, the adopted budget for the 2024-26 biennium budget includes \$69.5 billion in general fund resources available for appropriation.

<b>General Fund Resources Available for Appropriation in Chapter 725</b> <b>(2024-26 biennium, \$ in millions)</b>	
Beginning Balance	\$12,757.4
Additions to the Balance	(8,224.0)
Official GF Revenue Estimate	62,021.4
Transfers	<u>2,962.3</u>
<b>GF Resources Available for Appropriation</b>	<b>\$69,517.2</b>

## Available Balances

Chapter 725, the amended budget as adopted, reflects the beginning balance of \$12.8 billion at the close of the 2022-24 biennium, with \$8.2 billion of the balances being removed to reflect outstanding obligations and \$4.6 billion remaining available for appropriation during the biennium.

## Forecast of General Fund Revenues

The updated 2024-26 general fund revenue forecast included in the budget assumes revenue growth of 4.1% in FY 2025 and 2.3% in FY 2026. These growth rates are calculated off of a much higher FY 2024 base compared to the forecast used in developing the revenue projections for Chapter 2. The actual revenues for FY 2024 were \$1.7 billion ahead of the December 2023 forecast for FY 2024 and was \$1.5 billion more than the final revenues assumed for FY 2024 in last year’s budget.

The higher base, along with the stronger expected growth rate of 4.1% in FY 2025, result in an increase in expected revenues in FY 2025 of \$2.1 billion. The strong growth is largely driven by continued growth in net individual income of 6.1%.

The updated forecast for FY 2026 does have a lower growth rate than last year’s forecast, which assumed a mild recession in FY 2025 followed by a strong recovery in FY 2026, and therefore the increase in expected revenues for FY 2026 is \$1.1 billion based solely on the higher FY 2025 base.

The policy adjustments included in the forecast do not materially impact the projected growth rates for the revenues in the current biennium.

Forecast of General Fund Revenues, Projected Growth				
(\$ in millions)				
	FY 2025	% Growth	FY 2026	% Growth
Withholding	17,580.8	5.2%	17,887.0	1.7%
Nonwithholding	6,778.5	3.4	6,366.3	(6.2)
Refunds	(2,811.6)	(5.4)	(2,529.1)	(10.0)
Net Individual	21,547.7	6.1	21,724.2	0.8
Corporate	1,791.5	(6.1)	2,015.6	12.5
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	1,570.1	(4.6)	1,572.6	0.2
<b>Total GF Revenues</b>	<b>\$30,661.0</b>	<b>4.1%</b>	<b>\$31,360.4</b>	<b>2.3%</b>

## Policy Changes Reflected in Revenue Forecast

The policy assumptions included in Chapter 725 result in a net decrease in revenues of \$14.4 million in FY 2025 and \$16.1 million in FY 2026.

### Enrolled Budget

- Increase Standard Deduction to \$8,750 for Single Filers and \$17,500 for Joint Filers.** Increases the standard deduction for tax year 2025 and 2026 to \$8,750 for single filers and \$17,500 for joint filers, a \$250 and \$500 increase respectively would exclude incomes received from tips in the calculation of individual 's income beginning in tax year 2026. The budget reduces revenues in FY2026 by \$70.5 million to reflect the impact of the change in the standard deduction.
- Increase the Refundability of the Earned Income Tax Credit.** Increases the refundability of the earned income tax credit from 15.0 to 20.0 percent of the federal earned income tax credit for tax year 2025 and 2026. The budget reduces revenues in FY 2026 by \$35.05 million to reflect the impact of the change in the earned income tax credit refundability.
- Increase the Threshold for Estimated Payments from \$150 to \$1,000 on or after January 1, 2026.** Budget reflects a one-time revenue reduction of \$10.4 million in FY 2026. The estimated ongoing reduction is \$1.1 million each year beginning in FY 2027.
- Fund Education Improvement Scholarships Tax Credit up to Statutory Cap.** Increases the assumed reduction in revenues for the EISTC by \$4.0 million annually to assume full usage of the credit up to the global cap of \$25 million each year.
- Improve Efficiencies Within Tax Department.** Assumes additional revenues of \$2.3 million from hiring additional staff for the error resolution and appeals unit at the Tax Department and \$2.0 million in additional revenues in FY 2026 from streamlining the refund procedures for the internet services provider exemption.

- **Reflect Revenues from Expiring Tax Credits.** Assumes additional revenues of \$20.2 million to reflect the impact of the expiration of 4 tax credits that were not authorized to continue.
  - Major Research and Development Tax Credit – \$14.6 million
  - Research and Development Expenses - \$2.9 million
  - Major Business Facility Job Tax Credit – \$2.4 million
  - Tax Credit for Participating Landlords - \$0.3 million

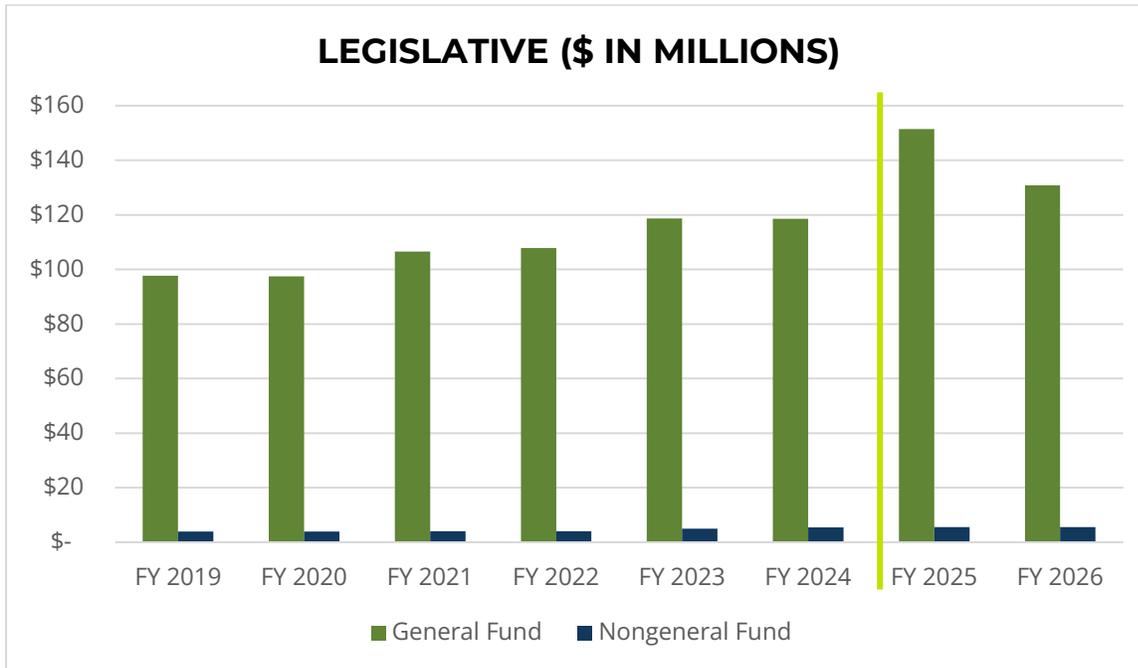
The adopted budget also includes \$977.8 million GF the first year for an income tax rebate of \$200 for single filers and \$400 for married filers to be paid no later than October 15, 2025.

## General Fund Transfers

Assumed transfers to the general fund total \$3.0 billion over the biennium. Of this amount, \$1.1 billion represents the standard 0.375% sales tax transferred from the Local Real Estate/SOQ Fund for public education and \$1.0 billion is from transfers out of Virginia’s Revenue Reserve Fund because the balance in the 2 reserve funds would exceed the statutory cap otherwise.

<b>GF Transfers, Chapter 725 (2024-26 biennium, \$ in millions)</b>	
0.375% Sales Tax – Public Education	\$1,194.8
Transfer to GF From Revenue Reserve Fund	1,008.0
ABC Profits	317.2
ABC/Wine to DBHDS for Substance Abuse Treatment	149.0
Transfer From Unclaimed Property for Teacher Retirement	115.0
Reflect Racing Commission Revenue	60.0
DMA Special Revenue Fund	30.0
NGF Indirect Costs (SICAP)	29.2
Revert Go Virginia Balances	28.0
OAG Consumers Affairs Revolving Affair	5.4
Other Miscellaneous Transfers	<u>25.7</u>
<b>Total Net Transfers</b>	<b>\$2,962.3</b>

# Legislative

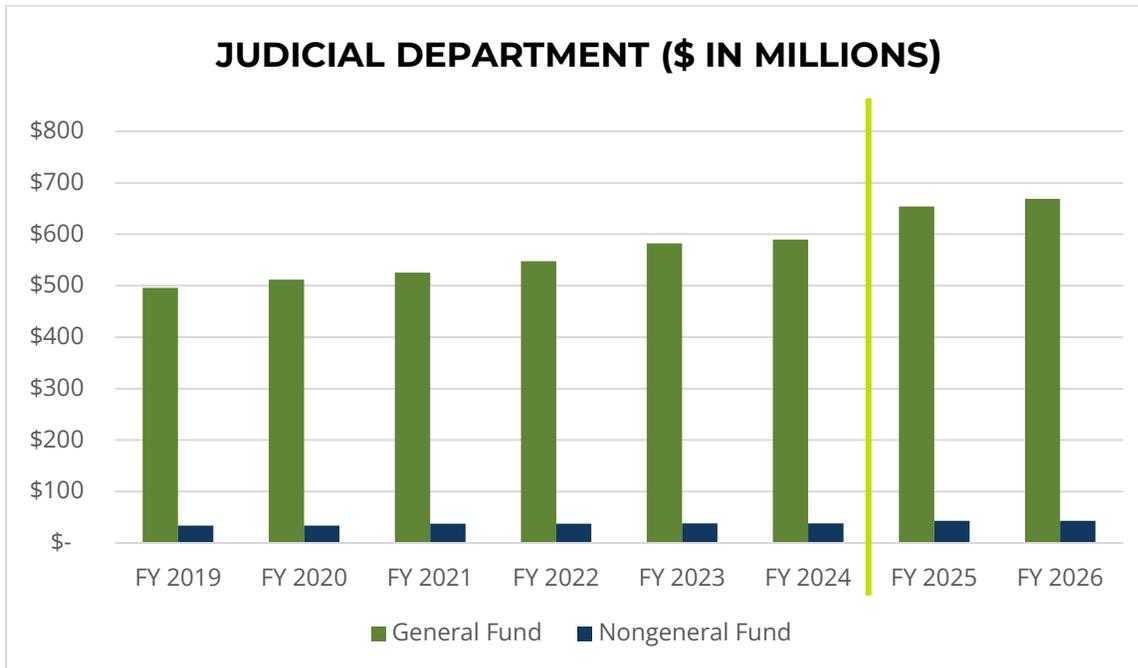


General fund spending in the Legislative branch has averaged 4.4% annual growth from FY 2019 through FY 2026. Increased GF spending in FY 2025 includes a one-time general fund appropriation of \$20.0 million to support costs associated with the American Revolution 250 Commission. Notable GF spending proposals for the legislative branch resulting from the 2025 Session include the following:

- **L. Douglas Wilder Statue.** Includes \$750,000 GF the first year for the construction of a statue that commemorates the legacy of former Governor L. Douglas Wilder.
- **Data Center Sales and Use Tax Exemption Study.** Includes language that directs the Joint Subcommittee on Tax Policy to review the data center sales and use tax exemption during the 2025 interim.
- **VA529 Surplus Funds Joint Subcommittee.** Updates language to establish a Joint Subcommittee to review options for the use of the Virginia 529 Defined Benefit Trust Fund based on the 2022 report from the Joint Legislative and Audit Review Commission on the actuarial surplus.
- **Sunsets Legislative Commission.** Reverts \$262,288 GF each year to reflect the sunset of the Capitol Square Preservation Council.
- **Reflect Operating Cost Increases.** Includes \$550,000 GF in the first year and \$708,590 GF the second year to support operating cost increases for nine legislative commissions, to include two positions to support workload increases for the Freedom of Information Council and increased dues for national organizational memberships.

- **Reversion of Available Balances.** Authorizes transfer of \$2.3 million in excess balances from legislative branch agencies for transfer and deposit to the general fund.
- **Commission on Electric Utility Regulation (Vetoed).** Added \$75,000 in FY 2026 to the Commission’s operating budget. **This item was vetoed by the Governor.**

## Judicial



General fund spending in the Judicial Department averages 4.4% annual growth from FY 2019 through FY 2026. GF spending highlights for FY 2025-2026 include \$3.5 million over the biennium for technology expenses for the Supreme Court, \$3.7 million GF to support Judicial Branch costs to implement criminal record sealing laws that go into effect starting July 1, 2025, \$1.0 million GF to support increase rates for guardian ad litem payments, and nearly \$1.0 million GF for three additional judgeships.

### Supreme Court

- **Support Costs to Implement Criminal Sealing Legislation.** Includes \$3.6 million GF over the biennium and 3 positions to support agency costs associated with House Bill 2723 and Senate Bill 1466 of the 2025 Session.
- **Enhance Agency Technology and Access Management Solutions.** Includes \$718,000 GF the first year and \$2.8 million GF the second year to support IT contracts, address security risks, and implement an enterprise-wide access management solution.

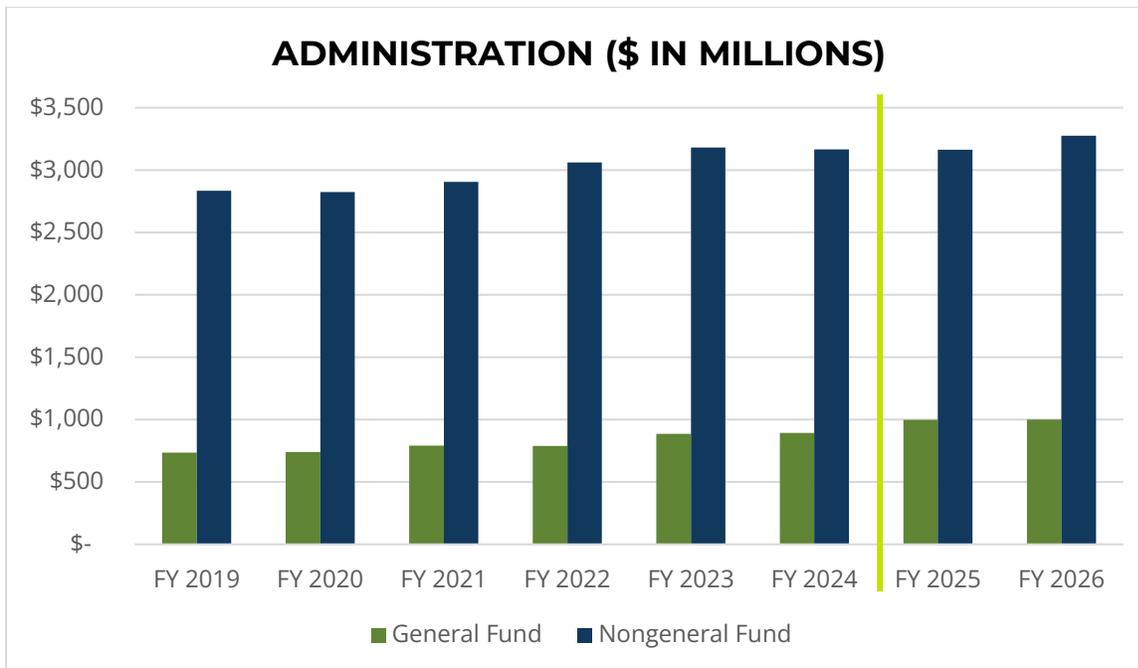
## Circuit Courts

- **Increase Guardian Ad Litem Rate.** Includes \$1.0 million GF the second year and language increasing guardian ad litem rates.
- **Additional Judgeships.** Includes \$936,606 GF the second year for three additional judgeships in accordance with House Bill 2729 and Senate Bill 1327 of the 2025 Session.
- **Indigent Defense Co-Counsel.** Includes \$450,000 GF the second year in support of House Bill 2322, which provides court-appointed co-counsel for indigent defendants charged with felonies punishable by a mandatory minimum term of confinement for life.

## Indigent Defense Commission

- **Support Costs to Implement Criminal Sealing Legislation.** Includes \$138,193 GF the second year to create a Sealing and Expungement Resource Counsel in accordance with House Bill 2723 and Senate Bill 1466 of the 2025 Session.
- **Reflect Nongeneral Fund Support.** Includes \$1.7 million NGF increase each year to reflect contributions from localities for supplemental pay and interpreter and paralegal positions. Also includes a grant from the Opioid Abatement Authority for additional reentry and recovery specialists.

## Administration



General fund spending in the Administration Secretariat averages 4.6% annual growth from FY 2019 through FY 2026. Notable GF spending proposals for FY 2025-2026 include \$11.0 million for additional positions in Commonwealth's Attorneys and Circuit Court Clerks' offices to implement criminal record sealing requirements starting July 1, 2025, and \$3.9 million for the Virginia IT Agency, to include \$2.0 million to establish a new project management initiative and \$1.9 million as state match to draw down federal cybersecurity funds. The budget also includes \$874,195 in the second year to support a 6% salary increase for sheriffs' dispatchers.

## Compensation Board

- **Increase Constitutional Office Staffing for Criminal Record Sealing Workloads.** Provides \$11.0 million GF in FY 2026 for 70 additional Commonwealth's Attorney positions and 117 Deputy Clerk IV positions to support increased workloads in local constitutional offices to implement the provisions of House Bill 2723 and Senate Bill 1466.
- **Increase Pay for Sheriffs' Dispatchers.** Includes \$874,195 GF the second year for a 6% salary increase for sheriffs' dispatchers and dispatcher supervisors, effective July 1, 2025.
- **Convert Commonwealth Attorneys to Full-Time Status.** Includes \$270,970 GF the second year to convert Bath and Highland County's Commonwealth Attorneys' offices to full-time.
- **Constitutional Officer Salary Methodology Study.** Includes language directing the Compensation Board to assess comparable state roles and local salary supplements for employees in constitutional offices.

## Department of General Services

- **Adjust Appropriation to Reflect Rate Changes.** Includes \$6.1 million NGF the second year to implement a new rate methodology that better aligns with the private sector, updates for current agency space utilization, and accommodates planned tenant moves from the Monroe Building. Also includes changes to labor rates to account for recent statewide salary actions. A companion budget action in Central Accounts provides \$7.5 million GF the second year for the anticipated GF share of these rate changes.

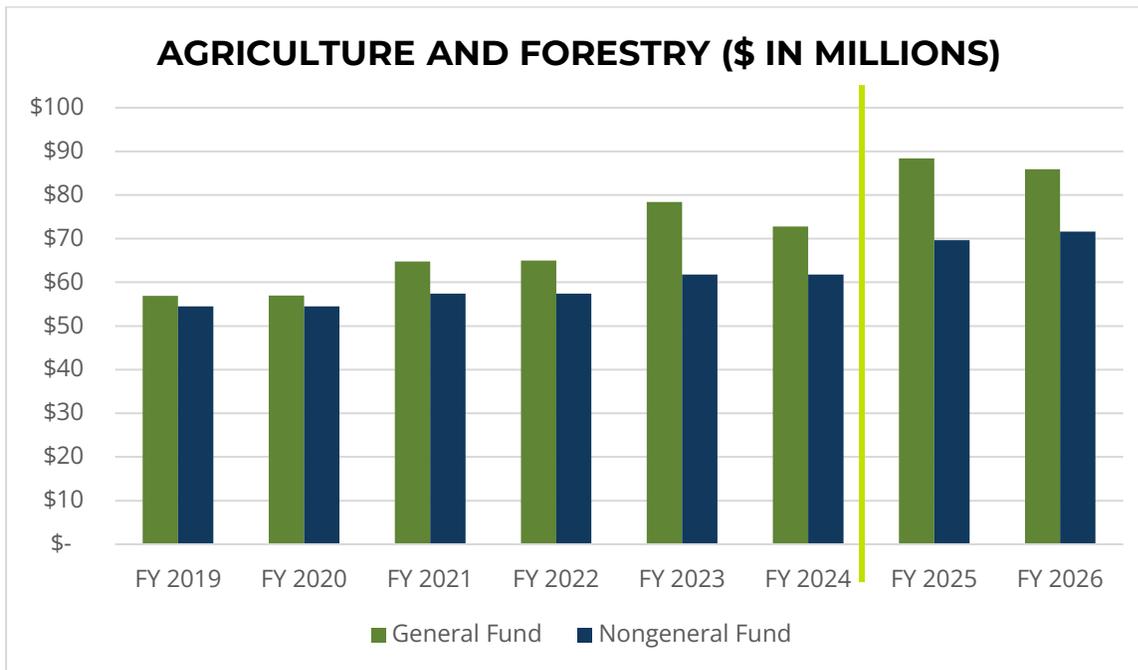
## Department of Human Resource Management

- **Biennial Review of Employee Compensation.** Includes language to add considerations for inclusion in the Department's biennial report on employee compensation.
- **State Health Insurance Plan Oversight and Payments.** Includes language to establish an Advisory Council to oversee the state health plans and clarify payment provisions.
- **Prohibition on Contingency Fee-based Contracts (Vetoed).** Includes language clarifying that the Department of Human Resources Management cannot use a contingency fee payment model for management of the State Health Plan. **This item was vetoed by the Governor.**

## Virginia Information Technologies Agency (VITA)

- **Establish a Project Management Center.** Includes \$2.0 million GF the second year to establish a project management center to provide uniform standards and oversight to state agency efforts to develop and/or update IT applications.
- **Provide State Match for Federal Cybersecurity Grant.** Includes \$1.9 million GF the first year as state match for federal funds allocated via the State and Local Cybersecurity Grant Program. The state has provided \$4.9 million GF to date for this program, the additional funding in FY 2025 corresponds with additional federal funds allocated to Virginia.
- **Enhance Agency IT Capabilities Statewide- GF Impact.** Provides \$8.8 million NGF the second year to implement a single sign-on and verification system for agency websites and to enhance statewide platform cybersecurity and accessibility. An amendment in Central Accounts provides a net \$4.2 million GF to assist with agencies' GF share of these costs.
- **Enhance Agency IT Capabilities Statewide- No GF Impact.** Includes \$865,225 NGF the first year and \$12.6 million NGF the second year for optional IT services requested by state agencies. Includes 23 positions, of which 10 convert current contractors to full-time status.
- **Update NGF Appropriations for Increased Services.** Includes \$23.2 million NGF the second year to reflect the latest agency usage projections.
- **Transfer the Office of Data Governance and Analytics (ODGA) to VITA.** Includes a net-zero transfer of appropriation and positions to move ODGA from its current location within the Secretary of Administration (SOA), to VITA. All funding for ODGA, less the Director's salary which is GF, is generated from fees charged to state agencies.
- **Establish a Joint Subcommittee on Cyber Risk.** Includes language to establish a joint cybersecurity subcommittee with executive and legislative branch participants.

# Agriculture and Forestry



The final budget includes a modest increase in general fund spending for the Agriculture and Forestry Secretariat, totaling 2.0% growth in FY 2025 and 4.2% in FY 2026. The largest single general fund spending item is \$2.9 million for regulatory information system upgrades at the Department of Agriculture and Consumer Services.

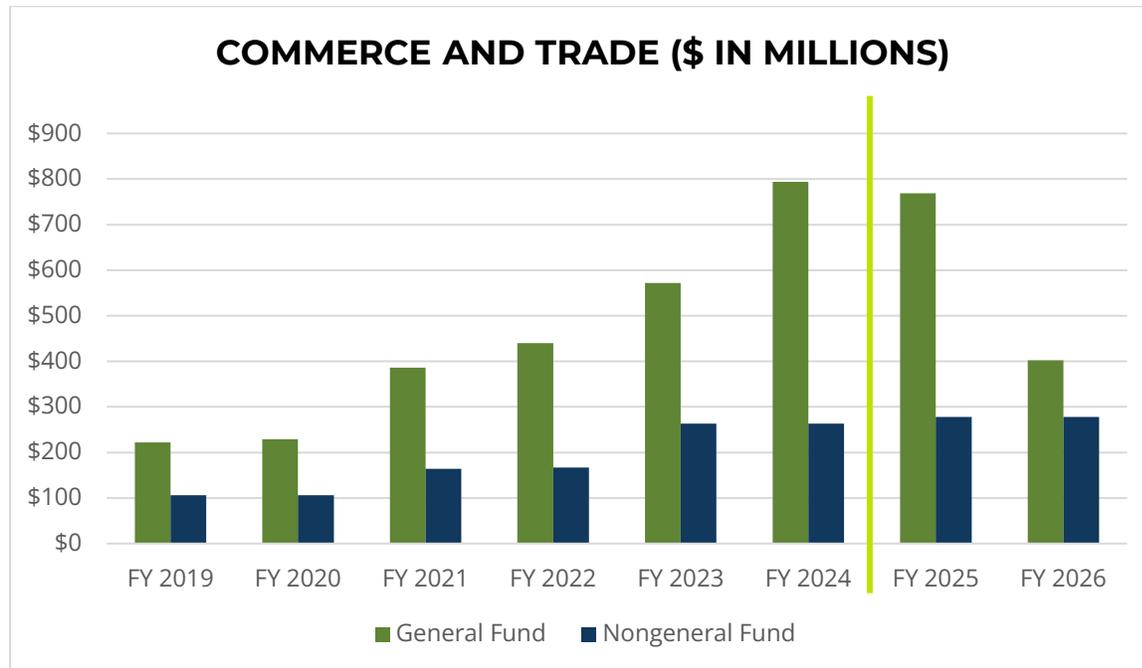
## Department of Agriculture and Consumer Services

- **Modernize Regulatory IT Systems.** Includes \$2.9 million GF in FY 2026 to begin modernization of the first two of VDACS' 21 regulatory systems. VDACS currently estimates the modernization program will last until 2036.
- **EV Charger Inspection.** Provides \$632,000 GF in FY 2025 for equipment to begin testing of electrical vehicle chargers through the Department's Weights and Measures program.
- **Large Animal Veterinary Care Incentive Grant Program.** Appropriates \$450,000 GF in FY 2026 to establish a large animal veterinary grant program consistent with the provisions of House Bill 2303.
- **Shenandoah County Agricultural Foundation.** Provides \$300,000 GF in FY 2025 to the Shenandoah County Agricultural Foundation to support equine facility infrastructure improvements.
- **Blue Catfish Infrastructure Grants.** Increases support for the Blue Catfish Processing, Flash Freezing, and Infrastructure Grant program by \$250,000 in FY 2025.

## Department of Forestry

- **Forest Resource Information System.** Proposes \$270,000 GF in FY 2025 and \$232,000 GF in FY 2026 for software upgrades to the Department’s two-decade old Integrated Forest Resource Information System.

## Commerce and Trade



Most of the funding provided through the Commerce and Trade Secretariat is discretionary in nature with initiatives designed to drive state revenues through job growth or visitation, or develop community infrastructure and assets, such as housing and broadband. Spending growth in this area tends to correspond with state revenue growth since initiatives like Virginia Business Ready Sites program, the Virginia Housing Trust Fund, and the Virginia Telecommunications Initiative can easily be scaled to accommodate one-time infusions of cash. For example, FY 2024 included a \$179.5 million investment in the Virginia Business Ready Sites program and \$75.0 million for the state to acquire an economic development site, causing record levels of general fund spending in this area.

## Department of Housing and Community Development

- **Support for Southwest Virginia Flood Relief Program.** Provides \$50.0 million to support disaster recovery and mitigation efforts in Southwest Virginia and other areas of the state with reoccurring flood damage. The program targets \$25.0 million to support the repair and

replacement of homes damaged or destroyed in Southwest Virginia during Hurricane Helene and heavy rains in February 2025. The recovery program targets residential homeowners but allows DHCD to accept commercial applications as well. The second \$25.0 million is provided to award grants to homeowners in flood prone areas to mitigate flood damage through structural improvements to homes.

- **Rental Assistance Pilot Program (Vetoed).** Provides \$20.0 million to create a 3-year pilot program in Planning District Commission regions 8 and 23 for rental assistance to families at or below 50% of the local median income. Rental assistance payments offered through this program will ensure participating families pay no more than 30% of their income on housing. **This item was vetoed by the Governor.**
- **First-time Homebuyer Grant Program (Vetoed).** Provides \$15.0 million to award first-time home buyers with a grant equal to 5% of the sales price on a home, up to \$10,000. **This item was vetoed by the Governor.**
- **Local Housing Trust Fund Grant Program (Vetoed).** Provides \$13.0 million to support affordable housing efforts by Virginia's local governments, which include the creation of local housing trust funds and targeted affordable housing projects in Prince William County, Tazewell County, and the City of Emporia. **This item was vetoed by the Governor.**
- **Community Development Projects in Portsmouth (Partially Vetoed).** Provides \$10.3 million to support projects in Portsmouth, Virginia: sanitary sewer pump station upgrades and transmission water main improvements along Prentis Street. **The Governor vetoed \$6.0 million of this spending for water main improvements.**
- **Pulaski County Site Readiness Improvement.** Provides \$7.5 million to Pulaski County for site readiness improvements at the New River Valley Commerce Park.
- **Community Development Financial Institutions Fund.** Adds an additional \$2.5 million to the CDFIF that awards grants to certified CDFIs for increased lending to small businesses and affordable housing projects.
- **Urban Public-Private Partnership Redevelopment Fund (Vetoed).** Capitalizes the UPPRF with \$2.5 million to help develop dense inner cities for new commercial and residential opportunities. **This item was vetoed by the Governor.**
- **Community Projects in Occoquan and Charlottesville (Vetoed).** Includes \$1.5 million for the construction of a low-barrier emergency shelter in Charlottesville and \$1.2 million for the completion of the Occoquan Riverwalk project. **These items were vetoed by the Governor.**

## VA Economic Development Partnership Authority and Economic Development Incentive Payments

- **Virginia Business Ready Sites.** Adds \$20.0 million to the Virginia Business Ready Sites Fund. This program was initially capitalized with \$5.0 million in FY 2022 and has benefited from one-time investments since its creation. To date, the General Assembly has invested \$279.0 million in site development through this program.

- **Life Science Investments.** Provides \$14.5 million to create additional lab space for researchers and emerging businesses and to help develop a new fast-acting insulin to reduce the cost of this drug for consumers. Budget language requires each recipient to enter into a MOU with VEDP to receive project funding. These investments include:
  - \$4.0 million for the City of Roanoke to develop lab and business incubation space for new cell/gene therapy companies
  - \$7.5 million for the University of Virginia to create advanced laboratory space for life science companies
  - \$3.0 million to help with the development of a fast-acting insulin to reduce the cost of and improve access to this critical drug
- **Eastern Shore Natural Gas Pipeline Project.** Provides \$6.5 million for Accomack County to complete design and engineering work required to expand a natural gas pipeline from Maryland through the Eastern Shore. The project will support local industries as well as the space flight facility on Wallops Island.
- **Virginia Internship Program.** Transfers \$6.0 million and the business-related activities of the Innovative Internship Program from the State Council of Higher Education for Virginia to VEDP. The business-related activities include small business matching grants, the development of an internship portal, and a marketing campaign to recruit employers to participate in the program.
- **Reimburse Wythe County for Blue Star Manufacturing Project.** Includes \$3.9 million to reimburse Wythe County for infrastructure upgrades at Progress Park, an economic development site in the County. The General Assembly approved \$8.5 million in FY 2022 for site improvements as a part of the economic development incentive package for Blue Star Manufacturing. House Bill 30, 2024 General Assembly Session, reverted these funds to the general fund due to the unmaterialized federal funding that Blue Star Manufacturing needed for its operations. This amendment reimburses the County for the work it completed at Progress Park prior to the stalling of this economic development project. The Commonwealth is obligated to reimburse Wythe County for these upgrades through an Infrastructure Improvement Agreement between the County and VEDP and may recover these funds from Blue Star Manufacturing.
- **Expanded Marketing (Vetoed).** Provides \$1.5 million in one-time support for additional marketing efforts at VEDP to recruit new business investment to the state. **This item was vetoed by the Governor.**

## Virginia Tourism Authority

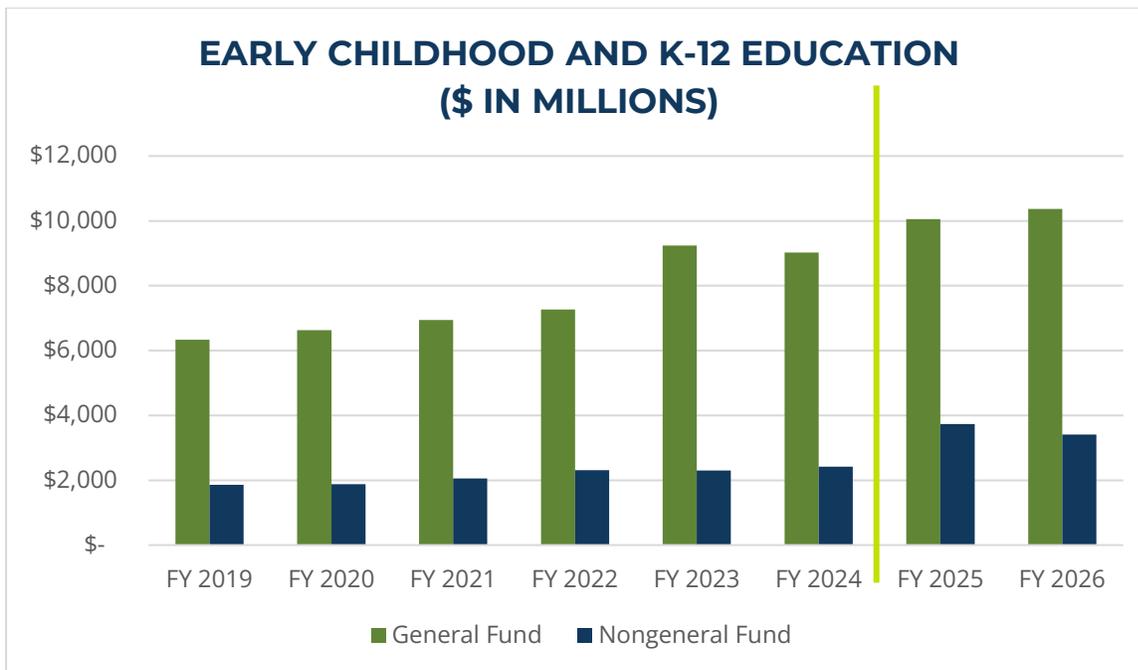
- **Sports Tourism in Prince William County.** Provides \$3.0 million to support and promote the LIV Golf League's tournament at Robert Trent Jones Golf Club in Gainesville, Virginia in June of 2025.

- **New Marketing Campaign (Vetoed).** Provides \$1.3 million to launch a media campaign to bring travelers from Black, Indigenous, and Hispanic communities to the state. **This item was vetoed by the Governor.**

## Department of Energy

- **Clean Energy Innovation Bank (Vetoed).** Reverts \$10.0 million provided in Chapter 2 to capitalize the Clean Energy Innovation Bank established by Senate Bill 729 of the 2024 General Assembly Session. The General Assembly provided \$1.0 million to support an economic development project the Governor obligated from the Bank’s resources in lieu of this funding. **This item was vetoed by the Governor.**

## Early Childhood and K-12 Education



General fund spending on Early Childhood and K-12 Education has grown an average of 7.8% annually between FY 2019 and FY 2026. This area now encompasses 29.5% of all state general fund operating expenses, based on the current appropriation.

The amendments to the 2024-26 budget for Early Childhood and K-12 Education result in a net increase of \$545.9 million GF, or 2.7% when compared to the Chapter 2 appropriation. In addition, the adopted budget expending \$312.3 million NGF from state sources above the current appropriation.

The adopted budget also reflects an increase of \$728.1 million NGF from federal sources. This reflects updating the federal funding in the budget bill to match actual current federal appropriations, which has not occurred in several budget cycles – it does not indicate a sudden influx of federal funds.

## K-12 Education

### *Technical Updates*

Routine technical updates increase Direct Aid to Public Education costs by \$26.2 million GF in FY 2025 and \$73.5 million GF in FY 2026. Major factors contributing to these increases include:

- **Sales Tax Revenues.** Additional sales tax revenues reduce the state’s share of SOQ Basic Aid, resulting in a net increase of \$20.0 million GF in FY 2025 and \$18.4 million GF in FY 2026.
- **Enrollment Projections.** The Average Daily Membership (ADM) forecast has been updated, taking into consideration Fall 2024 school enrollment counts. This reforecast anticipates 2,140 more students in FY 2025 and 3,873 more students in FY 2026 than projected in Chapter 2, resulting in additional costs of \$13.3 million GF in the first year and \$20.5 million GF in the second year.
- **English Learner Proficiency.** English Learner (EL) student proficiency data has been updated, resulting in increases of \$48.8 million GF in FY 2025 and \$61.9 million GF in FY 2026. School divisions have been required to screen English Learner students annually to determine their level of English proficiency. Following the passage of 2024 legislation incorporating student proficiency levels into EL teacher staffing standards, compliance with screening requirements improved, identifying more EL students needing intense support.
- **Lottery Revenues.** The lottery forecast increased by \$40.9 million in FY 2025 and \$22.4 million in FY 2026. These additional funds reduce general funds needed for public education by a like amount.
- **Other Program Data Updates.** Several data points used to calculate K-12 funding for various programs have been updated with current data, in aggregate saving \$15.0 million GF in FY 2025 and \$4.9 million GF in FY 2026. Most significantly, fewer students were identified as needing literacy support, reducing Early Reading Intervention Program costs by \$11.0 million over the biennium. In addition, school division non-participation in the K-3 Class Size Reduction Program saves \$8.2 million over the biennium.

### *Policy Actions*

- **\$1,000 Bonus for School Personnel.** Includes \$134.4 million GF in FY 2025 to provide a one-time \$1,000 bonus for state-recognized instructional and support staff. No local match is required for school divisions to access these funds, and flexibility is provided to allow school divisions to adjust the amount of these bonuses per employee as needed to promote retention among staff.

- **Fund Support Positions at Prevailing Ratio.** Provides \$222.9 million GF in FY 2026 to increase the number of state-recognized support positions from 24.0 to 27.89 support positions per 1,000 students, effectively eliminating the “support cap” imposed during the Great Recession.
- **Special Education Add-On.** Provides \$52.8 million GF in FY 2026 to establish an add-on to per-pupil basic aid for each special education student. This add-on provides an additional 4.75 percent to basic aid for special education students receiving Level I services and an additional 5.25 percent for students receiving more intense Level II services.
- **School Construction.** Includes an additional \$170.0 million NGF in FY 2025 and \$30.0 million NGF in FY 2026 for school construction assistance grants, increasing the total grants available for the biennium from \$160.0 million to \$360.0 million. This increase is supported by appropriation of \$111.3 million in School Construction Fund balances accumulated during FY 2024, a \$38.7 million increase in projected casino gaming revenues, and a \$50.0 million transfer from the literary fund in FY 2025.
- **Literary Fund Support for School Employee Retirement Contributions.** Directs an additional \$25.0 million from literary fund revenues in FY 2026 to reduce general funds required for school employee retirement costs. This increases the total amount of literary fund revenues used for this purpose in FY 2026 from \$150.0 million to \$175.0 million.
- **Capture Lottery Proceeds Fund Balances.** Appropriates \$24.0 million from existing Lottery Proceeds Fund balances in FY 2025 to offset general fund public education costs.
- **Supplemental Grants.** The following changes in supplemental grant programs are included in the adopted budget:

Supplemental Program Changes (\$ in GF)		
	FY 2025	FY 2026
AP, IB, and Cambridge Assessment Fee Reduction (increase)	\$0	\$150,000
Blue Ridge PBS (increase)	750,000	0
CTE Regional Centers (technical)	(60,000)	(60,000)
Children’s Museum of Richmond (new)	750,000	0
Community Schools Grant Program (increase)	2,500,000	0
Dolly Parton’s Imagination Library (increase)	500,000	0
eMediaVA (increase)	750,000	0
Excel Center – Goodwill Industries of the Valleys (new)	500,000	0
Greater Peninsula C.A.R.E.S. (new)	500,000	0
Mathews County Asbestos Removal (new)	1,000,000	0
New Chesapeake Men for Progress Education Foundation (new)	100,000	0
Opportunity Scholars (new)	500,000	0
PBS Appalachia (increase)	750,000	0

Supplemental Program Changes (\$ in GF)		
Teach for America (increase)	250,000	0
UBU 100 – My Life Coach Academy (new)	250,000	0
Virginia Alliance of Boys and Girls Clubs (new)	1,000,000	0
Virginia Holocaust Museum (increase)	125,000	0
Virginia Leads Innovation Network (new)	0	250,000
Vision Screening Grants (increase)	0	200,000
YMCA of South Hampton Roads (new)	500,000	0

## Early Childhood Care and Education

- Employee Child Care Assistance Pilot Program (Vetoed).** Provides \$25.0 million GF for a pilot program to incentivize employers to contribute toward their employees' childcare costs. Through this program, employees would be responsible for a copayment equal to 5 to 10 percent of family income. After application of the copayment, the state would contribute up to 40 percent of the remaining cost, with the employer funding remaining costs. This pilot will be administered by the Virginia Early Childhood Foundation and expires at the end of FY 2028. **This item was vetoed by the Governor.**
- Small Family Day Home Provider Incentive Pilot Program.** Includes a one-time appropriation of \$400,000 GF in FY 2025 for a pilot program with the Chesapeake Bay Ready Region to support small family day home providers with training and providing a \$500 incentive for providers achieving voluntary registration, full licensure, or participating in VQB5. Language permits these funds to carry forward into subsequent fiscal years until the programs' expiration at the end of FY 2029.
- Family Copayments.** Establishes additional slots for the Child Care Subsidy Program (CCSP) and Mixed Delivery (MD) in FY 2026 by adjusting family copayments. For families with income below the federal poverty level, beginning in FY 2026, a \$5 per month copayment will be required, whereas no copayment is currently required. For all other families, the current copayment scale is based on a copayment averaging about 2% of family income. Beginning in FY 2026, copayments for these families increase to a maximum of 5% of family income.
- Parental Work Requirements.** Establishes a 90-day limit on job search as a qualifying activity for family CCSP and MD eligibility.
- Attendance Requirements.** Directs the Department of Education to revise attendance requirements for all early childhood programs (CCSP, MD, and Virginia Preschool Initiative) to ensure children fully benefit from these programs and available resources are maximized.
- Early Childhood Care and Education Commission (ECCE).** Directs the ECCE to review: (i) adjustments to CCSP reimbursement rates for school-age children, (ii) the appropriateness of CCSP continuing to serve school-age children, (iii) how publicly funded out-of-school programs can help address the need for school-age childcare slots, and (iv) potential adjustments to income eligibility to reflect regional cost of living variations.

## Department of Education

- **Standards of Learning Assessment Contract.** Includes \$6.2 million GF in FY 2025 and \$19.5 million GF in FY 2026 to extend the state's existing assessment contract through the end of calendar year 2027 to allow time to procure and transition to a new contract. These funds are to remain unallotted until the department identifies the general fund amounts needed to support the contract extension, and the funds may be carried forward into subsequent fiscal years through the end of the contract.

In addition, \$500,000 GF in FY 2025 is provided for a consultant with expertise in K-12 statewide assessment systems to analyze options for a modern high-quality assessment system and provide guidance to the Department as needed to implement a new assessment contract by the 2027-2028 school year.

- **Math Improvement Program.** Provides \$11.0 million GF in FY 2025 and \$1.0 million GF in FY 2026 to initiate several strategies to improve student performance in mathematics. Of the FY 2025 amounts, \$10.0 million is designated for grants to school divisions for curriculum and instructional materials and to implement innovative learning models, and \$1.0 million is designated for expanded access to online advanced mathematics coursework and expanded mathematics teacher credentialing options.

The program also requires the Department to identify evidence-based and proven best practices for mathematics instruction, establish a professional development framework, and analyze outcomes for areas of potential improvement. Five additional FTEs are provided to support this work.

- **Statewide Learning Management System.** Provides \$5.1 million GF in FY 2025 to continue providing school divisions with no-cost access to a learning management system following the expiration of federal pandemic relief funds.
- **Virginia Individualized Education Plan (IEP) System Enhancements.** Provides \$5.0 million GF in FY 2025 to support enhancements to the Virginia IEP System, including online modules to support student progress tracking, document translation, family engagement, and IEP/504 Plan process management.
- **Staffing Level Adjustments.** Increases the agency's maximum employment level by 32 positions. This would align the agency's authorized number of employees with the actual number employed. Language requires a minimum level of staffing for the Department's Office of School Quality.

## Virginia School for the Deaf and Blind

- **Campus Police Department.** Authorizes the school to establish a campus police department and includes \$75,000 GF in FY 2026 to support costs of providing VaLORS and Line of Duty Act benefits to campus police officers.

# Higher Education

Last year, the General Assembly invested about \$950 million in new GF spending over the biennium, continuing the significant increases in Virginia's colleges and universities. The adopted amendments to the 2024-2026 biennial budget result in an increase of \$163.4 million GF over the Chapter 2 base budget.

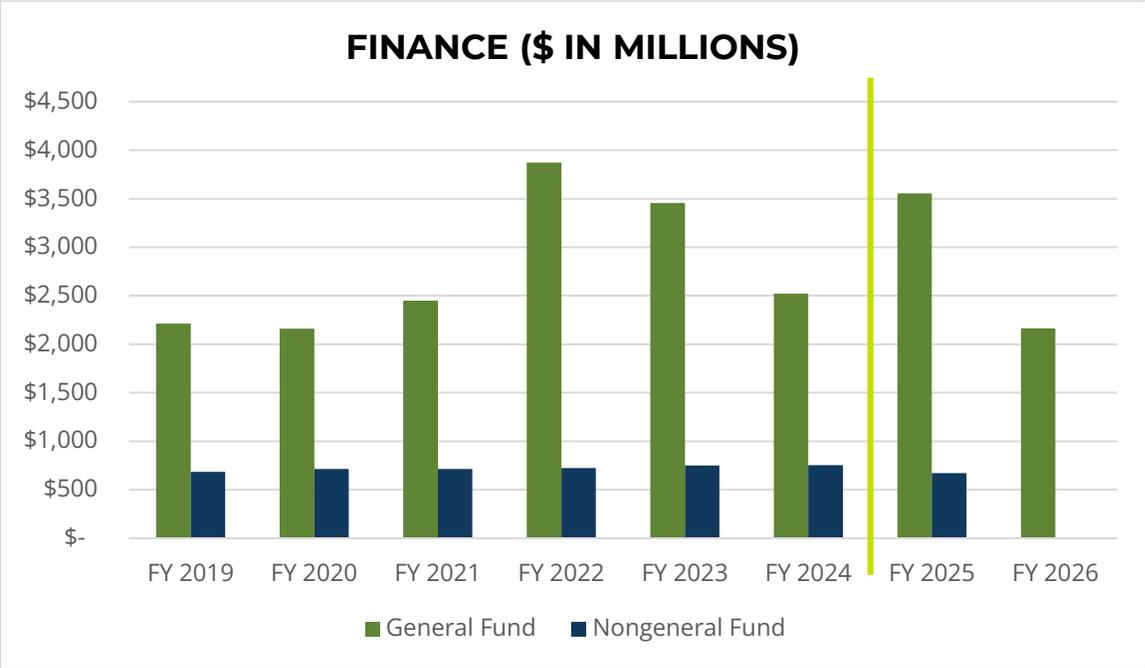
## Major New Higher Education Funding

- **Access and Affordability.** Provides \$75.0 million GF of increased funding over the biennium to maintain affordability and access goals at public colleges and universities allowing institutions to limit in-state undergraduate tuition increases.
  - Includes \$20.0 million for the ongoing HBCU collaboration that includes Norfolk State University, Virginia State University, Hampton University, and Virginia Union University and localities.
- **Student Financial Assistance.** Provides \$26.8 million GF in additional financial aid:
  - \$10 million for the Virginia Tuition Assistance Grant (VTAG) to maintain the \$5,250 FY 2026 award level;
  - \$15.0 million in in-state undergraduate financial aid at public colleges and universities; and
  - \$1.8 million for a VTAG supplemental award of up to \$2,000 at federally designated Hispanic Serving Institutions (HSI).
- **Health Professions Enrollment.** Provides \$10.3 million to support increasing the number of doctors and nursing graduates.
- **State Council of Higher Education.** Includes \$19.4 million GF over the biennium to support projected cost increases in the VMSDEP stipend (\$9.4 million) and to offset the cost of waiver programs at public higher education institutions (\$10.0 million).
  - The budget also appropriates \$90.0 million over the biennium that was previously authorized in Chapter 3 / 4 of the 2024 Special Session to offset the cost of VMSDEP waivers at public higher education institutions.
  - An additional \$20.0 million is dedicated from the FY 2025 year-end surplus to offset the cost of VMSDEP waivers at public higher education institutions.

## Higher Education Policy Proposals

- **Tech Talent Investment Fund (Vetoed).** Clarifies the distribution of funds from the Tech Talent Investment Fund and requires SCHEV to review methodology for future distributions from the fund. **This item was vetoed by the Governor.**

# Finance



General fund spending in the Finance Department averages 4.7% annual growth from FY 2019 through FY 2026. However, year-to-year GF appropriations have varied widely during this timeframe due to statutorily required actions regarding revenue reserves and one-time rebate authorizations.

General fund spending highlights for FY 2025-2026 include \$977.8 million for one-time income tax rebates to be paid no later than October 2025, \$294.5 million for a required deposit to the Revenue Reserve Fund, and \$131.0 million to fund a five-year initiative to replace the state’s aging revenue management system. Total GF spending also assumes a biennial reduction of \$59.0 million in debt service owed on bond issuances to reflect updated payment schedules.

## Department of Accounts

- **Increase Staffing for Critical Agency Services.** Includes \$2.0 million GF and 11 positions the second year to strengthen the agency’s core services and cyber posture.

## Department of Account Transfer Payments

- **Income Tax Rebate.** Includes \$977.8 million GF the first year for an income tax rebate of \$200 for single filers and \$400 for married filers to be paid no later than October 15, 2025. Companion budget actions provide a total of \$2.4 million GF in FY 2025 for the Departments of Taxation and Treasury for rebate processing costs.
- **Fund Deposit to the Revenue Reserve Fund.** Includes \$294.5 million GF the first year for a required deposit to the Revenue Reserve Fund. Language changes the maximum combined

balance in the Revenue Reserve Fund and Revenue Stabilization Fund (Rainy Day Fund) from 20%, to 17.53% in FY 2025 and 15% in FY 2026. Since the required Revenue Reserve Fund deposit exceeds the FY 2025 statutory cap of 17.53%, a companion amendment to Part 3 of the budget returns \$203.0 million to the GF from the Revenue Reserve Fund, effectively netting a \$91.5 million GF increase in the state's reserve accounts. Reserve balances are expected to total \$4.2 billion by the end of the biennium.

- **Florence Neal Cooper Endowment for Sickle Cell Disease.** Includes \$500,000 GF the first year for deposit to the Florence Neal Cooper Smith Sickle Cell Research Endowment Fund, established by House Bill 2500 of the 2025 Acts of Assembly.

## Department of Taxation

- **Replacement of the State's Revenue Management System.** Includes \$131.0 million GF the first year for a five-year project to replace the state's revenue management system.
- **Address Other Technology Needs.** Includes \$6.9 million GF over the biennium to support information system security and system upgrades.
- **Support Agency Operational Needs.** Provides \$3.5 million GF over the biennium for increased postage costs and for the agency's error resolution and appeals division.
- **Tax Evaluation Initiatives.** Includes language directing the Department to study (i) corporate income tax in Virginia with a focus on market-based sourcing for sales, and (ii) Virginia's treatment of net operating losses for corporate tax returns versus other states.
- **Amend Process for Refund for Procedures for Internet Service Providers' Exemption.** Removes language that requires internet service providers to pay sales tax and seek a refund for exempt purchases. This action streamlines the taxpayer process and reduces refund interest owed. Accordingly, the front page reflects a \$2.0 million revenue increase in in FY 2026 due to removing this language.

## Department of Treasury

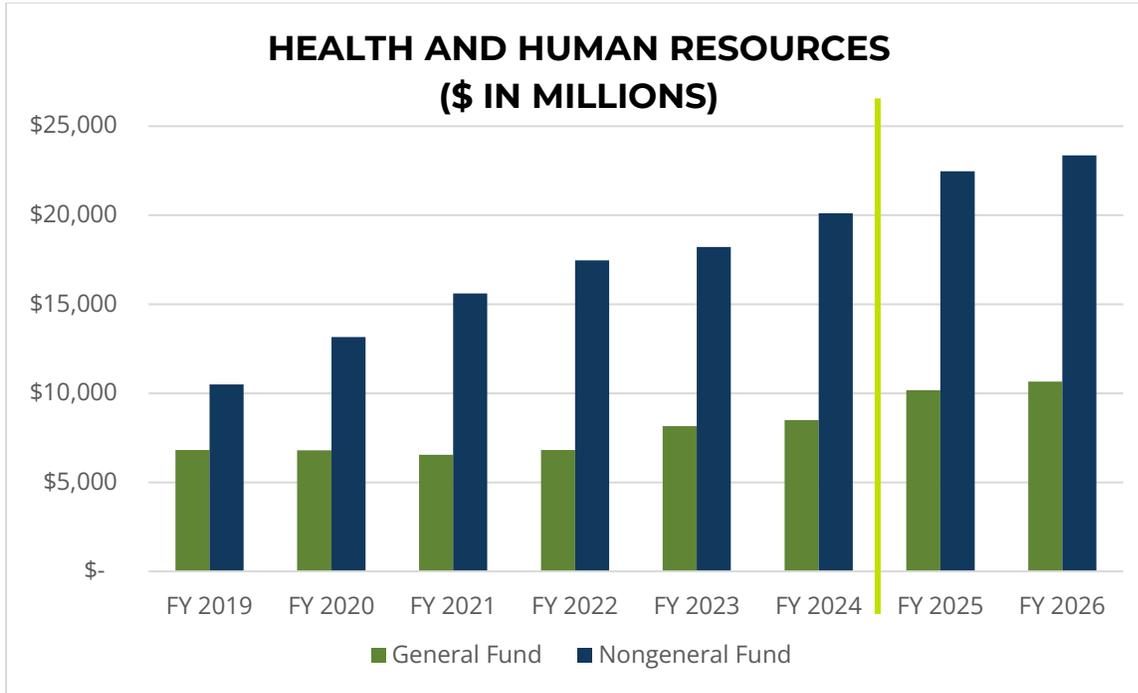
- **Wrongful Incarceration Compensation.** Includes \$9.0 million GF the second year for claim payments to four wrongfully incarcerated individuals.
- **Enhance Agency Operations.** Includes \$423,783 GF over the biennium to address core information technology directives and augment staffing in the trust accounting unit.

## Treasury Board

- **Adjust Debt Service.** Reduces GF by \$12.1 million the first year and \$46.9 million the second year to reflect updated debt service payments owed on bond issuances.
- **Jail Projects Bond Authority.** Authorizes reimbursement for 10 local and regional jail projects of up to 25% of eligible project costs. Reimbursements are subject to approval by the Department of Corrections and, for projects with a total cost over \$12.0 million, to a cost

review by the Department of General Services and approval by the Department of Planning and Budget. Reimbursements are to be paid with Virginia Public Bond Authority bonds.

## Health and Human Resources



The adopted budget includes a net increase of \$869.3 million GF and \$2.43 billion NGF for the 2024-26 biennial budget for Health and Human Resources (HHR). Most of the general fund increases are due to revised expenditure forecasts for mandatory programs such as Medicaid, the children’s health insurance programs, and the Children’s Services Act (CSA).

Major spending actions contained in the amended budget include:

HHR Major Spending Proposed (GF \$ in millions)		
Description	FY 2025	FY 2026
Medicaid utilization and inflation forecast	\$337.0	\$264.8
CSA caseload and cost increases	37.0	63.3
Medicaid Children’s Health Insurance (M-CHIP) forecast	22.4	25.2
Family Access to Medical Insurance Security (FAMIS) forecast	18.5	22.2
Virginia Health Care Fund (in Medicaid program)	(48.4)	15.5
Drinking Water Grants	25.0	
Nursing Home Rate Increase		10.0
CSB Support Coordinators		8.7
Child Protective Services Improvements	0.5	7.5

HHR Major Spending Proposed (GF \$ in millions)		
Public Benefits Employment and Income Verification		7.3
<b>Total</b>	<b>\$392.0</b>	<b>\$424.5</b>

## Children’s Services Act

- Fund Mandatory Caseload and Cost Increases.** Includes \$37.0 million GF the first year and \$63.3 million the second year to fund projected growth in caseload and services provided through the Children Services Act. Caseload increased by 6% in FY 2024 over FY 2023 and is expected to continue to trend upward in FY 2025. Expenditures are expected to increase by 10.7% in FY 2025 and 9.5% in FY 2026. Private day services remain the largest driver in the growth in CSA costs. These expenditures have more than doubled in the past 10 years, outpacing growth in residential services, community-based services and foster care maintenance payments. In addition, the expenditure forecast also reflects rate increases in foster care maintenance and psychiatric residential treatment facility services. Language limits the increase in state reimbursement for the cost of private day services to no more than 5.0% beginning in FY 2026 to help contain unprecedented expenditure growth in the program.
- Eliminate Supplemental Funding Model.** Includes budget language to modify the current funding model for reimbursement for services provided through the Children's Services Act (CSA) by consolidating the separate base and supplemental allocations into a single pool available to reimburse localities for eligible expenses. The current process is no longer required due to a change in funding for the CSA state pool, which once relied on other state agencies to fund the pool. The CSA pool is now funded with general fund appropriation directly from the Appropriation Act, and it no longer relies on other agencies to fund local reimbursements. As a result, the allocation and supplemental allocation language is no longer needed to manage CSA appropriations at the local level. This change does not impact local match rates.

## Department of the Deaf and Hard-of-Hearing

- Fund Report on Digital Transition for Virginia Relay Services.** Provides \$50,000 GF the first year and adds language requiring the agency to report on the anticipated transition to Real-Time Text (RTT) and associated forms of digital telecommunication technology for relay services. Language directs the report to include any potential impact on the costs to relay service providers, users, state agencies, or relevant third parties resulting from the transition, among other items.

## Department of Health

### *Drinking Water and Emergency Response*

- **Fund Grants for Drinking Water Projects.** Provides \$25.0 million GF in FY 2025 for the Virginia Department of Health to provide one-time grants to localities to upgrade or replace existing drinking water infrastructure. Language requires the VDH to develop guidelines for the grants and include specific criteria and report on the grants by December 1, 2025. Further, language requires VDH to give priority consideration for grants to Greene County and the Town of Bowling Green, which have demonstrated outstanding critical drinking water needs.
- **Add Staff for New and Existing Federal and State Drinking Water Compliance Activities.** Includes \$1.8 million GF in FY 2026 to address the increased caseload for drinking water compliance activities required by new and existing state and federal requirements. Funding will support seven new environmental engineers, six environmental health technical specialists, one cybersecurity specialist, and one accountant in the Office of Drinking Water's six field offices and the agency's central office in meeting statutory and regulatory mandated activities.
- **Improve Emergency Response in Greensville County.** Provides almost \$1.3 million GF the first year to Greensville County to improve emergency response times for the Liberty Road community. Language allows any unexpended funding in FY 2026 to be carried over to the following fiscal year for this purpose.

### *Health Care Services*

- **Establish Perinatal Health Hub Pilot Program.** The adopted budget provides \$2.5 million GF in FY 2026 to implement a perinatal health hub pilot program, in collaboration with the Virginia Neonatal Perinatal Collaborative. Funding would be used to support two-year grant awards to pilot sites for perinatal health hubs operated by community-based organizations to improve perinatal outcomes and reduce maternal and infant mortality in their communities. Language adds requirements guiding the selection of potential pilot hub locations, requires a report on the pilot program by June 30, 2026, and allows unexpended program funding to be carried forward into FY 2027.
- **Backfill Federal Grant to Prevent Sexually Transmitted Diseases.** Provides \$1.0 million GF the second year to backfill a portion of the reduction in a \$4.5 million federal grant which supported efforts to prevent sexually transmitted diseases. Currently, the federal grant, along with \$685,898 GF, supports 53 positions in local health districts and one field operations and training manager for prevention activities. The increased funding, along with the existing general fund amount, will support 13 to 14 positions.
- **Fund Non-Emergency Medical Transportation Services in Rural Areas.** Adds \$1.0 million GF in FY 2026 for a pilot non-emergency transportation program for uninsured Virginians

living in medically underserved or unserved areas in the catchment area of a federally qualified health center. Funding priority will be given to serving individuals in rural localities.

- **Perinatal & Post Partum Depression Education.** Provides \$553,200 GF in FY 2026 to fund the fiscal impact of HB 2446 and SB 1390 passed during the 2025 Regular Session, which directs the Department of Health to establish a public awareness campaign, develop and distribute education materials and create an online resource hub focused on perinatal and postpartum depression.
- **Add Funding for Community Maternal Mental Health Care Grant Programs.** Provides \$500,000 GF in FY 2026 for a contract with the Virginia Health Care Foundation to administer a grant program for community organizations to expand access to maternal mental health services.
- **Increase Funding for Federally Qualified Health Centers and Free Clinics.** The adopted budget provides \$500,000 GF in FY 2026 for the Virginia Community Healthcare Association for Federally Qualified Health Centers, and \$500,000 GF in FY 2026 for free clinics that are members of the Virginia Association of Free and Charitable Clinics. Funding will be used to provide health and behavioral health care services to uninsured and underinsured patients.
- **Add Funding for the Free Clinic of Central Virginia.** Adds \$450,000 GF in FY 2025 to contract with the Free Clinic of Central Virginia to allow them to restore operations and continue providing dental care to the community following a fire at their existing location. The one-time funding will be allocated to staff the dental clinic for 12 months, equipment and supplies, Virginia Commonwealth University dental students' housing, and the E.C. Glass High School externship program. The funding may only be used for costs that are not covered by the Clinic's insurance.

#### *Health Workforce Programs*

- **School Nurse Scholarships for Licensed Practical Nurses (LPNs) to Registered Nurses (RNs).** Adds language allotting \$300,000 GF each year of existing nursing scholarship funds to be for LPNs serving as a school nurse or school nurse assistant to become a registered nurse, as funds are available. Language caps the scholarship at \$10,000 and requires one year of full-time employment for each year the scholarship money is received.
- **Establish Birmingham Green Workforce Development Training Center.** Adds \$150,000 GF in FY 2026 to establish the Birmingham Green Workforce Development Training Center to improve the Certified Nurse Assistant (CNA) program, introduce new career training opportunities for its workforce and to further health care career opportunities for staff from other health care operations in Northern Virginia.
- **Expand Nurse Preceptor Program for Certified Registered Nurse Anesthetist (CRNA) Training.** Adds \$100,000 GF in FY 2026 to increase funding for the Nurse Preceptor Incentive Program to increase the number of CRNA clinical education opportunities in the field of anesthesiology.

## *Administrative and Regulatory Activities*

- **Enhance Inspections of Home Care Organizations.** Provides \$853,098 GF in FY 2026 to comply with regulations requiring home care organizations to be inspected every two years. Funding will provide for the addition of six positions and necessary travel costs.
- **Fund Information Security Audits and Investigations.** Includes \$947,529 GF in the second year for mandated information security efforts. Funding will support eight additional positions to conduct audits and investigations.
- **Reflect Rent Increases at Local Health Department Facilities.** Includes \$546,266 GF and \$421,680 NGF the second year to support local health districts that are expecting significant cost increases due to moving to new facilities or rent increases in existing facilities. The funding would cover increases for the following health districts: Central Shenandoah, Chesterfield, Eastern Shore, New River, Piedmont, Prince William, Rappahannock, Southside and Virginia Beach.
- **Fund Electronic Health Records System.** Includes \$500,000 GF in FY 2026 to continue support of the initial ongoing costs of an electronic health record (EHR) system. This funding will cover fees and hardware costs at the pilot sites. Funding requirements are projected to reach \$10.0 million GF per year beginning in FY 2027 as the EHR system is rolled out to local health department sites. This funding will complete the full pilot and implementation of the EHR system and sustain ongoing operation and maintenance costs once EHR goes live.
- **Add Staff to Address Agency Operating Improvements.** Provides \$200,000 GF and two positions to improve agency internal audit functions. Language also requires the agency to report on progress made in (i) implementing recommendations by the Department of Planning and Budget and the Joint Legislative Audit and Review Commission to improve agency operations and (ii) addressing issues related to late payments and underutilization of funding for agency administered nursing incentive programs.
- **Increase Vital Records Fee for Expedited Records.** Includes language to increase the fee to expedite vital records from \$48 to \$53 in FY 2026 to cover the increased shipping costs for next day delivery.
- **Guidance on Regional EMS Councils.** Adds language directing the Board of Health to consult with relevant stakeholders when deciding to modify the number of regional emergency medical services councils.

## **Department of Health Professions**

- **Prescription Monitoring Program Systems Changes.** Provides one-time funding of \$600,000 in FY 2026 from the Commonwealth Opioid Abatement and Remediation (COAR) opioid settlement funds to support the cost of systems changes to the Prescription Monitoring Program pursuant to Chapter 487, 2025 Acts of Assembly (HB 1902), which requires data sharing from the Emergency Department Smartchart with the Prescription Monitoring Program to allow for the display of patient non-fatal overdose information in

near real time at the point of prescribing. Language requires the Department of Health Professions to include in its budget submission for the 2026-28 budget any necessary general fund amounts needed to continue the data sharing agreement.

- **Create Workgroup on Behavioral Health Medication Management.** Adds language establishing a workgroup to examine best practices for patient behavioral health medication management, provider availability, and provider patient communication.
- **Workforce Data Sharing with the Virginia Health Care Foundation (VHCF).** Includes language setting out a process for data sharing of health workforce information at the Department of Health Professions with the Virginia Health Care Foundation.

## Department of Medical Assistance Services (DMAS)

- **Medicaid Utilization and Inflation.** The adopted budget includes an increase of \$337.0 million GF and \$1.2 billion NGF the first year and \$264.8 million GF and \$838.9 million NGF the second year to fund the forecasted costs of utilization and inflation in the Medicaid program. Total expenditures for the base Medicaid program and Medicaid expansion are expected to grow by 16% in FY 2025 and 4.5% in FY 2026. The growth rates reflect a combination of factors, including higher enrollment than expected, delayed payments from FY 2024, an increase in fee-for-service claims, increases in premium paid on behalf of dually eligible Medicaid and Medicare enrollees, increases in managed care rates, increases in supplemental hospital payments, and less than expected pharmacy rebates.
- **Virginia Health Care Fund.** Includes a general fund reduction of \$48.4 million in FY 2025 and an increase of \$15.5 million in FY 2026 to account for the latest revenue estimates in the Fund. Tobacco taxes are expected to be higher than expected in FY 2025 which will offset the general fund amount needed to fund Medicaid program costs. In addition, Medicaid recoveries are expected to be higher in FY 2025 due to the receipt of one additional managed care organization payment for failing to spend at least 85% of its Medicaid capitation payments on medical care and quality improvement activities. In FY 2026, revenue from other tobacco taxes and pharmacy rebates is expected to be less than previously forecast.
- **Medicaid Children's Health Insurance Program (M-CHIP) Utilization and Inflation.** Provides an increase of \$22.4 million GF and \$41.7 million NGF in FY 2025 and \$25.2 million GF and \$44.1 million NGF in FY 2026 to fund the utilization and inflation costs of the M-CHIP program. Program costs are projected to increase by almost 19% in FY 2025 and 7.9% in FY 2026 due to an increasing number of children in the program as Medicaid unwinding comes to an end and Medicaid eligibility redeterminations are complete. The M-CHIP program provides services for Medicaid-eligible low-income children, ages 6 to 18, living in families with incomes between 100% and 133% of the federal poverty level.
- **Family Access to Medical Insurance Security (FAMIS) Children's Health Insurance Program.** Includes \$18.5 million GF and \$33.0 million NGF the first year and \$22.2 million GF and \$35.4 million NGF the second year to fund the utilization and inflation costs of the FAMIS

program. Expenditures in the program are expected to increase by almost 25% in FY 2025 and 6.4% in FY 2026, as the number of children in the program has increased due to Medicaid unwinding and the completion of Medicaid eligibility redeterminations. FAMIS covers children ages 0 to 18 living in families with incomes between 133% and 200% of the federal poverty level.

- **Authorize Implementation of Medicaid 1115 Waiver for Serious Mental Illness.** Provides \$162,825 GF the first year and \$1.0 million GF the second year to provide Medicaid coverage for short-term acute care stays in psychiatric hospitals or residential treatment settings that qualify as Institutes of Mental Disease. Coverage would be provided through the approval of an 1115 Waiver for stays up to 60 days. First year costs would provide for a contract to develop the SMI Waiver and attendant agency costs to begin implementation steps to oversee waiver services. The second-year funding amount assumes federal approval to begin coverage of the services beginning in FY 2026. Language is also included to allow for the carryforward of FY 2025 balances in the second year should the administrative costs for the development of the waiver continue into FY 2026.
- **Modify Coverage of Obesity Medications in the Medicaid Program (Vetoed).** The adopted budget adds \$6.9 million GF and \$39.8 million NGF in FY 2026 to modify the coverage of obesity medications in the Medicaid program. Language lowers the threshold for coverage from (i) a body mass index (BMI) of 40 or greater to a BMI of 35 or greater, or (ii) a BMI of 37 or greater with comorbid conditions to a BMI of 30 or greater with comorbid conditions. Further, language sets forth additional criteria for coverage for those with a BMI of 30 or greater with comorbid conditions, including participation in exercise, calorie reduction and behavioral therapy for six months that results in a failure to achieve at least a five percent weight reduction. **This item was vetoed by the Governor, but the veto was not recognized by the General Assembly.**
- **Add Coverage for Continuous Glucose Monitoring Devices and Supplies.** Adds \$491,638 GF and \$1.5 million NGF the second year to fund Medicaid coverage for a Continuous Glucose Monitor (CGM) and related supplies for Medicaid enrollees with diabetes or with a history of problematic hypoglycemia. Language also contains additional requirements for continued coverage of this benefit.
- **Mobile Maternal Health Clinics.** Adds \$2.5 million GF in FY 2026 to create a pilot program for mobile clinics within maternal health deserts in Virginia, along with funding for data collection to measure the effectiveness of the program. The program will be administered by the Department of Medical Assistance Services working with Virginia universities and private businesses.
- **Medicaid Coverage: Inpatient & Residential Neurobehavioral/Neurorehabilitation Facility Services.** Provides \$1.6 million GF and \$3.1 million NGF the second year to provide Medicaid coverage for neurobehavioral and neurorehabilitation facilities to support 20 individuals with traumatic brain injuries and neurocognitive disorders by January 1, 2026. Language authorizes the adoption of emergency regulations to implement this change.

## Provider Rates

- **Increase Rates for Nursing Facilities (Vetoed).** Adds \$10.0 million GF and \$11.7 million NGF in FY 2026 to increase Medicaid rates for nursing facilities. Currently, the Medicaid rate setting process assumes full direct care cost coverage for approximately 50 percent of the days for which Medicaid covers, with the remaining Medicaid days reimbursed below cost; this increase would move that to approximately 59 percent of Medicaid days reimbursed at full cost for direct care. **This item was vetoed by the Governor but is not recognized by the General Assembly.**
- **Increase Rates for Substance Use Disorder Services.** Provides \$1.1 million GF and \$7.0 million NGF in FY 2026 for a 6.5 percent rate increase for substance use disorder services. These services include Office Based Addiction Treatment, Opioid Treatment Services, Partial Hospitalization Services, and Intensive Outpatient Services.
- **Increase Rates for Midwife Services.** The adopted budget provides \$550,322 GF and \$782,108 NGF to reimburse all licensed midwives at the same rate of 100% of the physician fee schedule for covered services.
- **Medicaid Reimbursement for Long-acting Injectables for Serious Mental Illness and Substance Use Disorder.** Adds \$142,593 GF and \$428,713 NGF the second year to modify Medicaid reimbursement for long-acting injectable or extended-release medications administered in an any hospital emergency department or hospital inpatient setting for serious mental illness or substance use disorder. The payment will be unbundled from the hospital daily rate.
- **Medicaid Supplemental Payments Dental Services at VCU School of Dentistry.** Provides \$3.5 million NGF in FY 2026 to provide Medicaid supplemental payments to the Virginia Commonwealth University (VCU) School of Dentistry for services provided by dentists it employs or with whom it contracts. VCU will provide the non-federal share to match federal Medicaid funds for the supplemental payments.
- **Medicaid Supplemental Payments for Virginia Tech Carilion School of Medicine.** Language authorizes the Department of Medical Assistance Services with the authority to implement supplemental Medicaid payments to teaching hospitals affiliated with the Virginia Tech Carilion School of Medicine based on the department's reimbursement methodology established for such payments and/or its contracts with managed care organizations. The state's share of funding for the supplemental payments will be provided by the Virginia Tech Carilion School of Medicine pursuant to companion language in Item 211 contained in the adopted budget.
- **Clarify Reimbursement for Tribal Health Clinics.** Adds language clarifying Medicaid reimbursement policies related to payments for services provided to tribal and non-tribal members through Tribal Health Clinics. Language authorizes DMAS to make any necessary changes and seek all needed federal authority through State Plan or waiver amendments submitted to the Centers for Medicare and Medicaid. A Medicaid forecast adjustment is

included above to reduce \$30.4 million GF and \$6.9 million NGF in the second year to reflect these changes.

#### *Administrative Actions*

- **Analysis of Implementing a Medicaid Single Pharmacy Manager.** Provides \$500,000 GF and \$500,000 NGF in the first year and language directing the Department of Medical Assistance Services to engage an independent consultant to conduct a comprehensive analysis of the costs and benefits and other considerations associated with the implementation of a single third-party administrator to serve as the pharmacy benefit manager for all Medicaid pharmacy benefits. Language provides authority to carryover funding for the analysis from fiscal year 2025 to fiscal year 2026 in the event the funds are not expended in the first year
- **Modify Medicaid Fiscal Reporting and Transparency.** Adds language requiring DMAS to provide more detailed reporting of Medicaid expenditures on a monthly basis to the Department of Planning and Budget and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees. Language requires a fiscal analysis of policy or programmatic changes to the Medicaid and children's health insurance programs and restricts implementation unless funding is authorized through an appropriation by the General Assembly, a statutory requirement or federal law. In addition, language is added to provide greater transparency of Medicaid policy and programmatic changes on the Department of Medical Assistance Services' website.
- **Authority for Provider Rate Studies.** Adds language clarifying that provider rate studies may only be conducted after specific authorization by the General Assembly. In addition, it authorizes a rate study of certain Developmental Disabilities Services.
- **Modify Language for Legal Counsel for Medicaid Supplemental Payment Programs (Vetoed).** Adds language to allow public institutions participating in the private hospital supplemental payment program to hire legal counsel to assist in the complex legal arrangements necessary to participate in the program. **This item was vetoed by the Governor.**

## **Department of Behavioral Health and Developmental Services**

- **Fund Community Services Boards (CSB) Support Coordinators.** Includes \$8.7 million GF the second year for CSBs to hire additional support coordinators to ensure individuals receiving a DD waiver have the necessary support to receive services. Additional coordinators are needed to handle the increased caseload due to the significant addition of DD waiver slots in the 2024-2026 biennium.
- **Expand MARCUS Alert Program.** Provides \$6.0 million GF the second year to create ten additional local crisis co-response teams pursuant to MARCUS Alert legislation.

- **Expand Developmental Disability Services and Quality Assurance.** Includes \$4.6 million GF and \$532,410 NGF and 22.0 FTEs the second year to fund quality improvement specialists, registered nurse care consultants, licensed behavioral analysts, dental staff, and dental services contracts for individuals with intellectual or developmental disabilities.
- **Fund Special Conservators of the Peace at Private Hospitals.** Provides \$4.2 million GF the second year for DBHDS to give funding to private hospitals to employ special conservators of the peace to maintain custody of an individual under an emergency custody or temporary detention order.
- **Fund Pharmaceutical Costs at State Facilities.** Provides \$3.3 million GF the second year to address rising pharmaceutical costs at state mental health facilities, including long acting injectables.
- **Fund Salary Increase for Trades Positions at State Facilities.** Adds \$2.4 million GF the second year to provide salary increases to electricians, plumbers, construction, and other skilled workers at state mental health facilities.
- **Fund the Adult Psychiatric Access Line.** Includes \$2.3 million GF the second year to support the Adult Psychiatric Access Line, a program that provides psychiatric consultation and care navigation for primary care physicians to better treat adults with mental health and substance use disorders.
- **Increase Funding for Part C Early Intervention.** Includes an additional \$1.5 million GF the second year for early intervention services for infants and toddlers to address an anticipated 5% increase in caseload and increased service costs.
- **Support Outpatient Competency Restoration.** Provides \$1.5 million GF the second year to reimburse CSBs for the restoration of competency to stand trial evaluations, services, and supports in an outpatient setting.
- **Support Pilot Programs for Individual with Dementia and Geriatric Individuals (Vetoed).** Provides \$1.0 million GF the second year to expand pilot programs for individuals with dementia or geriatric individuals who may otherwise be admitted to a state facility. **This amendment was vetoed by the Governor.**

## Department for Aging and Rehabilitative Services

- **Expand Funding for Community Brain Injury Services (Vetoed).** Adds \$750,000 GF in FY 2026 to strengthen and expand brain injury case management, clubhouse services, clinical staff, and program support to meet existing demand for community brain injury services and address waiting lists. Combined with budget actions adopted during the 2024 Special Session I, this brings the new funding for these services to almost \$2.7 million in the second year. **This amendment was vetoed by the Governor.**
- **Support for Brain Injury Service Providers (Vetoed).** Adds \$600,000 GF in FY 2026 for workforce retention and recruitment efforts to ensure quality accessible services for people living with brain injury. Combined with budget actions adopted during the 2024 Special

Session I, this brings the new funding for this effort to almost \$1.4 million in the second year.

**This amendment was vetoed by the Governor.**

- **Support for Centers for Independent Living.** Provides \$300,000 GF the second year to provide independent living services including independent living skills training, advocacy, information and referral, peer mentoring, and transition services for people with significant disabilities. Combined with budget actions adopted during the 2024 Special Session I, this brings the new funding for the CILS to \$800,000 in the second year.
- **Fund Building Improvements for Eastern Shore Area Agency on Aging/Community Action Agency Inc.** Adds \$1.3 million GF in FY 2025 for a new metal roofing system for Hare Valley School in Northampton County and other building improvements such as, window replacement or replacement of the heating, ventilation and air conditioning system. The building houses the Eastern Shore Area Agency on Aging/Community Action Agency Inc. and other human services organizations. Language provides authority to carryover funding from fiscal year 2025 to fiscal year 2026 in the event the funds are not fully expended in the first year.
- **Increase Funding for Local Area Agencies on Aging.** Adds \$750,000 GF the second year to cover increased costs for providing current services for the Area Agencies on Aging and meeting the increased demand for services such as home care and transportation.
- **Expand Plan of Care and Case Management Services for Dementia Patients.** Provides \$400,000 GF in FY 2026 to expand services to provide dementia care management for 200 individuals served by Area Agencies on Aging in Richmond and Roanoke. The current budget supports such an effort in the Charlottesville and Hampton Roads areas, serving 188 individuals diagnosed with dementia.
- **Fund Villages Exchange.** Provides \$400,000 GF in FY 2026 to the County of Fairfax to support the Washington Area Villages Exchange in the creation of a pilot program to reduce the public health risk of social isolation among older Virginians by expanding the availability of Villages to additional sites. Villages are a proven means of combatting isolation while enabling older adults to age in place and live safely and independently in their homes.

## Department of Social Services

- **Enhance Child Protective Services.** Provides \$500,000 GF in FY 2025 and \$7.5 million GF and 5.00 positions in FY 2026 to execute recommendations from the Office of the State Inspector General to enhance child protective services, including improving the Interactive Voice Response system in the child protective services hotline and supporting staff at local departments of social services.
- **Fund Employment and Income Verification Contract Increase.** Includes \$7.3 million GF and \$6.5 million NGF in the second year to fund the employment and income verification for benefits contract used to review public benefit applications and eligibility determination. This is in addition to the \$6.0 million each, GF and NGF, provided each year in Chapter 2, bringing the contract increase to \$13.3 million GF and \$12.5 million NGF in FY 2026. Language also

directs the Department of Social Services to investigate alternative verification contract opportunities that are more cost-effective.

- **Fund Foster Care and Adoption Cost of Living Adjustments.** Adds \$1.5 million GF and \$1.4 million NGF in the second year to increase the maximum payments for foster care families and adoption assistance by 3%, which corresponds to the 3% salary increase provided to state employees in 2024.
- **Adjust the Child Welfare Forecast.** Redirects \$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 cost of providing foster care and adoption subsidy payments based on recent expenditure trends.

<b>TANF BLOCK GRANT FUNDING</b>		
<b>Included Funding (Changes in Italics)</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>TANF Resources</b>		
Annual TANF Block Grant Award	\$157,762,831	\$157,762,831
Carry-Forward from Prior Fiscal Year	46,855,247	25,302,548
<b>Total TANF Resources Available</b>	<b>\$204,618,078</b>	<b>\$183,065,379</b>
<b>TANF Mandated Services</b>		
<i>TANF Income Benefits</i>	\$28,544,143	\$18,099,070
Emergency and Diversionary Assistance	139,935	139,935
VIEW Employment Services	9,000,000	9,000,000
VIEW Child Care Services	2,659,033	2,659,033
TANF Caseload Reserve	1,000,000	1,000,000
TANF State/Local Operations (cost allocated activities)	69,569,090	69,557,605
<i>Address Increased Procurement Workload</i>	0	37,256
<i>Enhance Electronic Identity Validation Efforts</i>	0	15,600
<i>Increase Appropriation for Local Operations</i>	1,648,311	1,648,311
<b>Subtotal VIP/VIEW Benefits and Services</b>	<b>\$112,560,512</b>	<b>\$101,716,810</b>
<b>TANF Programming</b>		
Healthy Families/Healthy Start	\$9,035,501	\$9,035,501
Community Employment & Training Grants	7,250,000	GF Appropriation
<i>Community Action Agencies (CAAs)</i>	9,250,000	11,250,000
CAA Two Generation/Whole Family Pilot	1,125,000	1,125,000
Earned Income Tax Credit (EITC) Grants	635,725	635,725
Local Domestic Violence Prevention Grants	3,846,792	3,846,792
Long-Acting Reversible Contraceptives	4,000,000	GF Appropriation
Federation of Virginia Food Banks	3,000,000	3,000,000
Virginia Early Childhood Foundation	1,250,000	1,250,000

<b>TANF BLOCK GRANT FUNDING</b>		
Boys and Girls Clubs	2,000,000	2,000,000
<i>Child Advocacy Centers</i>	<i>2,136,500</i>	<i>3,136,500</i>
<i>Northern Virginia Family Services</i>	<i>2,000,000</i>	<i>2,125,000</i>
Northern Virginia Family Services Mobile Service & Outreach	500,000	500,000
Laurel Center	1,250,000	1,250,000
FACETS	350,000	350,000
<i>Visions of Truth STRIVE Program</i>	<i>150,000</i>	<i>350,000</i>
Transit Passes	500,000	500,000
United Community	1,200,000	1,200,000
Good Shepard Housing and Family Services	200,000	200,000
Lighthouse Community Center	500,000	500,000
<i>Cornerstones</i>	<i>750,000</i>	<i>1,000,000</i>
<b>Subtotal TANF Programming</b>	<b>\$50,929,518</b>	<b>\$43,254,518</b>
<b>Other Spending (Cost Avoidance)</b>		
Local Staff Support	\$6,405,502	\$6,405,502
Children's Services Act Transfer	9,419,998	9,419,998
<b>Subtotal Other Spending (Cost Avoidance)</b>	<b>\$15,825,500</b>	<b>\$15,825,500</b>
<b>Total TANF Expenditures and Transfers</b>	<b>\$179,315,530</b>	<b>\$160,796,828</b>

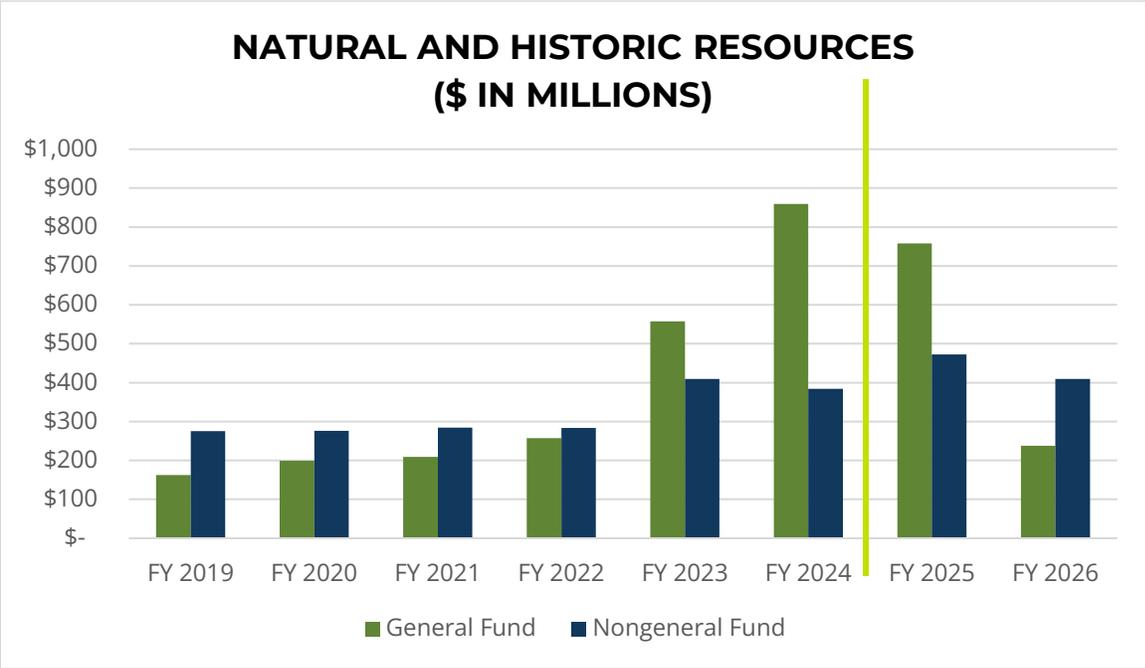
## Virginia Board for People with Disabilities

- **Fund Interagency Contract with DARS for Administrative Services.** Provides \$31,593 GF in FY 2026 for contract cost increases for administrative, fiscal, and information technology services provided by the Department for Aging and Rehabilitative Services.

## Department of the Blind and Vision Impaired

- **Fund Interagency Contract with DARS for Administrative Services.** Provides almost \$1.0 million GF and \$592,520 NGF the second year for administrative contract cost increases provided to the agency by the Department for Aging and Rehabilitative Services (DARS). DARS provides administrative services to all the disability agencies.
- **Provide Materials for Rehabilitation Teaching and Independent Living Program.** Includes \$375,000 GF the second year to support the purchase of additional navigational aids, tools, and training materials needed to address the waitlist of blind and visually impaired participants in the Rehabilitation Teaching and Independent Living Program.

# Natural and Historic Resources



Overall general fund spending within the Natural and Historic Resources secretariat varies greatly from year to year, largely depending upon the size of the required deposit in the Water Quality Improvement Fund. The largest driver of increased spending in the introduced budget is the required \$93.7 million WQIF deposit, distributed as follows: \$50.0 million to the City of Richmond for its Combined Sewer Overflow project, \$26.3 million to support agricultural best management practices and the WQIF reserve, and \$17.4 million for wastewater treatment improvements required by the Enhanced Nutrient Removal Certainty program. An additional \$50.0 million GF deposit in the Community Flood Preparedness Fund in FY 2025 was adopted but ultimately vetoed by the Governor.

## Department of Conservation and Recreation

- Disposition of Water Quality Improvement Fund Deposit.** Appropriates \$93.7 million of Part A and Part B FY 2024 surpluses which under existing policy would be deposited in the Water Quality Improvement Fund (WQIF). Of this amount, \$50.0 million is provided to the City of Richmond for the ongoing costs of its Combined Sewer Overflow (CSO) project, and \$17.4 million to the Department of Environmental Quality to defray continued cost increases associated with the Enhanced Nutrient Removal Certainty Program. The remaining \$26.3 million is deposited in WQIF under the Department of Conservation, with \$17.4 million directed to the Natural Resources Commitment Fund to support agricultural best management practices, and \$8.9 million deposited in the WQIF Reserve.

- **Community Flood Preparedness Fund (Vetoed).** Increases the FY 2025 deposit into the Virginia Community Flood Preparedness Fund from \$100.0 million to \$150.0 million. **This item was vetoed by the Governor.**
- **Biscuit Run Park (Vetoed).** Includes \$1.3 million GF in FY 2025 for the design and construction of an ADA accessible walking trail at Biscuit Run Park in Albemarle County. **This item was vetoed by the Governor.**
- **Quantico Creek (Vetoed).** Provides \$1.0 million in FY 2025 to the Town of Dumfries for restoration and flood mitigation activities at Quantico Creek. **This item was vetoed by the Governor.**
- **Conservation Officers VALORS Membership.** Provides \$553,000 GF in FY 2026 to reflect the estimated costs of adding DCR conservation officers to VALORS pursuant to legislation to be considered during the 2025 Session of the General Assembly.
- **Environmental Literacy (Vetoed).** Provides \$500,000 GF in FY 2026 for environmental literacy programs and professional development. **This item was vetoed by the Governor.**
- **Lake Barcroft Dam.** Includes \$500,000 GF in FY 2025 to complete engineering and design work for the Lake Barcroft Dam Flood Mitigation Project in Fairfax County.

## Department of Environmental Quality

- **Richmond CSO.** Reallocates half of the \$50.0 million GF existing appropriation for the Richmond CSO project from FY 2025 to FY 2026.
- **Groundwater Research (Vetoed).** Provides \$2.3 million GF in FY 2025 to support the installation of five additional multi-well research stations to study the upper portions of the Eastern Groundwater Management Area, and to conduct a study to determine feasible locations within the Management Area to recommend water treatment upgrades modeled on the Hampton Roads Sanitation District SWIFT project. **This item was vetoed by the Governor.**
- **Town of Richlands Water Treatment Plant.** Includes \$1.5 million GF the first year be provided to the Town of Richlands for water treatment plant upgrades.
- **Harmful Algal Bloom Monitoring.** Provides \$500,000 GF in FY 2026 to support ASGS monitoring of harmful algal blooms in the Shenandoah River.

## Department of Wildlife Resources

- **Permanent Habitat for Seabirds.** Provides \$4.4 million GF in FY 2025 to support construction of a permanent habitat for Virginia's largest nesting seabird colony, which was displaced by the ongoing expansion of the Hampton Roads Bridge Tunnel. The amount provided represents 35% of the total estimated cost and would serve as the non-federal match for this U.S. Army Corps of Engineers project.

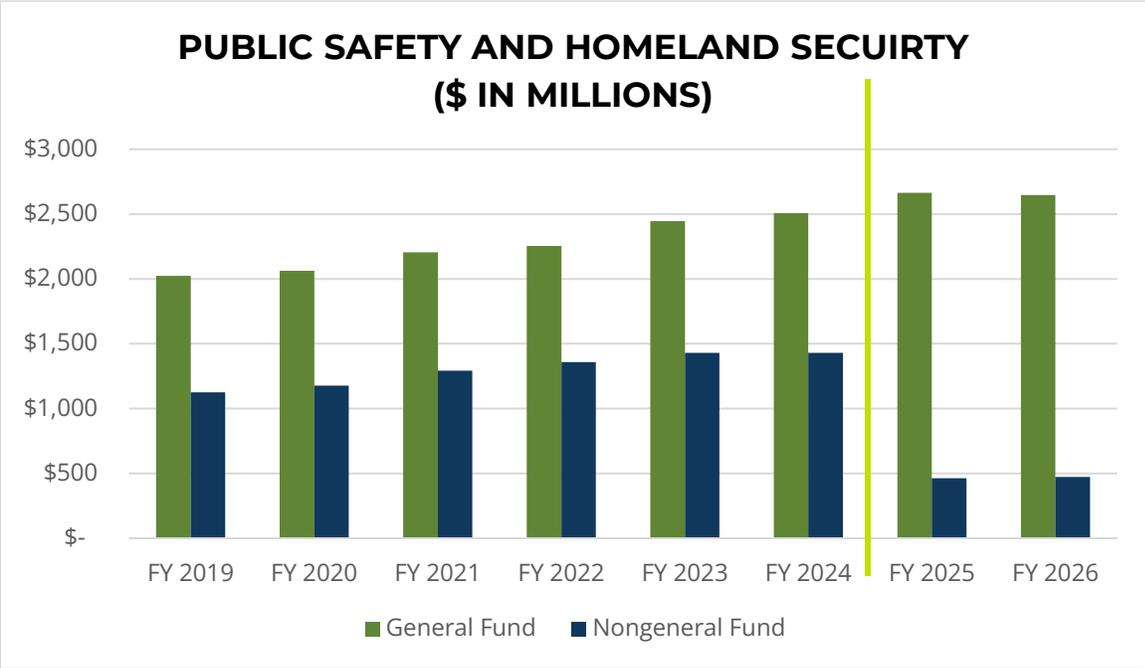
## Department of Historic Resources

- **Jamestown Flood Protection Measures.** Provides \$8.0 million GF in FY 2025 for flood protection measures and projects to protect archeological and structural resources at Jamestown.
- **Virginia African American Cultural Center.** Provides \$1.0 million GF in FY 2025 to support the establishment of the Virginia African American Cultural Center in the City of Virginia Beach.
- **African American Cemetery and Graves Fund.** Increases the FY 2025 appropriation for the African American Cemetery and Graves Fund from \$250,000 GF to \$1.0 million GF.
- **BIPOC Fund.** Increases the FY 2025 appropriation for the BIPOC Fund from \$1.0 million GF to \$1.5 million GF.
- **Douglass Cemetery.** Provides \$500,000 GF in FY 2025 for restoration activities at Douglass Cemetery in the City of Alexandria.
- **Changes to Existing Tribal Internship Language.** Proposes changes to existing language directing authorizing the Department to enter into agreements with one or more indigenous Virginia tribes to establish paid internships. The language would allow for the funding to be used for grants, consultation, and trainings in addition to paid internships.

## Marine Resources Commission

- **Small Dredging Projects.** Transfers responsibility for administration of shallow water dredging projects, and \$4.0 million NGF in FY 2026, from the Virginia Port Authority pursuant to House Bill 18344 of the 2025 Session.

# Public Safety and Homeland Security



The adopted budget for Public Safety and Homeland Security includes spending amounts moderately higher than those found in Chapter 2 (2024 Spec. Sess. 1), reflecting a 6.3% increase in general fund spending in FY 2025 and a 5.6% increase in FY 2026. At the Department of Corrections, major spending changes include \$4.1 million GF in additional support for inmate medical care, and \$2.1 million to expand the provision of HVAC and renewable energy education programs to inmates. For the Department of Criminal Justice Services, an additional \$5.9 million is provided to support community violence intervention programs, and \$5.0 million GF is provided at the Department of Fire Programs to establish a grant fund to support local purchases of protective equipment for firefighters.

## Department of Corrections

- Increased Inmate Medical Costs.** Provides \$4.1 million GF in FY 2026 to reflect updated projections of inmate medical spending and the increased costs of providing medical care. The budget also includes 12 additional medical positions to replace medical contractors with state employees.
- Mobile Classroom Trailers.** Proposes \$2.1 million GF in FY 2025 to support the purchase of mobile classroom trailers to expand HVAC and renewable energy career and technical education programs offered to DOC inmates.
- Bedspace Impact of Proposed Legislation Affecting Criminal Sentencing.** Deposits \$650,000 in the Corrections Special Reserve Fund in FY 2026 to reflect the anticipated

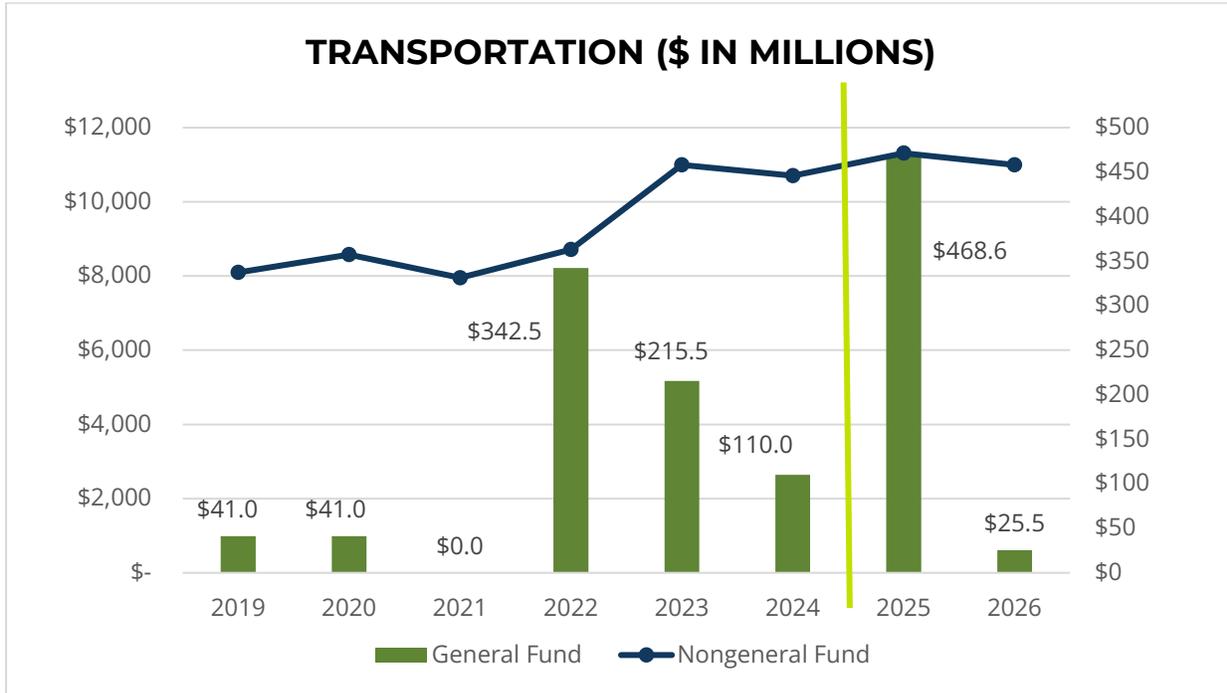
bedspace utilization impact of legislative proposals affecting criminal sentencing adopted during the 2025 Session.

- **Expand Inmate Dental Services.** Provides \$467,283 GF in FY 2026 to establish one new mobile dental teams to expand dental services provided to inmates.
- **Community Corrections Electronic Monitoring.** Includes \$905,000 GF in FY 2026 to expand the use of electronic monitoring of probationers and parolees.
- **DGS Review of Local Jail Projects.** Streamlines requirements of the process by which the Department of General Services reviews local and regional jail renovation, expansion, or construction projects.

## Department of Criminal Justice Services

- **Community Violence Intervention (Vetoed).** Provides an additional \$350,000 in FY 2025 and \$5.5 million in FY 2026 to support community violence intervention programs. This includes a one-time, \$350,000 grant to the VICTOR program, \$2.0 million for the Firearm Violence Intervention and Prevention Fund to provide grants to the City of Chesapeake, and a total of \$5.0 million to support the expansion of the Safer Communities program to the Cities of Hampton and Newport News. **This item was vetoed by the Governor.**
- **School Resource Officer Incentive Grant Fund (Vetoed).** Authorizes the use of up to \$6.2 million from the balances of the SRO Incentive Grant Fund to support a digital mapping program for public colleges and universities, and up to \$1.5 million from Fund balances to support the extension of current SRO Incentive Grant awards for fifth and sixth years. **This item was vetoed by the Governor.**
- **TDO and ECO Transportation Reimbursement.** Provides \$2.0 million in FY 2025 to reimburse local law enforcement agencies for the time and costs of transporting individuals held under emergency custody orders and temporary detention orders.
- **Sexual Assault and Domestic Violence Services Agencies.** Increases the appropriation supporting grants to sexual assault and domestic violence victim services agencies by \$2.0 million in FY 2026.
- **Victim Witness Grants.** Provides an additional \$1.5 million in FY 2026 to support the Victim Witness Grant Program.
- **Local Drone Replacement.** Provides \$1.0 million GF in FY 2026 for the Unmanned Aircraft Trade and Replace Program, to support the replacement by localities of unmanned aircraft systems manufactured in a country defined as a foreign adversary.
- **YWCA Richmond Domestic Violence Campus.** Provides \$500,000 GF in FY 2025 to support YWCA Richmond with start-up costs related to the establishment of a campus to serve survivors of domestic violence.

# Transportation



Nongeneral Fund appropriations within the Transportation Secretariat remain relatively level after the significant increases which have occurred since driven largely by the policy changes adopted in legislation in the 2020 General Assembly Session. The total NGF appropriation for the Secretariat in FY 2025 is approximately \$11.31 billion with the appropriation decreasing to \$11.00 billion in FY 2026.

The General Fund appropriation within secretariat is \$468.6 million in targeted expenditures in FY 2025 and \$25.5 million in FY 2026.

The appropriations adjustments in the adopted budget result in an increase of \$168.1 million GF and \$610.6 million NGF over the biennium.

Below is a summary of the major funding initiatives.

## Virginia Commercial Space Flight Authority

- **Adjust Appropriation for Projected Revenues.** Includes \$96,903 NGF in FY 2025 and \$1.0 million NGF in FY2026 to reflect updated revenue projections for the Authority.

## Department of Aviation

- **Support for Aviation and Airport Promotion Program.** Transfers approximately \$100,000 NGF in FY 2026 from the Department's administrative funding to increase support for the Aviation and Airport Promotion Program grants.
- **Update Commonwealth Aviation Fund Allocation Formula.** Includes language changing the allocation amounts allowed from the Commonwealth Aviation Fund to ensure efficient use of all funds from the Commonwealth Aviation Fund.

## Department of Motor Vehicles

- **NGF Appropriation to Support Computer System Replacement.** Provides a \$25.0 million NGF appropriation in FY 2026 to support the costs of replacing the current mainframe system and transitioning to a modern served-based system. The Department has been planning this transition for several years and has sufficient cash balances to support the appropriations.
- **Charge Credit Card Convenience Fee for Transactions of at Least \$10,000.** Authorizes the Department to charge 1.5% convenience fee for credit card transactions of \$10,000 or more.
- **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.
- **DMV Capital Amendments.** Two amendments are included in capital for DMV. One amendment provides \$4.0 million in FY 2025 and \$11.5 million in FY 2026 for maintenance reserve and the second amendment provides \$16.0 million for the next phase of the renovation of DMV's headquarters.

## Department of Motor Vehicles Transfer Payments

- **Increase Transfer Payments to Localities to Reflect Revenue Growth.** Includes an additional \$2.5 million NGF in transfer payments to localities based on increased collections of sales tax from mobile home sales.

## Department of Rail and Public Transportation

- **Adjust Funding for Operating Support for the Washington Metropolitan Area Transit Authority.** Adjust the funding included in Chapter 2 for WMATA by moving the FY 2026 funding into FY 2025 and decreasing the funding amount by \$11.1 million. The amendment increases FY 2025 funding by \$76.7 million GF and strikes \$84.5 million in funding in FY 2026. The decrease in funding is based on an updated calculation of the additional funding needed to support WMATA.

- **Support for Hampton Roads Transit (Vetoed).** Includes \$200,000 in GF in fiscal year 2025 to provide support for a one-time transit investment for Hampton Roads Transit. **This item was vetoed by the Governor.**

## Department of Transportation

- **Update Appropriation Based on Updated Revenue Projections and Financial Plan.** Reflects an NGF increase of \$313.3 million in FY 2025 and decrease of \$106.9 million in FY 2026 for the Department based on the updated 6-year plan and revenue projections.
- **General Fund Support for I-81 Improvement Program.** Appropriates the \$175 million in General Fund support for I-81 Corridor Improvement Program which was authorized in Chapter 2 contingent on the FY 2024 year-end surplus.
- **Funding for Highway Equity Study (Vetoed).** Includes \$250,000 in General Fund in fiscal year 2025 to fund a highway equity study. **This item was vetoed by the Governor.**
- **Modify Language Pursuant to Toll Relief in Hampton Roads.** Modifies language adopted in Chapter 2 providing additional toll relief in Hampton Roads. Language clarifies that only residents of Norfolk and Portsmouth are eligible for the additional toll relief benefit and includes language authorizing 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 which eliminates tolls on the George P. Coleman Bridge effective January 1, 2026. The language states that any remaining debt to state's Toll Facility Revolving Account that cannot be repaid shall be written off.

## Department of Transportation Transfer Payments

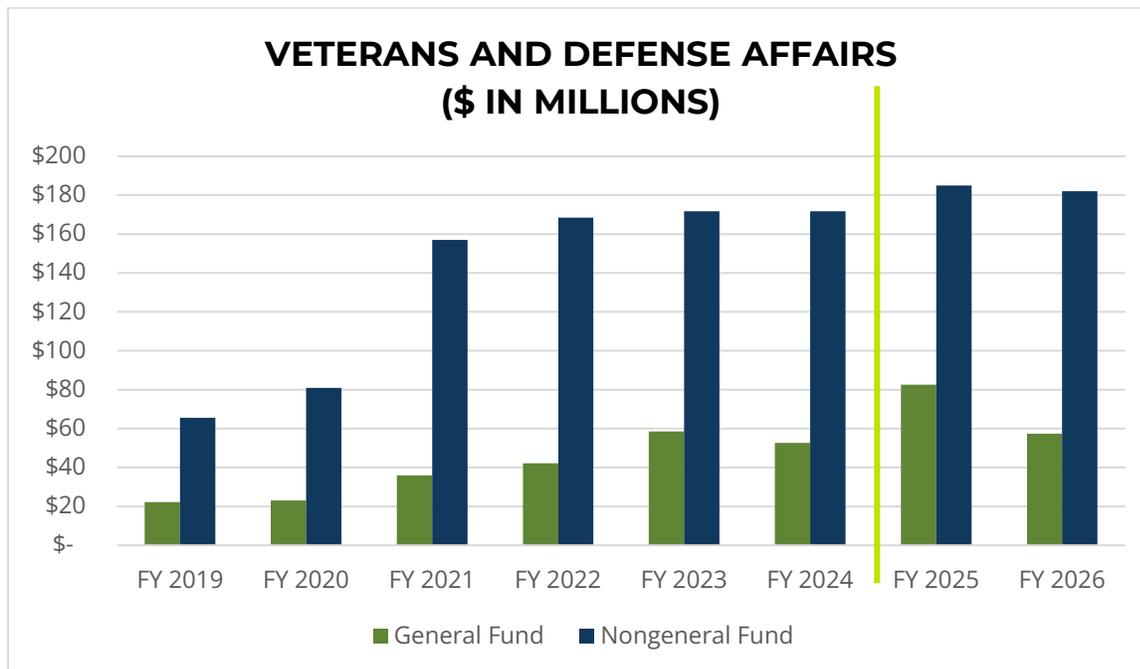
- **Update Appropriation Based on Updated Revenue Projections and Financial Plan.** Reflects a NGF reduction of \$4.1 million in FY 2025 and increase of \$57.0 million in FY 2026 in transfer payments to regional transportation programs based on updated financial plans and revenue projections.

## Virginia Port Authority

- **Authorize Amendments to the Capital Leases for the Virginia International Gateway.** Includes several amendments 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. Amendments increase the Port's NGF appropriation by \$23.0 million in FY 2026 and authorize up to \$350.0 million in Virginia Port Authority bonds for a capital lease amendment for the Virginia International Gateway Terminal.

- **Provide Funding for Dredging at Wallops Island.** Authorizes up to \$8.0 million from the Transportation Partnership Opportunity Fund in fiscal year 2025 for a dredging project at Wallops Island to enable barges to deliver rockets and other materials to the launch site and the facilities.
- **Support Dredging Project Off York River.** Includes \$1.0 million GF in FY 2025 to support the dredging of Back Creek off the York River.
- **Transfer Responsibility for Small Dredging Projects to VMRC.** Transfers \$4.0 million from the nongeneral fund in fiscal year 2026 to the Virginia Marine Resources Commission (VMRC) consistent with the provisions of House Bill 1834 (Chapter 78) which transfers responsibility for the Virginia Waterway Maintenance Grant Program and Fund from the Port to the VRMC. Budget language also authorizes the transfer of any unexpended general or nongeneral funds appropriated in prior fiscal years to support shallow dredging projects.
- **Funding for NOAA PORTS Stations.** Includes \$325,000 NGF in FY 2025 to fund the non-federal sponsorship share of not more than twelve National Oceanic and Atmospheric Administration (NOAA) Physical Oceanographic Real-Time System (PORTS) stations in the southern Chesapeake Bay.

## Veterans and Defense Affairs



The budget increases general fund spending for the Veterans and Defense Affairs secretariat by \$6.0 million over the biennium. The bulk of this amount is comprised of the request to increase general

fund start-up support for the Jones & Cabacoy and Puller Veterans Care Centers, which totals \$4.7 million in FY 2025.

## Department of Veterans Services

- **Supplement Start-Up Costs at New Veterans Care Centers.** Authorizes the use of \$4.7 million NGF in FY 2025 from balances to support start-up operating costs at Jones & Cabacoy and Puller Veterans Care Centers. This money would be in addition to the \$19.1 million GF provided in Chapter 2 and would bring the total startup support to \$23.8 million for the year. The funding has been provided with the expectation that once full staffing and occupancy levels at the Centers are reached sufficient nongeneral fund revenue will be generated to support all ongoing operational costs.
- **Information Technology Systems.** Includes \$812,000 GF in FY 2025 and \$116,000 GF in FY 2026 to support development, security, and maintenance of information technology systems, and one-time support to add text messaging capabilities to the Veteran Engagement and Scheduling Application system.

## Department of Military Affairs

- **STARBASE Program.** Provides \$859,000 in FY 2025 and \$463,000 in FY 2026 from federal funds to support STARBASE, a new STEM youth program in the Town of Blackstone.

## Central Appropriations

General Fund appropriations within central appropriations reflect employee compensation and benefit changes, which are spread across the agencies in the out years, internal service fund costs spread across agencies, or for one-time expenditures.

Below is a summary of the major funding initiatives.

## Employee Compensation Actions

- **1.5% Bonus for State Employees and State Supported Local Employees.** Provides \$83.1 million general fund in FY 2025 to provide a 1.5% bonus for state employees and state supported local employees. The amendment provides \$62.0 million for the state employee bonus on June 16, 2025, and \$21.1 million for the state supported local employees bonus on July 1, 2025. This is in addition to the funding included in Chapter 2 providing a 3% across the board salary increases for all employee groups in both fiscal years of the biennium.
- **Targeted Salary Increases.** The budget does include \$6.8 million GF for targeted salary increases within the following agencies:

Targeted Salary Increases Within Agencies (GF \$ in millions)		
Agency	Proposed Increase	FY 2026
DBHDS	Provide Market Adjustments for Trade Positions Within the DBHDS' Facilities	\$2.4
Compensation Board	Provide 6.0% Salary Increase for E-911 Dispatchers in Sheriffs' Offices	0.9
DJJ	Provide \$2,231 salary adjustment for DJJ security staff	1.0
State Police	Fund State Police Pay Plan Step Adjustment	2.5
<b>Total</b>		<b>\$6.8</b>

## Employee Benefit Plan Funding Actions

- **Adjust Funding for State Employee Health Plan Premiums.** Includes \$40.5 million GF in FY 2026 to support a 6.0% increase in premiums for the state employee health insurance program effective July 1, 2025. The most recent actuarial analysis estimated an increase in costs of 9.4% in FY 2026. It is estimated that a portion of the cost increase can be absorbed from a projected increase in pharmacy rebate collections and the current balances in the health insurance fund.

## Adjustments to Agency Distributions

Other 2024-26 Central Budget Adjustments for Agency Distributions (GF \$ in millions)		
Program	FY 2025	FY 2026
<b>Compensation and Benefits</b>		
Line of Duty Act Premiums	(\$0.4)	\$0.0
State Employee Workers' Compensation Premiums	0.0	(1.0)
Adjust Funding for Minimum Wage Increase	(0.1)	(0.3)
<b>Agency Operations</b>		
Funding for Agency Information Technology Costs	(1.9)	6.1
Funding for Property Insurance Premiums	0.0	10.1
Funding for Agency Rent Cost	0.0	7.5
<b>Total</b>	<b>\$2.4</b>	<b>\$22.4</b>

## Miscellaneous Expenditure Initiatives

- **Increase Appropriation for Higher Education Credit Card Rebates and Interest Earnings.** Provides an increase in FY 2025 of \$10.0 million GF and \$9.4 million NGF to amend the amount of funding that is returned to the Higher Education Institutions based on interest earnings on tuition and fees, and rebates from credit card charges made by the institutions. The proposal would increase the total fund transfers in FY 2025 from \$20.0 million to \$39.3 million.

- **Funding for Inauguration and Transition for Statewide Offices.** Includes \$2.0 million GF in FY 2026 to cover the cost associated with the inauguration and transition of statewide offices after the 2025 elections.

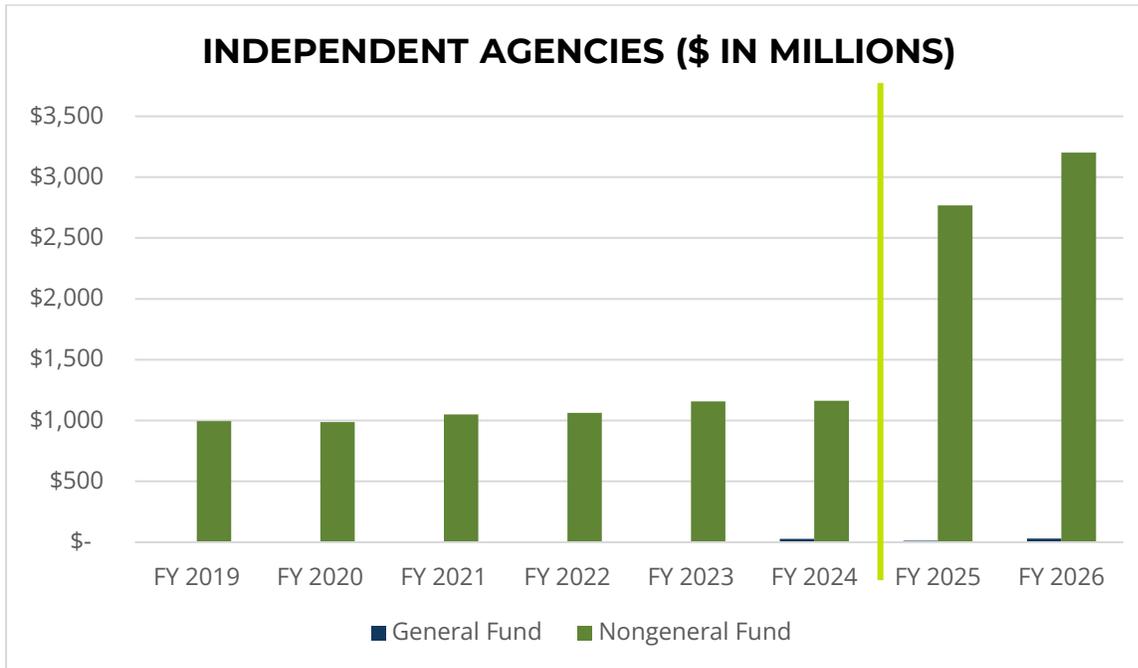
## Contingent Spending Language

- **Designate Uses for FY 2025 Revenue Surpluses.** Includes language earmarking:
  - The first \$20.0 million from any FY 2025 year end revenue surplus, after any constitutionally-mandated deposit into the revenue stabilization fund, to support the Virginia Military Survivors & Dependents Education Program; and
  - Allocates any remaining surplus, after any deposits into the Water Quality Improvement Fund, to address the impacts of any reductions in federal appropriations.

## Miscellaneous Language Amendments

- **Deposit Previous Appropriation into Mass Violence Care Fund.** Replaces language related to compensation for Victims of Mass Violence with new language which creates the Mass Violence Care Fund as a special nonreverting fund and directs \$10.0 million previously appropriated for victims of mass violence in the 2023 Appropriation Act to be deposited into the new Fund.
- **Remove Clean Energy Innovation Bank Language (Vetoed).** Amendment deleted language included in Chapter 2 related to the creation of the Clean Energy Innovation Bank. **This item was vetoed by the Governor.**
- **Set Out Distribution Table for Tech Talent Investment Fund (Vetoed).** Language amendment sets out the FY 2026 allocation for the Higher Education Institutions, for the \$28.9 million in funding provided for the Tech Talent Investment Fund in Chapter 2. **This item was vetoed by the Governor.**

# Independent Agencies



Independent agencies are funded almost entirely by nongeneral fund revenue collected through fines, fees, charges, and other non-GF income associated with their respective lines of business. The significant increase (158%) in nongeneral fund appropriation for the 2024-2026 biennium reflects the conversion of the Alcohol Beverage Control Authority (ABC) and Opioid Abatement Authority (OAA) to independent status, effective in FY 2025. Notable NGF spending for FY 2024-2026 includes \$223.4 million for Virginia Lottery to reflect increased operational costs and payout distributions and \$127.8 million in additional federal appropriation in the State Corporation Commission for the Health Reinsurance Program.

The budget does not contain any new GF spending for independent agencies. Of the \$42.5 million GF provided in FY 2024-2026 for independent agencies, \$21.1 million is for the state share of the Commonwealth Health Reinsurance Program, \$13.2 million is for the Workers' Compensation Commission to administer the Sexual Assault Forensic Exam (SAFE) Payment program, and \$0.2 million is for the Virginia Retirement System to administer non-pension plan programming.

## State Corporation Commission

- **Adjust Appropriation for the State Health Reinsurance Program.** Reduces GF by \$72.0 million over the biennium, leaving \$21.1 million GF to support the state's share of Health Reinsurance Program costs. Includes language directing that any unused GF balances shall revert prior to the end of FY 2026. Also increases NGF appropriation by \$127.8 million the second year to reflect additional federal contributions.

- **Reflect Operational Increases.** Includes \$5.4 million NGF the second year to reflect additional expenditures by the agency for recent statewide actions, such as statewide salary increases and adjustments to workers’ compensation rates, and to support implementation costs for legislation passed by the 2025 General Assembly.

## Virginia Lottery

- **Reflect Increased Operational and Distribution Costs.** Includes \$223.4 million the second year to reflect increased payout distributions for online lottery winnings and increased operational costs related to the sale of lottery products.

## Capital Outlay

The budget includes a total of \$1.0 billion for capital outlay, of which \$351.9 million is funded with GF cash and \$658.1 million is funded through NGF resources, including \$206.1 million in NGF debt. These numbers reflect the capital outlay budget after the Governor line-item vetoed several items on May 2, 2025.

Prior to the Governor’s actions, the budget included \$1.9 billion in new capital spending, of which \$1.0 billion was funded through GF cash. **The Governor eliminated new higher education capital spending totaling \$626.0 million GF as well as \$65.3 million GF for facility improvements at George Mason University, State Parks, and a project to install air conditioning in all state prisons.** The capital budget does not authorize any new tax supported debt.

Capital Outlay Funding Type for FY 2024-2026 (\$ in millions)	
General Fund Cash	\$351.9
Nongeneral Fund Cash	452.0
9(c) Revenue Bonds	206.1
9(d) Revenue Bonds	0.0
<b>Total</b>	<b>\$1,010.0</b>

## Overall Capital Funding Allocations

**Categorizing by Previously Authorized vs. New Projects:** \$235.5 million of the total \$351.9 million GF is for projects already in the pipeline. Of the \$116.5 million GF in new allocations, \$91.6 million is for improvements to, or replacement of, facilities with significant deferred maintenance.

Project Category	GF Cash	NGF Cash	NGF 9(c) Debt	NGF 9(d) Debt	Total
Previously Authorized (“In Pipeline”)	\$235.5	\$40.6	\$0.0	\$0.0	<b>\$276.1</b>
New- Deferred Maintenance	91.6	7.4	0.0	0.0	<b>99.0</b>
New- Other	24.9	404.0	206.1	0.0	<b>635.0</b>
<b>Total</b>	<b>\$351.9</b>	<b>\$452.0</b>	<b>\$206.1</b>	<b>\$0.0</b>	<b>\$1,010.0</b>

**Categorizing by Project Type:** Of the total GF provided for capital, \$85.1 million is for construction or acquisition, \$96.8 million is for improvements, \$93.2 million is for projects to start or continue planning, and \$76.9 million is for supplements and equipment for projects currently under construction. The budget also includes \$335.0 million NGF for capital leases for the Virginia Port Authority. Detail of these categories is provided on the following pages.

Categorized By Project Type (\$ in millions)					
Project Category	GF Cash	NGF Cash	NGF 9(c) Debt	NGF 9(d) Debt	Total
Construction/Acquisition	\$85.1	\$16.7	\$206.1	\$0.0	<b>\$307.9</b>
Capital Lease (NGF)	0.0	335.0	0.0	0.0	<b>335.0</b>
Improvements	96.8	91.2	0.0	0.0	<b>188.0</b>
Planning	93.2	9.1	0.0	0.0	<b>102.3</b>
Supplements and FF&E	76.9	0.0	0.0	0.0	<b>76.9</b>
<b>Total</b>	<b>\$351.9</b>	<b>\$452.0</b>	<b>\$206.1</b>	<b>\$0.0</b>	<b>\$1,010.0</b>

## Construction/Acquisition

Prior to the Governor’s vetoes, the capital budget provided \$699.1 million GF for construction and acquisition, the majority of which was directed to higher education projects. Post-veto, only \$85.1 million GF remains for construction/acquisition projects.

- **GF-Supported Higher Education Construction/Acquisition Projects.** Includes \$18.8 million GF for 3 higher education projects after the Governor’s vetoes. The vetoed projects are noted on the table below, and total \$614.6 million over the biennium.

Higher Education Construction/Acquisition Projects	
Institute	Project Name
IALR	Expand Center for Manufacturing Advancement ( <b>Vetoed</b> )
JMU	Renovate Johnston Hall ( <b>Vetoed</b> )
UVA	Construct Center for the Arts ( <b>Vetoed</b> )
VCCS	Workforce Trades and Innovation Center (Paul D. Camp CC)
VCCS	Aviation Maintenance Technician Facility
VCCS	Renovate Amherst/Campbell Hall, Central Virginia ( <b>Vetoed</b> )
VCCS	Replace Godwin Building, Annandale Campus, Northern Virginia (2021 Pool)
VCU	Acquire Altria Building ( <b>Vetoed</b> )
VIMS	Construct Marine Operations Administration Complex ( <b>Vetoed</b> )
VSU	Renovate Virginia Hall ( <b>Vetoed</b> )
VT	Expand VT-Carilion School of Medicine & Fralin Biomedical Research Institute ( <b>Vetoed</b> )

- **GF-Supported State Agency Construction/Acquisition Projects.** Provides \$66.3 million GF for 3 state agency projects, as follows:

State Agency Construction Projects	
Agency	Project Name
DVS	Acquire Additional Land for Suffolk Veterans Cemetery
VSDB	Renovate Main Hall Interior
VSP	Acquire Division Six Headquarters in Roanoke

## Existing Facility Improvements

At a total of \$96.8 million GF, improvement projects comprise the largest share of the GF capital budget. Prior to the Governor's veto action, \$173.5 million was available for existing facility improvements. Several higher education projects were vetoed in this category, which are discussed in more detail below. Projects in this category are upkeep-oriented, addressing deficiencies in life safety, accessibility, systems, or facility security, and are funded through a mix of stand-alone and pool authorizations. Significant projects to highlight for this category include:

- **Repair, Renovate, and Upgrade DBHDS Facilities.** Provides \$32.3 million GF for critical upgrades at certain DBHDS facilities, specifically an HVAC replacement at Catawba Hospital, various projects at Southwestern Virginia Mental Health Institute, and the conversion of 10 beds at Southeastern Virginia Training Center to accommodate a nursing level of care.
- **Install Air Conditioning at State Prisons (Vetoed).** Includes \$25.0 million GF as the first phase of a project to install air conditioning in the few remaining prison facilities without it. This phase of funding is for Nottoway Correctional Center, the facility with the largest cost for installation. **This item was vetoed by the Governor.**
- **Address State Park Deferred Maintenance (Vetoed).** Provides \$20.0 million GF to assist with the backlog of deferred maintenance in Virginia's state park system. **This item was vetoed by the Governor.**
- **Fund Facility Improvement Projects at State Agencies.** Includes \$42.8 million GF for 6 additional improvement projects at state agencies:

State Agency Improvement Projects	
Agency	Project Name
DBHDS	Replace retherm units at state facilities
DGS	Renovate Patrick Henry Building Administration Offices
DGS	Carillon Improvements
VMFA	Install Fire Protection System
DJJ	Replace sprinkler system in Bon Air Juvenile Correctional Center expansion building
DMA	Support construction of connector roads at the Army Aviation Support Facility

- **Fund Facility Improvement Projects at Institutions of Higher Education.** Includes \$21.7 million GF total for improvement projects at LU, NSU, UMW, and VSU. **The Governor vetoed facility improvement projects for CWM, GMU, and LU, totaling \$31.7 million.**

## Planning

Of the total \$93.2 million GF included for planning, 80% is to expand planning for seven projects already in the capital pipeline. The remaining funds are to initiate planning for nine new projects, of which all but one involve a renovation or replacement of a current facility. Key projects include:

- **New State Agency Building.** Includes \$35.0 million GF and language authorizing use of \$17.1 million in capital project balances to plan a new state agency building and relocate tenants from the failing Monroe Building. The new building will be located on the site of the current VDOT Annex, with DGS directed to report on progress of moves from the Monroe building and new state building design prior to the 2026 Session. Also includes language directing transfer of the VDOT Annex property to DGS, authorizing the sale of property at the site of the former VEC headquarters, and setting an initial scope for new building design.
- **New Commonwealth Courts Building.** Includes \$14.5 million GF for continued planning, demolition, and site preparation for a new facility for the Supreme Court and Court of Appeals on the footprint of the Pocahontas Building.
- **Replacement State Lab,** Provides funding in the planning pool for DGS to initiate design of a replacement state consolidated laboratory at a site in Hanover County. Includes language detailing the size and scope of the project and directing property transfer from VDOT to DGS.

The remaining projects granted planning authority in this budget are set out in the table below (Note: new projects are denoted with an asterisk; all others were previously authorized):

Planning Pool Authorizations	
Agency/ Institution	Project Name
<b>STATE AGENCIES</b>	
DBHDS	Adjust scope for Food Service Renovations Statewide
VSP	Replace Training Academy ( <i>authorized and funded through working drawings</i> )
WWRC	Replace Switzer student workforce transition (PERT) facility*
WWRC	Perform structural repairs on two buildings*
<b>INSTITUTIONS OF HIGHER EDUCATION</b>	
CNU	Replace ROTC Building
CWM	Renovate Ewell Hall ( <i>authorized through working drawings</i> )
ODU	Address Oceanography Building Deferred Maintenance*
Radford	Construct Roanoke Academic Building* ( <i>through funding allotment</i> )
UVA-W	Construct Technology Classroom Building* ( <i>pre-planning only</i> )
VCCS	Replace Buchanan and Tazewell Halls, Southwest Virginia Community College
VCCS	Renovate Learning Resource Center, VA Highlands ( <i>pre-planning only</i> )
VSU	Replace Johnson Memorial Library ( <i>pre-planning only</i> )
VSU	Construct BOLT Leadership ( <i>authorized through working drawings</i> )

## Supplements and Capital Equipment

Includes \$76.9 million GF for projects already authorized for construction, as follows:

- **Supplement Construction Costs for Two Authorized Projects.** Includes \$62.4 million GF for two projects currently under construction and facing unanticipated cost overruns: Virginia Tech's Randolph Hall Project, and the Regional Science Center in Northern Virginia.
- **Provide Equipment Funding.** Includes \$14.5 million GF for furniture, fixtures, and equipment (FF&E) for four projects nearing completion at Longwood, CNU, VCCS, and for regional animal health laboratories run by the Dept of Agriculture and Consumer Services.

## Other Capital Actions

- **Capital Lease for the Virginia Port Authority (VPA).** Includes \$335.0 million NGF in VPA bonds for a capital lease amendment for the Virginia International Gateway Terminal.
- **Amend Scope of Project to Provide Water Infrastructure in Nottoway County (Vetoed).** Provides language amending the scope of an existing project to clarify next steps in the state's effort to implement a long-term solution to provide water to state facilities. Includes language directing the Virginia Resources Authority and the Department of Health to assist with local efforts to fund remaining infrastructure upgrades. **This item was vetoed by the Governor.**
- **Property Transfers and Sales.** Includes language authorizing (i) the transfer of the First African Baptist Church in Richmond from VCU to VSU; (ii) transfer of a parking lot from Virginia Highlands Community College to the Board of Trustees of the Southwest Virginia Higher Education Center; and (iii) sale of VDOT property located in Hanover.
- **Relocate Fleet Management.** Provides language directing DGS to review options for a relocation of its fleet division, located in Richmond near the Science Museum of Virginia.
- **Transfer of Unutilized Capital Appropriations.** Includes language directing the transfer of \$7.2 million GF and \$4.1 million in bond authorization from completed projects to existing capital pools, thereby reducing the overall need for supplemental funding.

## Part 3

Part 3 of the budget contains miscellaneous actions that are not attached to a specific agency. It includes transfers from general to nongeneral funds, working capital and lines of credit, adjustments to tax collections and adjustments and modifications to fees.

## Transfers

- **Changes to Interfund Transfers.** Includes the following changes from transfers to the general fund. Positive numbers indicate money is being added to the general fund while

negative numbers are removing money from the general fund to a fund designated for a special purpose.

<b>Changes to Transfers (\$ in millions)</b>		
	<b>Fiscal Year 2025</b>	<b>Fiscal Year 2026</b>
<b>INTERFUND TRANSFERS</b>		
ABC Profits	\$ (1.0)	\$ (74.9)
Tax Compliance	0.0	(0.05)
Commonwealth Transportation Fund	0.0	(0.02)
Lottery	40.9	22.4
Revenue Reserve	203.0	0.0
Game Protection Fund	0.0	(0.8)
OAG Revolving Trust Fund	5.9	0.0
Misc Accounts (§ 4-1.05 b.)	0.1	0.0
Dept of Energy Triennial Review	5.5	0.0
Economic Development Grant Funds	6.8	0.0
State Racing Operations Fund	29.0	31.0
<b>Total</b>	<b>\$290.2</b>	<b>\$ (22.4)</b>

- **Revenue Reserve and Rainy Day Fund Threshold.** Changes the threshold of the combined balances in the Revenue Reserve and Revenue Stabilization Funds from 20.0% in both years to 17.53% in the first year and 15.0% in the second year.
- **Pre-K-12 Priority Fund.** Eliminates assumed transfers from the “Pre-K-12 Fund” which was established to support Direct Aid distributions from revenues generated by “skill games” to reflect the veto of legislation authorizing such games by the Governor.

## Adjustments and Modifications to Tax Collections

- **Retail Sales Tax Exemption for Internet Service Providers.** Eliminates language that specified requirements relating to a sales tax exemption. The exemption remains, only the method of securing it changes.
- **Public Education SOQ / Local Real Estate Property Tax Relief Fund.** Increases transfers from the fund established in the 2004 Session by \$14.3 million in the first year and \$13.8 million in the second year to reflect the updated sales tax forecast. Language requires staff from the Department of Planning and Budget, Department of Taxation, House Appropriations Committee, and Senate Finance and Appropriations Committee develop a solution for the next biennium that would allow sales tax to be directly deposited to the general fund.
- **Provider Payment Rate Assessment.** Makes changes to the methodology used to calculate the Medicaid hospital provider payment rate assessment. Changes include allowing the Department of Medicaid Assessment to add critical care hospitals to the rate assessment, define hospital classes and determine rates for each hospital class, and set rates for all private hospitals. Public hospitals are exempt from the provider rate assessment.

- **Extend Sunset for Certain Tax Exemptions.** Extends the sunset date for the retail sales and use tax exemption for certain drilling equipment and for bullion and legal tender coins to July 1, 2026. Extends the tax credit for the purchase of machinery and equipment used for advanced recycling and processing recyclable materials to January 1, 2027.

## Part 4

Part 4 of the budget is referred to as the General Provisions, and it contains the “fine print,” or the rules governing Administration’s implementation of the appropriations adopted by the General Assembly. Also included in this section are provisions relating to treasury loans, capital projects, special restrictions on expenditures, positions and employment (including agency head salaries) and gubernatorial reporting requirements.

The final section of Part 4, often referred to as Part 5, are additional enactment clauses contained in the budget, including the effective dates of matter therein.

### Withholding of Spending Authority

- **Estimates of Federal Tax Law Changes (Vetoed).** Requires the Department of Taxation to provide general fund revenue impacts from income tax law changes within 30 days to the Governor and General Assembly. Directs the Governor to submit a budget bill within 20 days of any estimate to address annual impacts of over \$100.0 million. **This item was vetoed by the Governor.**
- **Process for Federal Grant Reductions. (Vetoed.)** Requires the Department of Planning and Budget to provide an impact statement to the Governor and Chairs of the Senate Finance and Appropriations and the House Appropriations Committee of any shortfall of federal funds in excess of \$100.0 million. Directs the Governor and leadership of the General Assembly to consider a special session if federal grant reductions exceed one percent of general fund revenue. **This item was vetoed by the Governor.**
- 

### Special Conditions and Restrictions on Expenditures

- **Eliminate Semiconductor Manufacturing Performance Grant.** Eliminates language relating to an expired economic development incentive for the semiconductor manufacturing performance grant program. New legislation adopted by the 2025 General Assembly replaces the existing incentive package for Micron’s recently announced expansion in Manassas.

## Positions and Employment

- **Employee Compensation Tables.** Includes updates to the salary range tables for Level I, Level II, and Level V agency heads. In addition, salary ranges are adjusted for the directors of the New College Institute and SCHEV.

## Statewide Plans

- **Clarify Position Level Requirements.** Establishes a process for the monthly review of agency position levels. It directs the Department of Human Resource Management to notify the Governor, the Department of Planning and Budget, and the Chairs of the Senate Finance and Appropriations and the House Appropriations Committee of any agency that exceeds its authorized position levels.

## Additional Enactments

- **Enactments 5 and 6 - Increase the Threshold for Estimated Payments from \$150 to \$1,000 on or after January 1, 2026.** Increases the payment threshold for estimated payments from \$150 to \$1,000 of estimated income tax liability for the taxable year, effective for taxable years beginning on and after January 1, 2026.
- **Enactment 7 – Distribution of Local Pari-Mutuel Wagering Revenues.** Codifies changes to the distribution of the local share of tax levied on part-mutuel wagering to the localities in which satellite facilities are located beginning July 1, 2026, and applies a significant infrastructure facility limited license tax upon any significant infrastructure limited licensee for each race day beginning July 1, 2026.
- **Enactment 8 – Pari-mutuel Wagering Referendum. (Vetoed)** Requires an additional referendum to legalize parimutuel wagering in Henrico County. **The Governor vetoed this item.**
- **Enactment 9 – Housing Opportunity Tax Credit.** Extends the Housing Opportunity Tax Credit from tax year 2025 to 2030. This credit is subject to an annual cap equal to \$64 million per calendar year and a multi-year cap on the program of \$575 million.
- **Enactment 10 – Extend PTSD Coverage Under Worker's Compensation.** Extends from 52 weeks to 104 weeks the maximum duration after the date of diagnosis that workers' compensation benefits are payable for anxiety, depressive, and post-traumatic stress disorders incurred by law-enforcement officers and firefighters acting in the line of duty.
- **Enactment 11 – Extend Standard Deduction, Earned Income Tax Credit, and Pass-Through Entity Elective Tax Modifications.** Extends the expiration date on the changes to the standard deduction, refundable earned income tax credit, and the pass-through entity elective tax until January 1, 2027, and clarifies thresholds for conformity to federal income tax. Additionally, it increases the standard deduction for tax year 2025 and 2026 to \$8,750 for single filers and \$17,500 for joint filers, a \$250 and \$500 increase respectively, and

increases the refundability of the earned income tax credit from 15% to 20% of the federal earned income tax credit.

- **Enactment 12 – Clarify Thresholds for Conformity to Federal Income Tax Laws.** Pauses the automatic conformity with federal tax laws for changes enacted during calendar years 2025 and 2026.
- **Enactment 13 – VCU Health Authority Guaranteed Obligations.** Clarifies payment authority for guaranteed obligations at Virginia Commonwealth University Health System Authority.

# Appendix A

HB 1600, Conference Report: Direct Aid to Public Education Estimated Distribution - FY 2025

School Division	Key Data Elements		FY 2025 Appropriation (Chapter 2)	Technical Updates			Policy Change	FY 2025 Estimated Distribution (HB 1600)
	2024-26 Comp. Index	FY 2025 Projected ADM		Technical Updates (included in HB 1600, Introduced)	Technical Update: VPI Enrollment	Technical Update: Other	\$1,000 Bonus Payment	
ACCOMACK	.3487	4,480	\$50,446,944	(\$1,050,901)	(\$23,372)	\$13,243	\$514,632	\$49,900,547
ALBEMARLE	.6904	13,687	70,159,784	2,139,298	(14,952)	16,748	1,495,797	73,796,674
ALLEGHANY HL	.2737	2,605	32,858,871	324,056	(11,005)	4,615	332,412	33,508,949
AMELIA	.3758	1,518	14,466,860	551,952	0	6,247	176,180	15,201,238
AMHERST	.3015	3,691	41,024,256	(218,553)	487	12,745	427,457	41,246,392
APPOMATTOX	.2822	2,311	23,800,557	358,911	0	7,503	256,078	24,423,048
ARLINGTON	.8000	27,092	111,617,985	2,190,735	(65,704)	8,613	3,081,514	116,833,143
AUGUSTA	.3888	9,645	89,156,136	143,996	731	36,061	1,075,908	90,412,832
BATH	.8000	473	2,591,521	27,767	0	1,468	66,205	2,686,961
BEDFORD	.3132	8,519	82,107,622	(880,681)	(33,477)	7,627	950,926	82,152,018
BLAND	.3046	800	7,935,018	468,954	3,050	1,293	84,473	8,492,788
BOTETOURT	.4068	4,237	37,110,698	(211,856)	2,838	3,941	491,864	37,397,485
BRUNSWICK	.4379	1,302	17,472,537	(3,479,363)	0	1,178	169,528	14,163,880
BUCHANAN	.2557	2,181	26,688,029	41,297	0	7,468	279,180	27,015,974
BUCKINGHAM	.3379	1,711	19,595,844	(178,006)	(11,879)	4,193	216,646	19,626,797
CAMPBELL	.2877	7,392	75,478,338	(416,306)	0	19,847	808,613	75,890,492
CAROLINE	.3501	4,256	41,746,666	(30,904)	(47,938)	12,181	452,518	42,132,523
CARROLL	.2804	3,247	36,188,494	883,449	0	10,441	378,336	37,460,720
CHARLES CITY	.6669	473	4,031,069	108,598	0	2,011	73,417	4,215,095
CHARLOTTE	.2470	1,611	18,943,586	213,725	976	1,806	178,860	19,338,953
CHESTERFIELD	.3563	62,319	543,979,473	(2,895,835)	(203,529)	165,322	6,783,608	547,829,039
CLARKE	.6032	1,835	11,714,892	(134,978)	(6,091)	1,890	209,046	11,784,758
CRAIG	.3629	452	5,201,252	254,304	(190)	1,836	56,139	5,513,340
CULPEPER	.3617	8,198	76,432,586	299,655	(19,438)	9,090	890,266	77,612,159
CUMBERLAND	.3323	1,179	14,444,899	847,066	0	2,466	163,930	15,458,360
DICKENSON	.2157	1,699	21,960,872	(424,932)	0	5,046	207,818	21,748,805
DINWIDDIE	.2978	4,003	44,542,506	(270,413)	(4,200)	12,281	482,767	44,762,941
ESSEX	.4189	1,031	10,756,775	(319,903)	(8,515)	3,882	123,798	10,556,037
FAIRFAX	.6579	171,349	1,025,520,572	1,006,507	(300,323)	2,839,644	19,690,617	1,048,757,017

**HB 1600, Conference Report: Direct Aid to Public Education Estimated Distribution - FY 2025**

School Division	Key Data Elements		FY 2025 Appropriation (Chapter 2)	Technical Updates			Policy Change	FY 2025 Estimated Distribution (HB 1600)
	2024-26 Comp. Index	FY 2025 Projected ADM		Technical Updates (included in HB 1600, Introduced)	Technical Update: VPI Enrollment	Technical Update: Other	\$1,000 Bonus Payment	
FAUQUIER	.6006	10,622	69,180,801	268,945	10,049	14,972	1,239,741	70,714,509
FLOYD	.4056	1,601	14,769,222	78,636	0	6,506	186,138	15,040,503
FLUVANNA	.3934	3,208	29,618,480	(203,188)	0	7,665	384,063	29,807,020
FRANKLIN	.4596	5,766	48,605,616	(195,033)	(3,232)	16,568	628,364	49,052,283
FREDERICK	.4151	14,177	120,608,276	4,931	0	29,078	1,475,074	122,117,358
GILES	.2117	3,502	35,686,831	151,542	(9,429)	5,700	210,431	36,045,075
GLOUCESTER	.3999	4,742	41,684,885	(113,995)	(14,357)	12,039	535,204	42,103,775
GOOCHLAND	.8000	2,538	10,629,129	238,803	898	1,206	292,065	11,162,101
GRAYSON	.3196	1,495	17,748,351	(136,207)	(6,647)	2,898	186,439	17,794,834
GREENE	.3411	2,676	27,845,414	(114,447)	0	9,666	303,002	28,043,636
GREENSVILLE	.3898	1,040	11,220,050	(230,856)	(14,598)	5,766	123,173	11,103,535
HALIFAX	.3012	4,098	48,167,272	1,103,420	(24,449)	9,537	523,308	49,779,087
HANOVER	.4894	16,323	114,513,855	922,756	0	22,837	1,805,097	117,264,545
HENRICO	.4273	49,539	425,456,318	5,860,319	0	118,860	5,274,183	436,709,679
HENRY	.2247	6,545	81,728,597	620,573	(64,916)	15,780	761,161	83,061,195
HIGHLAND	.8000	187	2,472,844	(191,633)	0	892	37,398	2,319,501
ISLE OF WIGHT	.3704	5,342	47,234,153	(250,965)	(56,483)	7,938	610,236	47,544,879
JAMES CITY	.5403	10,151	67,425,082	845,495	0	0	1,148,518	69,419,096
KING GEORGE	.3633	4,438	37,476,403	269,806	(12,058)	5,909	477,901	38,217,961
KING QUEEN	.3998	564	8,295,864	(1,837,029)	(43,075)	542	74,322	6,490,624
KING WILLIAM	.3146	2,055	20,351,139	(39,247)	0	1,930	236,325	20,550,147
LANCASTER	.8000	939	4,767,297	241,554	(36,384)	1,487	104,937	5,078,891
LEE	.1712	2,763	41,597,352	(2,064,207)	0	2,591	361,220	39,896,956
LOUDOUN	.5518	81,006	541,513,218	(1,804,583)	0	89,968	8,696,355	548,494,959
LOUISA	.5041	5,080	38,584,276	648,410	0	15,168	551,480	39,799,334
LUNENBURG	.2614	1,493	19,201,665	178,603	0	3,379	176,557	19,560,203
MADISON	.4746	1,523	12,718,345	(487,417)	0	5,883	173,230	12,410,041
MATHEWS	.5904	739	5,950,047	(168,852)	7,775	3,094	106,111	5,898,174
MECKLENBURG	.3893	3,654	34,288,199	(68,623)	0	10,382	422,968	34,652,925
MIDDLESEX	.6389	1,168	8,281,882	253,313	(2,990)	3,755	163,618	8,699,578
MONTGOMERY	.4041	9,218	80,022,195	(182,214)	0	9,940	1,067,329	80,917,250
NELSON	.6645	1,417	9,266,994	296,638	0	3,955	160,043	9,727,630
NEW KENT	.4391	3,458	26,955,561	(465,075)	0	6,672	381,167	26,878,324
NORTHAMPTON	.5253	1,229	12,573,333	(138,704)	(2,343)	2,668	153,487	12,588,441
NORTHUMBERLAND	.7672	1,108	5,677,095	135,702	0	2,031	127,727	5,942,554
NOTTOWAY	.2696	1,686	20,139,226	(904)	0	3,627	180,454	20,322,403

**HB 1600, Conference Report: Direct Aid to Public Education Estimated Distribution - FY 2025**

School Division	Key Data Elements		FY 2025 Appropriation (Chapter 2)	Technical Updates			Policy Change	FY 2025 Estimated Distribution (HB 1600)
	2024-26 Comp. Index	FY 2025 Projected ADM		Technical Updates (included in HB 1600, Introduced)	Technical Update: VPI Enrollment	Technical Update: Other	\$1,000 Bonus Payment	
ORANGE	.4382	4,804	41,015,020	73,190	0	18,334	515,687	41,622,230
PAGE	.3356	2,776	28,583,244	(155,401)	94,440	3,104	306,286	28,831,672
PATRICK	.2475	2,172	25,767,820	(497,869)	(18,602)	7,931	232,083	25,491,363
PITTSYLVANIA	.2642	7,416	80,116,726	1,648,124	0	27,035	834,320	82,626,205
POWHATAN	.4704	3,915	30,421,083	(785,332)	0	3,604	442,947	30,082,302
PRINCE EDWARD	.3776	1,724	17,187,340	921,576	0	7,055	190,476	18,306,447
PRINCE GEORGE	.2321	5,947	62,899,226	(177,644)	0	13,133	631,636	63,366,352
PRINCE WILLIAM	.3631	87,962	839,509,075	(1,270,312)	(20,310)	148,034	9,573,659	847,940,145
PULASKI	.3303	4,171	43,217,587	(755,804)	0	11,813	404,290	42,877,885
RAPPAHANNOCK	.8000	732	3,597,291	(27,840)	(2,990)	3,088	76,184	3,645,733
RICHMOND	.3110	1,342	13,861,848	(112,336)	0	5,291	144,929	13,899,732
ROANOKE	.3635	13,288	116,491,781	159,317	0	31,512	1,514,496	118,197,106
ROCKBRIDGE	.4847	2,220	18,868,674	712,726	(15,410)	4,898	253,656	19,824,544
ROCKINGHAM	.4349	11,225	91,639,754	2,086,226	(54,076)	22,125	1,216,165	94,910,195
RUSSELL	.2265	3,059	38,113,629	(565,717)	0	7,437	358,647	37,913,995
SCOTT	.1872	3,883	55,641,590	(1,032,637)	0	5,283	522,996	55,137,232
SHENANDOAH	.4248	5,462	49,850,064	630,726	(29,873)	13,115	571,988	51,036,021
SMYTH	.2225	3,914	45,682,163	3,694,589	(18,600)	4,812	429,965	49,792,929
SOUTHAMPTON	.2987	2,189	26,456,135	(1,382,253)	0	8,160	263,613	25,345,656
SPOTSYLVANIA	.3702	23,396	216,862,931	(162,408)	23,782	72,496	2,611,417	219,408,218
STAFFORD	.3312	31,228	283,413,501	1,726,971	(19,077)	57,648	3,418,953	288,597,997
SURRY	.8000	651	3,664,972	11,544	0	2,749	96,228	3,775,493
SUSSEX	.3434	997	12,145,927	698,279	0	2,020	110,330	12,956,557
TAZEWELL	.2461	4,867	58,312,491	(2,186,611)	0	12,868	585,810	56,724,558
WARREN	.4517	4,847	41,548,668	(549,770)	0	24,005	536,129	41,559,032
WASHINGTON	.3459	6,992	64,507,016	5,723,501	(18,256)	15,414	733,743	70,961,418
WESTMORELAND	.5065	1,475	16,498,702	(99,922)	0	5,021	181,024	16,584,825
WISE	.2020	5,365	63,147,092	343,004	0	11,894	596,338	64,098,328
WYTHE	.3243	3,586	37,985,286	(198,252)	(20,206)	13,642	426,164	38,206,634
YORK	.3554	13,141	107,128,011	409,319	(143,607)	21,460	1,367,381	108,782,564
ALEXANDRIA	.8000	15,946	71,363,464	1,182,603	(8,988)	19,020	1,619,347	74,175,446
BRISTOL	.2977	2,028	26,411,463	251,108	0	5,943	256,208	26,924,722
BUENA VISTA	.1803	822	11,173,241	678,741	0	4,253	116,252	11,972,487
CHARLOTTESVILLE	.7702	4,150	23,015,907	835,899	(42,514)	2,310	471,712	24,283,314
COLONIAL HEIGHTS	.4026	2,849	25,917,148	207,595	(46,448)	10,801	305,995	26,395,091
DANVILLE	.2411	5,228	70,401,709	(35,299)	(61,123)	18,480	617,459	70,941,226

**HB 1600, Conference Report: Direct Aid to Public Education Estimated Distribution - FY 2025**

School Division	Key Data Elements		FY 2025 Appropriation (Chapter 2)	Technical Updates			Policy Change	FY 2025 Estimated Distribution (HB 1600)
	2024-26 Comp. Index	FY 2025 Projected ADM		Technical Updates (included in HB 1600, Introduced)	Technical Update: VPI Enrollment	Technical Update: Other	\$1,000 Bonus Payment	
FALLS CHURCH	.8000	2,581	10,350,808	271,184	26,217	2,080	267,962	10,918,251
FREDERICKSBURG	.6163	3,425	23,291,997	981,975	(1,422)	9,570	377,819	24,659,938
GALAX	.2661	1,354	15,029,485	75,737	0	1,844	148,880	15,255,945
HAMPTON	.2579	18,692	202,112,223	(1,075,737)	(17,458)	62,444	2,072,488	203,153,960
HARRISONBURG	.3335	6,489	66,459,240	680,509	0	34,206	673,071	67,847,027
HOPEWELL	.1870	3,604	45,051,708	913,807	0	7,362	379,089	46,351,967
LYNCHBURG	.3872	7,194	74,494,858	(148,726)	0	19,564	827,699	75,193,395
MARTINSVILLE	.2229	1,666	21,928,381	237,566	(17,506)	7,292	179,679	22,335,412
NEWPORT NEWS	.2729	24,386	274,987,551	(1,511,192)	(9,929)	93,856	2,712,436	276,272,722
NORFOLK	.3212	24,940	265,143,891	3,981,288	(1,044,443)	66,077	2,750,673	270,897,486
NORTON	.2412	796	8,744,771	652,172	0	2,564	85,539	9,485,046
PETERSBURG	.2075	4,130	52,678,281	766,315	(50,636)	12,841	427,941	53,834,742
PORTSMOUTH	.2369	12,226	148,375,403	(551,789)	(27,384)	10,454	1,354,420	149,161,103
RADFORD	.1658	3,235	33,736,018	2,541,043	0	3,019	216,355	36,496,434
RICHMOND CITY	.5740	20,021	173,337,548	3,934,071	(121,859)	47,170	2,326,693	179,523,623
ROANOKE CITY	.3388	12,984	148,399,880	2,717,013	(239,708)	25,738	1,454,589	152,357,512
STAUNTON	.3767	2,493	26,796,367	233,067	0	10,554	271,450	27,311,438
SUFFOLK	.3493	13,923	127,530,831	656,564	0	45,765	1,528,662	129,761,822
VIRGINIA BEACH	.4138	62,736	494,582,963	(1,910,745)	0	125,842	6,584,326	499,382,386
WAYNESBORO	.3633	2,793	28,103,065	602,825	(3,808)	11,150	318,192	29,031,425
WILLIAMSBURG	.7426	1,143	7,798,284	(207,535)	0	23,106	123,216	7,737,071
WINCHESTER	.4151	4,136	37,804,985	1,361,336	(5,877)	11,288	446,920	39,618,653
FAIRFAX CITY	.8000	3,052	11,926,721	554,458	9,043	28,053	315,285	12,833,559
FRANKLIN CITY	.2884	1,067	12,426,964	1,847,159	0	1,994	121,192	14,397,310
CHESAPEAKE CITY	.3273	39,871	367,754,816	5,480,633	0	84,549	4,406,298	377,726,296
LEXINGTON	.3987	669	5,169,142	16,692	0	435	73,686	5,259,955
EMPORIA	.2340	882	10,663,642	733,946	0	0	89,726	11,487,314
SALEM	.3632	3,826	36,771,766	(2,564,953)	(10,346)	(22,130)	388,929	34,563,266
POQUOSON	.3466	1,992	17,155,264	(171,947)	0	3,019	220,004	17,206,340
MANASSAS CITY	.3371	7,291	79,008,465	1,205,985	(29,794)	20,143	781,119	80,985,918
MANASSAS PARK	.2716	3,192	40,229,523	1,109,458	(39,909)	11,057	329,377	41,639,505
COLONIAL BEACH	.3675	562	6,501,929	(66,432)	0	2,069	69,348	6,506,915
WEST POINT	.2489	794	8,120,908	(122,771)	0	2,649	85,022	8,085,807
<b>TOTAL:</b>		<b>1,214,292</b>	<b>\$10,345,115,170</b>	<b>\$37,996,511</b>	<b>(\$3,001,447)</b>	<b>\$5,092,981</b>	<b>\$134,399,957</b>	<b>\$10,519,603,172</b>

# Appendix B

HB 1600, Conference Report: Direct Aid to Public Education Estimated Distribution - FY 2026								
School Division	Key Data Elements		FY 2026 Appropriation (Chapter 2)	Technical Updates		Policy Changes		FY 2026 Estimated Distribution (HB 1600)
	2024-26 Comp. Index	FY 2026 Projected ADM		Technical Updates (included in HB 1600, Introduced)	Technical Update: Other	Eliminate Support Cap	Special Education Add-On	
ACCOMACK	.3487	4,440	\$51,252,419	(\$990,633)	\$11,978	\$1,001,995	\$277,186	\$51,552,945
ALBEMARLE	.6904	13,901	71,356,167	2,785,423	16,779	1,249,371	255,006	75,662,746
ALLEGHANY HL	.2737	2,568	32,408,108	577,013	5,077	612,024	195,773	33,797,994
AMELIA	.3758	1,515	14,452,712	831,555	6,268	316,469	57,876	15,664,881
AMHERST	.3015	3,615	41,445,026	(504,470)	13,069	805,875	230,323	41,989,823
APPOMATTOX	.2822	2,347	24,228,439	821,024	9,809	533,332	80,115	25,672,719
ARLINGTON	.8000	27,532	114,678,228	4,884,864	11,538	1,894,589	524,331	121,993,551
AUGUSTA	.3888	9,611	90,770,058	(549,658)	46,074	1,816,208	323,602	92,406,284
BATH	.8000	472	2,614,777	55,640	1,729	31,425	11,152	2,714,723
BEDFORD	.3132	8,414	83,244,574	(1,025,303)	8,556	1,720,621	398,994	84,347,442
BLAND	.3046	832	7,968,625	971,560	1,614	179,287	66,256	9,187,342
BOTETOURT	.4068	4,184	37,691,778	(682,766)	4,347	745,388	236,911	37,995,657
BRUNSWICK	.4379	1,274	17,492,737	(233,003)	1,213	251,395	90,265	17,602,607
BUCHANAN	.2557	2,132	26,607,503	(5,803)	8,880	552,943	163,941	27,327,464
BUCKINGHAM	.3379	1,679	19,478,438	(286,700)	4,291	376,403	85,452	19,657,884
CAMPBELL	.2877	7,375	76,793,664	(930,704)	21,454	1,668,515	370,914	77,923,843
CAROLINE	.3501	4,293	43,480,603	(803,689)	11,898	918,895	183,062	43,790,769
CARROLL	.2804	3,235	36,382,777	952,154	10,785	758,931	266,436	38,371,083
CHARLES CITY	.6669	462	4,053,537	72,510	2,257	51,524	19,938	4,199,766
CHARLOTTE	.2470	1,612	19,129,779	407,556	1,540	396,436	77,342	20,012,653
CHESTERFIELD	.3563	62,359	555,291,205	3,898,813	194,228	12,477,001	2,874,195	574,735,441
CLARKE	.6032	1,791	12,076,021	(396,101)	2,222	220,102	37,408	11,939,652
CRAIG	.3629	453	5,186,559	252,794	2,185	91,552	52,573	5,585,663
CULPEPER	.3617	8,232	78,118,305	1,885,110	9,248	1,695,891	340,586	82,049,140
CUMBERLAND	.3323	1,176	14,272,957	1,261,300	2,384	274,049	67,076	15,877,767
DICKENSON	.2157	1,631	21,913,085	(831,002)	7,138	428,113	116,365	21,633,699
DINWIDDIE	.2978	3,981	44,979,830	(334,595)	13,746	942,222	209,819	45,811,022
ESSEX	.4189	987	10,650,970	(458,457)	3,862	204,980	53,583	10,454,937
FAIRFAX	.6579	171,495	1,049,839,783	(703,862)	2,877,738	20,273,915	5,359,665	1,077,647,238
FAUQUIER	.6006	10,710	70,598,508	1,350,232	16,705	1,330,831	359,002	73,655,278
FLOYD	.4056	1,571	14,781,388	97,016	6,635	293,996	89,512	15,268,547
FLUVANNA	.3934	3,174	30,267,635	(222,402)	8,013	570,679	123,474	30,747,400

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School Division	Key Data Elements		FY 2026 Appropriation (Chapter 2)	Technical Updates		Policy Changes		FY 2026 Estimated Distribution (HB 1600)
	2024-26 Comp. Index	FY 2026 Projected ADM		Technical Updates (included in HB 1600, Introduced)	Technical Update: Other	Eliminate Support Cap	Special Education Add-On	
FRANKLIN	.4596	5,704	49,111,403	(334,176)	17,265	980,109	293,940	50,068,540
FREDERICK	.4151	14,361	124,298,712	2,165,612	32,516	2,695,454	544,496	129,736,790
GILES	.2117	3,516	36,345,430	416,482	6,999	890,345	323,692	37,982,948
GLOUCESTER	.3999	4,698	42,297,540	(173,571)	13,027	854,953	238,195	43,230,144
GOOCHLAND	.8000	2,577	10,863,325	344,576	1,584	149,323	39,882	11,398,690
GRAYSON	.3196	1,465	18,104,039	(315,074)	3,204	331,834	98,541	18,222,543
GREENE	.3411	2,634	28,231,101	(309,324)	10,441	554,150	119,367	28,605,735
GREENSVILLE	.3898	1,017	11,185,513	(234,484)	6,815	228,200	53,045	11,239,089
HALIFAX	.3012	4,042	48,454,968	398,557	11,480	963,879	294,402	50,123,286
HANOVER	.4894	16,240	116,195,579	1,125,959	27,899	2,453,924	696,418	120,499,778
HENRICO	.4273	49,891	434,015,269	10,533,747	126,079	9,391,886	2,100,558	456,167,539
HENRY	.2247	6,499	82,658,553	252,407	14,687	1,811,840	446,933	85,184,420
HIGHLAND	.8000	179	2,463,815	(171,117)	971	30,107	5,855	2,329,631
ISLE OF WIGHT	.3704	5,223	47,753,554	(738,742)	8,840	985,389	221,584	48,230,625
JAMES CITY	.5403	10,177	68,785,556	1,417,369	0	1,405,783	431,070	72,039,778
KING GEORGE	.3633	4,475	38,348,877	592,305	6,803	860,845	217,622	40,026,453
KING QUEEN	.3998	506	8,353,521	(2,395,849)	1,529	103,583	40,716	6,103,501
KING WILLIAM	.3146	2,066	20,919,418	(99,546)	2,009	401,632	98,370	21,321,883
LANCASTER	.8000	936	4,843,175	196,333	1,853	64,076	18,430	5,123,867
LEE	.1712	2,771	41,966,148	948,109	2,467	826,749	250,572	43,994,045
LOUDOUN	.5518	80,783	553,586,416	(1,025,270)	95,793	12,668,516	2,396,399	567,721,854
LOUISA	.5041	5,125	39,465,322	1,008,556	13,913	817,739	203,013	41,508,543
LUNENBURG	.2614	1,487	19,464,184	224,549	3,511	381,638	104,025	20,177,907
MADISON	.4746	1,495	12,931,458	(731,807)	6,369	240,628	39,700	12,486,347
MATHEWS	.5904	700	5,892,238	(136,482)	3,696	89,259	31,269	5,879,980
MECKLENBURG	.3893	3,653	34,619,786	509,614	11,428	741,144	129,529	36,011,501
MIDDLESEX	.6389	1,191	8,374,470	474,681	3,787	146,212	37,718	9,036,867
MONTGOMERY	.4041	9,115	81,230,585	(678,693)	12,063	1,656,475	356,140	82,576,569
NELSON	.6645	1,409	9,290,711	457,492	4,011	152,716	49,195	9,954,125
NEW KENT	.4391	3,476	27,992,402	(930,195)	7,290	586,690	139,454	27,795,641
NORTHAMPTON	.5253	1,175	12,676,949	(415,669)	3,239	198,513	50,878	12,513,909
NORTHUMBERLAND	.7672	1,102	5,746,631	117,089	2,091	86,399	18,226	5,970,435
NOTTOWAY	.2696	1,662	20,249,741	4,906	3,989	412,662	90,458	20,761,756
ORANGE	.4382	4,815	42,012,954	132,665	20,673	852,509	209,526	43,228,327
PAGE	.3356	2,706	28,627,344	(398,873)	3,088	570,163	130,589	28,932,311
PATRICK	.2475	2,097	25,791,816	(956,055)	10,990	508,639	190,142	25,545,532
PITTSYLVANIA	.2642	7,372	80,587,236	1,291,698	30,453	1,780,525	365,634	84,055,546
POWHATAN	.4704	3,842	30,824,413	(1,258,081)	4,410	603,214	139,581	30,313,537

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	2024-26 Comp. Index	FY 2026 Projected ADM		Technical Updates (included in HB 1600, Introduced)	Technical Update: Other	Eliminate Support Cap	Special Education Add-On	
PRINCE EDWARD	.3776	1,717	17,073,149	998,761	9,106	359,307	83,550	18,523,874
PRINCE GEORGE	.2321	5,949	64,141,628	110,230	14,817	1,421,189	365,865	66,053,730
PRINCE WILLIAM	.3631	87,782	855,654,596	6,418,015	162,909	20,310,375	4,262,442	886,808,336
PULASKI	.3303	4,176	44,040,496	(693,511)	14,858	948,122	193,105	44,503,070
RAPPAHANNOCK	.8000	736	3,692,443	3,185	3,184	13,344	13,670	3,725,826
RICHMOND	.3110	1,362	14,299,874	(154,902)	5,840	297,391	74,673	14,522,875
ROANOKE	.3635	13,145	118,597,179	(608,360)	34,923	2,515,235	813,030	121,352,007
ROCKBRIDGE	.4847	2,232	19,051,434	750,243	5,520	360,078	105,563	20,272,838
ROCKINGHAM	.4349	11,329	93,967,340	2,846,935	23,717	1,918,691	328,246	99,084,930
RUSSELL	.2265	2,987	38,475,857	(1,515,042)	8,892	746,964	166,365	37,883,036
SCOTT	.1872	3,774	56,441,863	(2,769,625)	6,736	945,552	422,857	55,047,382
SHENANDOAH	.4248	5,484	50,610,290	925,476	15,195	1,011,233	271,840	52,834,034
SMYTH	.2225	3,992	45,437,395	5,649,807	5,003	1,035,511	296,086	52,423,803
SOUTHAMPTON	.2987	2,115	26,516,520	(1,897,630)	9,372	504,291	118,022	25,250,576
SPOTSYLVANIA	.3702	23,459	219,783,148	3,907,274	77,987	4,863,682	1,257,279	229,889,370
STAFFORD	.3312	31,300	290,666,788	3,695,387	60,434	6,728,997	1,634,226	302,785,831
SURRY	.8000	644	3,753,553	(6,374)	3,141	42,596	15,291	3,808,206
SUSSEX	.3434	1,031	12,295,181	1,188,433	1,848	257,528	54,796	13,797,786
TAZEWELL	.2461	4,725	58,735,560	(2,730,859)	17,168	1,184,385	364,147	57,570,401
WARREN	.4517	4,778	42,408,408	(1,082,973)	26,974	859,117	173,803	42,385,329
WASHINGTON	.3459	7,192	65,388,586	7,877,308	15,788	1,508,886	480,650	75,271,218
WESTMORELAND	.5065	1,480	16,881,490	(111,854)	5,988	251,183	83,809	17,110,616
WISE	.2020	5,323	63,982,611	(645,403)	14,429	1,405,978	344,763	65,102,379
WYTHE	.3243	3,473	38,218,966	(789,811)	16,036	779,772	221,121	38,446,084
YORK	.3554	13,367	109,818,229	2,039,704	22,623	2,523,001	560,347	114,963,904
ALEXANDRIA	.8000	16,215	73,334,841	2,494,155	21,315	1,197,577	174,182	77,222,070
BRISTOL	.2977	2,012	26,549,782	295,218	6,236	491,931	137,581	27,480,749
BUENA VISTA	.1803	823	11,068,527	1,167,161	4,552	224,931	75,066	12,540,237
CHARLOTTESVILLE	.7702	4,177	23,441,661	522,379	2,639	316,939	70,593	24,354,210
COLONIAL HEIGHTS	.4026	2,902	26,685,888	616,254	11,339	575,603	127,289	28,016,373
DANVILLE	.2411	5,164	71,026,929	(157,968)	19,191	1,491,732	345,537	72,725,420
FALLS CHURCH	.8000	2,632	10,711,116	505,541	1,896	179,085	54,504	11,452,142
FREDERICKSBURG	.6163	3,468	23,657,212	1,533,505	10,759	455,789	94,626	25,751,891
GALAX	.2661	1,355	15,496,804	(19,039)	1,909	340,383	76,819	15,896,875
HAMPTON	.2579	18,353	205,642,979	(4,049,402)	69,931	4,550,977	940,238	207,154,723
HARRISONBURG	.3335	6,567	68,579,571	879,212	41,764	1,439,650	236,548	71,176,746
HOPEWELL	.1870	3,590	45,363,919	784,063	7,263	1,075,857	298,569	47,529,671
LYNCHBURG	.3872	7,121	75,016,268	1,116,708	20,161	1,494,047	350,312	77,997,496

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	2024-26 Comp. Index	FY 2026 Projected ADM		Technical Updates (included in HB 1600, Introduced)	Technical Update: Other	Eliminate Support Cap	Special Education Add-On	
MARTINSVILLE	.2229	1,655	22,148,722	9,639	7,673	483,356	98,949	22,748,339
NEWPORT NEWS	.2729	24,113	277,394,451	(672,055)	100,912	5,917,099	1,190,971	283,931,378
NORFOLK	.3212	24,733	267,378,828	5,146,899	67,864	5,830,590	1,416,332	279,840,513
NORTON	.2412	807	8,742,241	944,309	3,367	209,393	58,032	9,957,342
PETERSBURG	.2075	4,237	54,644,372	1,265,801	12,992	1,253,561	180,515	57,357,241
PORTSMOUTH	.2369	12,064	149,498,066	(578,619)	14,983	3,357,489	635,992	152,927,911
RADFORD	.1658	3,089	34,675,410	1,038,403	3,021	823,904	271,583	36,812,321
RICHMOND CITY	.5740	20,149	174,613,239	8,881,257	46,358	3,139,360	690,198	187,370,412
ROANOKE CITY	.3388	13,080	151,324,917	4,922,909	25,351	3,108,146	745,583	160,126,906
STAUNTON	.3767	2,478	27,331,844	(104,498)	11,660	509,419	100,361	27,848,786
SUFFOLK	.3493	13,999	130,037,950	802,055	46,223	2,880,196	614,955	134,381,378
VIRGINIA BEACH	.4138	62,504	502,287,485	2,767,510	136,831	10,890,140	2,694,930	518,776,896
WAYNESBORO	.3633	2,792	28,602,183	394,293	13,320	589,062	113,011	29,711,869
WILLIAMSBURG	.7426	1,219	8,106,978	97,783	23,319	95,019	30,293	8,353,392
WINCHESTER	.4151	4,182	38,534,526	2,630,430	12,957	849,031	153,729	42,180,673
FAIRFAX CITY	.8000	3,159	12,295,012	1,122,270	29,923	216,231	58,320	13,721,756
FRANKLIN CITY	.2884	1,114	12,578,377	2,433,399	1,507	310,999	46,201	15,370,482
CHESAPEAKE CITY	.3273	40,014	373,271,386	11,130,664	86,983	8,127,153	2,249,090	394,865,277
LEXINGTON	.3987	687	5,316,218	191,096	432	121,584	15,309	5,644,639
EMPORIA	.2340	894	10,823,284	1,152,844	0	253,467	59,088	12,288,683
SALEM	.3632	3,718	37,448,437	(3,282,881)	(20,449)	721,554	214,235	35,080,896
POQUOSON	.3466	1,983	17,387,725	(37,730)	3,628	382,250	88,483	17,824,356
MANASSAS CITY	.3371	7,302	79,797,083	3,218,606	19,279	1,847,865	252,966	85,135,799
MANASSAS PARK	.2716	3,168	40,471,770	1,480,095	11,582	912,813	232,672	43,108,932
COLONIAL BEACH	.3675	556	6,602,429	(26,872)	2,382	116,659	32,494	6,727,092
WEST POINT	.2489	784	8,311,734	(299,587)	3,133	179,088	37,733	8,232,101
<b>TOTAL:</b>		<b>1,213,646</b>	<b>\$10,524,199,094</b>	<b>\$97,175,330</b>	<b>\$5,347,192</b>	<b>\$222,914,996</b>	<b>\$52,782,732</b>	<b>\$10,902,419,344</b>

## Appendix C

DETAIL OF CAPITAL OUTLAY- FINAL (AFTER GOVERNOR'S VETOES)				
Total for the 2024-2026 Biennium				
Title	General Fund	Nongeneral Fund Cash	Nongeneral Fund Bonds	Total
<b>GENERAL CONDITIONS</b>				
-- Amend Six-Year Capital Outlay Plan Advisory Committee Requirement				Language
-- Amend Transfer Authorization Between Capital Pools; Adds Equipment Pool				Language
<b>ADMINISTRATION</b>				
<b>Department of General Services</b>				
-- Construct Commonwealth Courts Building Planning & Demolition	14,500,000			14,500,000
-- New State Agency Building Planning & Relocate Monroe Tenants	35,000,000			35,000,000
-- Relocate Office of Fleet Management Services- Review for Future Decision				Language
<b>Total: Administration</b>	<b>49,500,000</b>			<b>49,500,000</b>
<b>EDUCATION</b>				
College of William & Mary – Construct West Woods Phase 2			120,000,000	120,000,000
James Madison University -- Construct Student Housing			86,085,243	86,085,243
Longwood University -- Replace & Augment IT Network & Security Equipment	2,160,863	551,454		2,712,317
Norfolk State University -- Improve Campus Security	8,633,223			8,633,233
Radford University -- Renovate Dalton Hall		52,320,333		52,320,333
Science Museum of Virginia -- Expand New Urban Green Space		6,300,000		6,300,000
Southwest Virginia Higher Education Center -- Accept Property from Virginia Highlands CC				Language
University of Mary Washington – Improve Energy Infrastructure	4,350,000	650,000		5,000,000
<b>Virginia Community College System</b>				
-- Paul D. Camp CC Workforce Trades & Innovation Center	750,000			750,000
-- Danville CC Construct Aviation Maintenance Technician Facility	2,500,000			2,500,000
<b>Virginia State University</b>				
-- Improve Life Safety Systems Campuswide	6,596,950			6,596,950
-- Accept Transfer of Property from Virginia Commonwealth University				Language
<b>Total: Education</b>	<b>24,991,036</b>	<b>59,821,787</b>	<b>206,085,243</b>	<b>290,898,076</b>

**DETAIL OF CAPITAL OUTLAY- FINAL (AFTER GOVERNOR'S VETOES)**

<b>HEALTH &amp; HUMAN RESOURCES</b>				
Dept of Beh. Health & Dev. Services - Renovate, Repair, & Upgrade Facilities	32,300,000			32,300,000
<b>Total: Health and Human Resources</b>	<b>32,300,000</b>			<b>32,300,000</b>
<b>NATURAL RESOURCES</b>				
Dept of Conservation & Recreation -- Acquisition of Land for State Parks		10,399,475		10,399,475
<b>Total: Natural Resources</b>		<b>10,399,475</b>		<b>10,399,475</b>
<b>TRANSPORTATION</b>				
<b>Department of Motor Vehicles</b>				
-- Maintenance Reserve		15,500,000		15,500,000
-- Renovate DMV Headquarters		16,000,000		16,000,000
Virginia Port Authority -- Virginia International Gateway Terminal Lease		335,000,000		335,000,000
<b>Total: Transportation</b>		<b>366,500,000</b>		<b>366,500,000</b>
<b>VETERANS &amp; DEFENSE AFFAIRS</b>				
Department of Military Affairs - Construct the Army Aviation Support Facility Connector Road	2,500,000			2500000
<b>Department of Veterans Services</b>				
-- Improve Dublin Veterans Cemetery		330,000		330,000
-- Improve Suffolk Veterans Cemetery		330,000		330,000
-- Improve Amelia Veterans Cemetery		5,500,000		5,500,000
<b>Total: Veterans Affairs &amp; Homeland Security</b>	<b>2,500,000</b>	<b>6,160,000</b>		<b>8,660,000</b>
<b>CENTRAL APPROPRIATIONS – Central Capital Outlay</b>				
-- Central Reserve for Capital Equipment Funding	14,511,505			14,511,505
-- Central Planning Pool for Capital Projects	32,724,853	9,130,897		41,855,750
-- Capital Supplement Pool	62,362,850			62,362,580
-- 2024 State Agency Capital Account - DBHDS Project Scope Change				Language
-- 2022 State Agency Capital Account – VSP Training Project	10,939,000			10,939,000
-- 2025 State Agency Capital Account	106,566,064			106,566,064
-- 2021 VCBA Capital Account – VCCS Renovate Godwin Building, Annandale, Northern VA	15,545,100			15,545,100
-- Capital Lease Authorizations				Language
-- Capital Project Balance Transfers				Language
-- 9(c) and 9(d) Revenue Bond Authorizations				Language
<b>Total: Central Appropriations</b>	<b>242,649,372</b>	<b>9,130,897</b>		<b>251,780,269</b>
<b>Total: Capital Outlay HB 1600</b>	<b>\$351,940,408</b>	<b>\$452,012,159</b>	<b>\$206,085,243</b>	<b>\$1,010,037,810</b>