



**APPROPRIATIONS COMMITTEE**

13<sup>TH</sup> FLOOR, POCAHONTAS BUILDING  
CAPITOL SQUARE  
POST OFFICE 406  
RICHMOND, VIRGINIA 23218  
804-698-1590

BARRY D. KNIGHT, CHAIRMAN  
ANNE E. OMAN, STAFF DIRECTOR

**The Honorable Barry D. Knight, Chairman**  
**Comments on the Committee Recommendations to**  
**House Bill 1400**  
**February 5, 2023**

Good afternoon. Today we meet to consider amendments to House Bill 1400, which is the Governor's proposed amendments to the budget for the current 2022-2024 biennium. Virginia is in strong fiscal standing thanks to prudent decisions made by this Committee through tough times in recent years. This budget will advance the work begun last year to build a safer and healthier Commonwealth and ensure stronger economic growth through tax relief, prudent investments, and job creation.

The budget amendment package before you today focuses on: ensuring a structurally sound foundation for future growth, expanding on the notable investments made last Session, and providing tax relief. Based on the priorities I laid out at the start of this Session, this Committee's work emphasized policies that address five overarching goals:

1. Focusing funding on one-time expenditures to ensure the budget is not over-spent as we enter what is expected to be an economic slowdown
2. Working to help citizens and state workers address cost increases that have occurred based on recent high inflation by providing meaningful salary increases
3. Addressing our mental health and opioid crisis for all citizens, with added attention to children
4. Enhancing healthy expenditure increases adopted last year in areas like K-12, higher education and health and human resources, and

5. Accelerating investments to ensure a strong tomorrow for the Commonwealth by enhancing economic and workforce development activities

The amendment package recognizes the revenue reduction associated with the series of tax relief legislation passed by the House this Session totaling \$1.0 billion over the FY 2022-2024 period. In concert with Governor Youngkin, we have worked to finish last year's work of doubling the standard deduction, reducing the individual tax rate, providing tax benefits for our veterans and teachers, and reducing tax burdens for small and large businesses alike.

In the area of public education, we took a long hard look at how we can make immediate and sustainable investments to help localities meet their responsibility of giving our children the best education. The amendment package before you includes the state's share of funding for an additional 2% pay raise for teachers, bringing the biennial increase to 12%. It also provides funding for hiring and retention bonuses to attract and retain these critical workers.

As I indicated earlier this week, no school division will have less money this year than was originally communicated to them. We are, as always, working to ensure that our schools are appropriately funded, our teachers compensated, and our students fully poised to recover from COVID learning-loss.

To help our most vulnerable citizens, the Health and Human Resources package focuses on three key areas: mental health and substance use disorder, long-term care services, and the health care workforce shortage. We are recommending an additional \$103 million to expand comprehensive crisis system facilities and services. Also included is \$47 million in healthcare workforce programs to address the shortage of nursing, psychiatric and other affiliated health staffing. In the area of long-term care services, the amendments include \$74 million to incentivize nursing homes by linking payments to quality of care. Finally, the budget proposes an additional 500 DD waiver slots, on top of the 600 approved last Session for FY 2024.

For decades, Virginia has fallen short of its neighbors in the area of attracting large economic prospects, in large part due to the lack of business-ready sites. I am pleased to report that this is poised to change. Our package includes a biennial

investment in site preparation totaling over \$600 million. This will allow Virginia to partner with its localities to compete for major business investment in our rural communities. A necessary related investment is to improve the linkages between workforce programs and business needs. This will focus training investments to the available jobs. The package includes almost \$70 million in workforce programs for key shortage areas.

Government cannot work if its employees are not paid a competitive wage. The amendment package before you provides an additional 2% pay raise in FY 2024 for all employee groups as well as reinstating funding for agency pay practices to address the retention of our workforce. In addition, we are providing targeted pay increases for specific hard to staff positions in the areas of public safety and mental health. The intent is to pay a market wage, and not pit similar groups against one another. To that end, a portion of the extra pay raises for workers in state mental health facilities will be used to support increases for our Community Service Board providers.

Last, but not least, the Commonwealth faces a 2025 deadline to meet its Chesapeake Bay Clean-up requirements. Today's proposals fully fund the agricultural best management practices needs for the biennium. The amendments include a total of \$237 million for wastewater treatment plant upgrades and \$143 million for local sewer and stormwater projects. Finally, an additional \$10 million is deposited into the Stormwater Local Assistance Fund. In combination, this three-pronged approach will help ensure we achieve a clean Virginia.

Thank you to our Subcommittee Chairs, Committee staff, and all the members of the Committee for your work putting together the Committee Budget. Today we will adopt the subcommittee reports and then I will move to report the full Committee package of amendments to House Bill 1400 to the Floor for adoption this coming Thursday.

With that, we will hear from Anne Oman, who will present the overall resource changes included in the amendment package and adopt the Resources Report.