



# Recommended Amendments to the 2022-2024 Budget (HB 1400)

February 8, 2023

Prepared by the House Appropriations Committee Staff

# OVERVIEW OF RESOURCES

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# Committee Resource and Spending Adjustments

Resource and Revenue Changes	FY 2023	FY 2024	Biennial
Unappropriated Balance - as Introduced	2,808,196,506	(2,792,828,407)	15,368,099
Changes to Resources	67,690,686	53,195,000	120,885,686
Net Spending	(166,497,633)	295,496,917	128,999,284
<b>Ending Balance/Unappropriated Balance</b>	<b>3,037,384,825</b>	<b>(3,030,130,324)</b>	<b>7,254,501</b>
<b>BALANCES/REVENUES/TRANSFERS</b>			
<b>Additions to Balances</b>			
Legislative Carryforward Balances	5,622,307	-	5,622,307
Auxiliary Grant Balances	3,000,000	-	3,000,000
<b>Subtotal-Balances</b>	<b>8,622,307</b>	<b>0</b>	<b>8,622,307</b>
<b>Changes to Transfers</b>			
ABC Profits Forecast	15,000,000	4,700,000	19,700,000
ABC Alcohol Education Campaign	0	(100,000)	(100,000)
OAG: Consumer Affairs Revolving Fund	9,499,445	-	9,499,445
VASAP Balances	250,000	-	250,000
Virginia Biosciences Health Research Corp	1,000,000	-	1,000,000
Legislative Commission NGF Balances	18,934	-	18,934
<b>Subtotal-Transfers</b>	<b>25,768,379</b>	<b>4,600,000</b>	<b>30,368,379</b>



# Committee Resource and Spending Adjustments

Resource and Revenue Changes	FY 2023	FY 2024	Biennial
<b>Changes to Revenues</b>			
Tax Conformity Adjustment	-	23,400,000	23,400,000
Sports Betting Revenue Reforecast	33,300,000	32,300,000	65,600,000
HB 1417 - Tax on Cigars	-	(80,000)	(80,000)
HB 2099 - Livable Home; increases allowable tax credit	-	(1,000,000)	(1,000,000)
HB 1438 - Oyster Shell Recycling Tax Credit	-	(250,000)	(250,000)
HB 2373 - Income Tax Subtraction National Guard	-	(675,000)	(675,000)
HB 2387 - Firearm Safety Device Tax Credit	-	(5,000,000)	(5,000,000)
HB 2445 - Wholesome Food Tax Credit	-	(100,000)	(100,000)
<b>Subtotal -Revenues</b>	<b>33,300,000</b>	<b>48,595,000</b>	<b>81,895,000</b>
<b>Committee Resource Adjustments</b>	<b>67,690,686</b>	<b>53,195,000</b>	<b>120,885,686</b>



# HEALTH AND HUMAN RESOURCES

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# Summary of Key Items: HHR

Spending Initiative (GF \$ in millions)	FY 2023	FY 2024
<b>Medicaid Rate Increases &amp; Services</b>	-	<b>\$104.0</b>
Increase nursing home reimbursement to enhance quality	-	42.8
5% rate increases for personal care services	-	41.5
Add 500 DD Waiver slots & increase payments for assistive tech. & electronic home-based supports (HB 1963)	-	8.1
CHKD Hospital physician managed care payments	-	5.1
<b>Health Workforce Incentive Programs</b>	-	<b>\$46.0</b>
VDH: Create nursing education acceleration prog. "Earn to Learn"	-	24.6
VDH: Expand Nurse Preceptor Incentive Program	-	10.0
VDH: Virginia First-Year Nurse Residency Grant Program	-	1.5
VDH: Expand nursing scholarships and loan repayment programs	-	1.0
VDH: Create psych. nursing graduate education loan repayment program	-	5.0
VDH: Expand Behavioral Health Loan Repayment Program	-	2.5
DMAS: Add 20 psychiatric residency slots	-	1.1
VDH: Health workforce program staff	-	0.4



# Summary of Key Items: HHR

Spending Initiative (\$ in millions)	FY 2024
<b>Mental Health and Substance Use Disorder Services</b>	<b>\$186.3</b>
Enhance and Develop Crisis Stabilization Units and Crisis Receiving Centers	83.3
Behavioral Health Workforce	45.5
Comprehensive Psychiatric Emergency Programs	20.3
Develop Mobile Crisis Units	20.0
Children's Behavioral Health	8.4
Fund Mental Health Group Homes	8.0
Intellectual and Development Disability Services	0.4
Central Office Behavioral Health Initiatives	0.4



# HB 1400 DMAS Forecasts

DMAS Forecasts (GF \$ in millions)	FY 2023	FY 2024
Official Forecast Medicaid Utilization & Inflation	(\$279.3)	\$12.3
Adjust Virginia Health Care Fund revenue (tobacco MSA and taxes, Medicaid recoveries)	(50.4)	67.7
Adjust Virginia Health Care Fund for impact of managed care repayment and HB 1418 (cigar tax rate)	(10.0)	12.0
<b>Adjusted Medicaid Forecast</b>	<b>(\$339.7)</b>	<b>\$92.0</b>
FAMIS children's health insurance forecast <ul style="list-style-type: none"> <li>• Additional eFMAP in FY 23</li> <li>• Enrollment growth: 7% in FY 23 &amp; 1.3% in FY 24</li> <li>• Managed care rate increases</li> </ul>	(13.1)	(0.3)
Medicaid children's health insurance program (MCHIP) forecast <ul style="list-style-type: none"> <li>• Additional eFMAP in FY 23</li> <li>• Enrollment growth: 3.8% in FY 23 &amp; 1.8% in FY 24</li> <li>• Managed care rate increases</li> </ul>	(5.9)	(2.8)
<b>Total DMAS Health Care Forecasts</b>	<b>(\$358.7)</b>	<b>\$88.9</b>





# Federal Medicaid Match Rate Changes

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- HB 1400, as introduced, reduced Medicaid spending by \$157.8 million GF in FY 2023 and adds \$53.4 million GF in FY 2024 due to the anticipated extension of the federal public health emergency (PHE) through April 11, 2023
- The Federal Consolidated Appropriations Act of 2023, passed on December 23, 2022, decoupled Medicaid from the PHE
  - Phases out the enhanced federal matching rate for Medicaid from the current 6.2% to:
    - 5% in Q3 of FY 2023
    - 2.5% in Q1 of FY 2024
    - 1.5% in Q2 of FY 2024
  - Ends requirements for continuous Medicaid eligibility on March 31, 2023 and requires states to initiate eligibility redeterminations within 12 months and complete all renewals within 14 months
- Amendments adjust Medicaid spending by adding \$30.8 million GF in FY 2023 and reducing \$130.0 million in FY 2024 to account for the recent federal legislation



# DMAS/Medicaid Spending

DMAS/Medicaid Spending (GF \$ in millions)	
Item	FY 2024
5% increase in personal rates	\$41.5
Nursing home Value-Based Purchasing Program to improve patient care	31.1
Local government-owned nursing homes	11.7
CHKD Hospital Physician Managed Care Payments	5.1
12.5% increase in early intervention services rate	1.0
Consumer-directed service facilitation, peer mentoring & EPSDT therapeutic group home rate increases	0.4
Parity of certain mental health & substance use disorder rates & collaborative care management for substance use treatment	0.5
24% increase in adult day health care rates	0.2



# DMAS/Medicaid Spending

DMAS/Medicaid Spending (GF \$ in millions)	
<b>Medicaid Eligibility &amp; Service Changes</b>	<b>FY 2024</b>
500 developmental disability waiver slots	\$7.6
Medicaid eligibility impact from Auxiliary Grant rate increase	2.5
Cover complex rehab. technology in nursing facilities (HB 1512)	1.3
20 psychiatric residency slots	1.1
Medicaid Works program - increase eligibility to 200% poverty level	0.3
Increase amount for DD waiver assistive tech. & electronic home-based support services (HB 1963)	0.5
<b>DMAS/Administrative Spending</b>	
Contract cost escalation	2.4
Cover Virginia Call Center contract	5.6
Reprocure Medicaid Managed Care Program	1.7



# Behavioral Health Spending

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## **Crisis Services**

- \$83.3 million GF to develop and enhance Crisis Receiving Centers and Crisis Stabilization Units
- \$20.0 million GF to fund mobile crisis units across the state
- \$20.3 million GF to develop hospital-based psychiatric emergency alternatives
- \$1.0 million GF to support the Off-Duty Officer Program
  - Additional \$4.0 million GF within the Comp. Board to assist sheriffs' offices and jails with alternative custody and alternative transportation

## **Behavioral Health Workforce**

- \$36.5 million GF for salary adjustments to all CSB staff
- \$9.0 million GF to fund salary alignments for critical positions at state mental health hospitals



# Behavioral Health Spending

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## **Mental Health and Substance Use Disorder Treatment Services**

- \$8.4 million GF to expand children's behavioral health services
- \$8.0 million GF to expand housing opportunities for individuals with a serious mental illness

## **Intellectual and Developmental Disability Services**

- \$350,000 GF to sustain Waiver Management System interoperability and software upgrades

## **Central Office Spending**

- \$261,164 GF to fund two cybersecurity positions
- \$97,795 GF to provide funds for forensic data tracking and analysis



# Opioid Abatement Authority

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- Financial assistance to abate and remediate the opioid epidemic comes from settlement funds paid to Virginia by prescription opioid manufacturers
- \$3.5 million NGF as an initial appropriation for newly created OAA
  - Includes funding for five additional positions
- 55% of settlement awards is funneled through the OAA
  - Provides discretionary grants that state agencies can apply for to fund abatement activities
  - Settlement awards also used for localities and projects involving multiple cities/counties
- Other Opioid Funding
  - \$7.0 million NGF in VDH for fentanyl response efforts
  - \$5.0 million NGF in the Secretary's Office to start a public awareness initiative to reduce fentanyl poisoning from overdose and counterfeit pills among youth by creating TV and radio ads
  - \$1.4 million NGF each year in DBHDS to purchase REVIVE! kits and doses of naloxone to treat emergency cases of opioid overdose
  - Technical change to list all opioid spending under Item 362.50



# Virginia Dept. of Health Spending

Spending Items (GF \$ in millions)	FY 2023	FY 2024
<b>Health Workforce Initiatives</b>		
Create nursing education acceleration program "Earn to Learn"	-	\$24.6
Expand Nurse Preceptor Incentive Program	-	10.0
Virginia First-Year Nurse Residency Grant Program	-	1.5
Expand nursing scholarships and loan repayment programs	-	1.0
Create psychiatric nursing graduate education loan repayment program	-	5.0
Expand Behavioral Health Loan Repayment Program	-	2.5
Health workforce program staff	-	0.4
<b>Office of the Chief Medical Examiner (CME)</b>		
Fund salary adjustments for CME, assistant CMEs, and nonphysician staff	-	3.0
Autopsies for decedents in Dept. of Corrections custody (HB 1827)	-	0.3
<b>Drinking Water and Environmental Health Items</b>		
Fund state match for federal drinking water grants (2 <sup>nd</sup> yr.)/ Backfill federal reversion of funding for Office of Drinking Water (1 <sup>st</sup> yr.)	\$1.1	3.4
<b>Local Health Department / Community Health Initiatives</b>		
Hopewell Health Intervention Program	-	1.3
Reflect rent increases at Local Health Dept. facilities	-	0.9
Free Clinic Telehealth Pilot Project	-	0.3



# Department of Social Services (DSS)

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## **Child Welfare Services**

- Maintains \$8.3 million GF and 18 positions in FY 2024 to implement recommendations of the State Inspector General to improve child protective services
  - Will address high caseloads and local agency staffing, staffing for state hotline, and increase state supervision and support of local agencies
- Amendments redirect \$4.1 million in FY 2023 in Chapter 2 to FY 2024 for child welfare improvements due to procurement and hiring delays
- Retains \$2.3 million GF and \$2.0 million NGF in FY 2024 to adjust foster family home rates and adoption assistance maintenance payments by 5%
  - Required by Appropriation Act in the year following a state employee salary increase
- Retains \$935,196 GF in FY 2024 to expand the Kinship Navigator Program from 6-12 programs and backfill federal grant funding that is due to expire
- Includes additional savings of \$4.5 million GF in FY 2023 and \$3.8 million GF in FY 2024 in foster care and adoption subsidy payments reflecting updated changes in the eFMAP rate through December 2023
- Adds \$250,000 GF in FY 2024 for a driver's license program for foster care youth





# Department of Social Services (DSS)

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## **Auxiliary Grant**

- Adds \$3.7 million GF in FY 2024 to increase the Auxiliary Grant rate for assisted living and adult foster care by \$150 per month
- Adds \$1.2 million GF in FY 2024 to increase the personal maintenance allowance for individuals receiving an Auxiliary Grant from \$82 to \$115 per month

## **TANF & SNAP**

- \$10.5 million GF and \$9.8 million NGF in FY 2023 and \$5.2 million GF and \$4.2 million NGF in FY 2024 to meet the forecast for Temporary Assistance to Needy Families (TANF) forecast for income benefits, childcare subsidies and employment services
  - TANF caseload has increased by 15% over the past fiscal year
  - Return to mandatory participation in the Virginia Initiative for Employment and Work (VIEW) program is expected to increase utilization of childcare subsidies and employment services
- Amendments reduce \$6.1 million GF in FY 2023 and provide \$3.0 million GF in FY 2024 to repay the federal government for the overpayment of Supplemental Nutrition Assistance Program (SNAP) benefits made in the fall of 2021
  - Reflects recent settlement with the federal government for repaying and reinvesting in SNAP payment accuracy initiatives

## **Information Technology**

- \$3.8 million GF and \$3.8 million NGF to provide 40 local DSS agencies new shared site technology for their computers that contain local software on the same device used for state systems



# TRANSPORTATION AND PUBLIC SAFETY

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# Summary of Key Items - Transportation

Spending Initiative (\$ in millions)	FY 2023	FY 2024
	<b><u>GF</u></b>	<b><u>GF</u></b>
I-64 - Widen to 3 Lanes exits 205-234	150.0	0.0
I-81- Widen to 3 Lanes exits 143-150	-	150.0
Move Dredging from Capital to Operating	5.0	-
	<b><u>NGF</u></b>	<b><u>NGF</u></b>
VDOT - Updated Revenue & 6-year plan	124.3	(47.5)
VDOT Transfer Payments - Updated	26.4	126.6
VDOT – Review of Using P3 for I-81 Project	-	0.5
VPA - Port Opportunity Fund	4.0	4.0



# General Fund Transportation Amendments

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- Includes the \$150.0 million GF in FY 2023 to support the widening of Interstate 64 between Exit 205 and Exit 234, as authorized in Chapter 2, which was contingent on FY 2022 revenues exceeding the official forecast
  - Funding is in addition to \$110.0 million GF in FY 2024 provided in Chapter 2 and \$210.0 million GF that was provided in FY 2022, bringing total GF support for the project up to \$470.0 million
- Includes \$150.0 million GF in FY 2024 to support the widening of I-81 to three lanes between exit 143 and exit 150 in Roanoke and Botetourt counties
- Includes under capital outlay a one-time authorization of \$3.1 million GF in FY 2023 for acquisition of land adjacent to the Mid-Atlantic Regional Spaceport to support an economic development initiative
- Includes \$5.0 million transfer from capital outlay to operating funding provided through the port for dredging projects



# NGF Transportation Amendments

- Proposed amendments would increase NGF appropriations within the Transportation Secretariat by \$254.4 million over the biennium

(\$ in millions)	FY 2023	FY 2024	Total
Dept. of Aviation - Technical Adjustments	(\$3.5)	\$12.9	\$9.4
VDOT - Updated Revenue Estimates and 6-year plan	124.3	(47.5)	76.8
VDOT Transfer Payments - Updated Revenue Estimates and 6-year plan	26.4	126.6	153.0
VDOT – Contract for Review of Using P3 for I-81 Project	-	0.5	0.5
VPA - Rent Increases	3.5	3.7	7.2
VPA - Appropriation for the Port Opportunity Fund	<u>4.0</u>	<u>4.0</u>	<u>8.0</u>
<b>Total</b>	<b>\$154.7</b>	<b>\$99.7</b>	<b>\$254.4</b>



# Transportation Partnership Opportunity Fund

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- Includes several language amendments directing the deposit of up to \$300 million to the Transportation Partnership Opportunity Fund (TPOF)
  - Language directs the transfer of \$100.0 million NGF in uncommitted balances from the Virginia Transportation Infrastructure Bank to the TPOF
    - Recommends eliminating the appropriation of \$15.3 million NGF in each year from the statutory distribution of Commonwealth Transportation Funds to the Virginia Transportation Infrastructure Bank
- Includes language directing the Commonwealth Transportation Board to allocate \$200.0 million to the TPOF from the revised transportation revenue forecast for FY 2024 through FY 2029



# Summary of Key Items – Public Safety & Veterans

Spending Initiative (\$ in millions)	FY 2023	FY 2024
Bold Blue Line Initiative	-	30.0
Operation Ceasefire	-	20.0
Corrections Special Reserve Fund	-	16.5
Virginia Mass Violence Care Fund	-	10.0
SRO Incentive Grant Fund	-	8.0
Witness Protection Program	-	5.0



# Department of Criminal Justice Services

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- Proposes \$30.0 million GF in FY 2024 to establish the Bold Blue Line Initiative
  - Used to provide grants to state and local law enforcement agencies to support recruitment of qualified law enforcement officers from other states, and develop in-state qualified law enforcement personnel
- Increases from \$2.5 million GF to \$22.5 million GF in FY 2024 the appropriation for Operation Ceasefire Grant Fund
  - Fund established by 2022 General Assembly to support crime reduction strategies, provide training and equipment to law enforcement officers and personnel, and to support local organizations engaged in group violence intervention efforts
- Includes \$10.0 million GF in FY 2024 to establish the Virginia Mass Violence Care Fund
- Provides an additional \$8.0 million GF in FY 2024 for the School Resource Officer Incentive Grant Fund
  - Supports grants for hiring of additional SROs and SSOs, and the award of grants for training and equipment





# Department of Corrections

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- Provides \$2.4 million GF in FY 2024 to reflect contractually allowed cost increases for private operation of Lawrenceville Correctional Center
- Includes \$3.8 million GF in FY 2024 to hire 37 additional nurses at secure correctional centers
  - Additional positions will allow the Department to provide 24/7 nursing coverage at all secure facilities
- Proposes \$1.3 million GF in FY 2024 to backfill declining revenues in the Drug Offender Assessment and Treatment Fund
- Includes \$16.5 million GF in FY 2024 for the Corrections Special Reserve Fund to reflect “Woodrum” impact of 26 House Bills



# Department of State Police

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- Includes \$9.4 million GF in FY 2024 to begin implementation of Phase II of the Department's IT transformation efforts
  - Supports migration of data center and storage infrastructure to VITA, and to replace legacy IP-VPN services
- Includes \$5.0 million GF in FY 2024 to establish a Witness Protection Program
- Provides \$3.3 million GF in FY 2024 to support 24 new law enforcement positions to address workload and public safety issues
- Includes \$2.0 million GF in FY 2024 to establish 20 new civilian positions within the Department's workforce
- Provides \$1.4 million GF and \$1.0 million NGF to support replacement of Virginia Criminal Information Network (VCIN) servers and software
- Includes an increase of \$203,000 GF in FY 2024 for the Department's Master Equipment Lease Program (MELP) appropriation to reflect debt service on the net cost of funding the purchase of two new helicopters



# Other Public Safety Agencies

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## **Department of Juvenile Justice**

- Includes items to expand capacity at Bon Air Juvenile Correctional Center:
  - \$765,000 GF in FY 2024 for additional staff
  - \$267,500 GF in FY 2024 to enhance staff recruitment efforts
  - Transfers \$2.6 million from a previously authorized capital project to perform renovations at the Bon Air facility
- Language directs Department to assess and report on bedspace, education, and treatment needs related to recent change in length-of-stay guidelines

## **Department of Emergency Management**

- Provides \$1.1 million GF in FY 2024 for ongoing costs of leasing and operating VDEM's central disaster warehouse

## **Alcoholic Beverage Control Authority**

- Part 3 amendment increases the transfer of net profits to the general fund by \$15.0 million in FY 2023 and \$4.7 million in FY 2024



# Department of Veterans Services

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- Proposes \$900,000 GF in FY 2024 to expand the Virginia Values Veterans (V3) Program
  - Would increase program from \$100,000 existing appropriation to a total of \$1.0 million
  - Language changes would increase grant award from \$1,000 to \$5,000 per veteran hired, and would increase maximum annual grant per employer from \$10,000 to \$50,000
- Includes \$400,000 GF in FY 2024 to eliminate veterans' cemetery burial fees charged to spouses and children of veterans, and members of the National Guard and Military Reserve



# COMPENSATION AND RETIREMENT

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# Summary of Key Items – Compensation and Retirement

Spending Initiative (\$ in millions)	FY 2023	FY 2024
Additional 2% Salary Increase	-	113.1
Funding to Agencies for Pay Practices	-	21.1
Additional Salary Increase for CSBs	-	36.5
Other Targeted Salary Actions	-	48.9
Lump Sum Payments to Retiree Health Care Credit	-	20.0
Fund Impact of RHC COLA Legislation	-	8.3



# Employee Compensation

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- Includes \$113.1 million GF to enhance the FY 2024 salary increase for state employees and state supported local employees by an additional 2%
  - Adjustment raises salary increase from 5% to 7% to acknowledge impact of high inflation
- Includes \$21.1 million GF in FY 2024, equal to an additional ½% salary adjustment for salaried state employees, to be allocated to the agencies to implement targeted pay actions as needed for recruitment and retention
- Funding included in K-12 provides \$109.6 million GF for the state share of an additional 2% salary adjustment for SOQ funded positions in FY 2024



# Targeted Compensation Actions

(GF \$ in millions)	FY 2024
Additional Salary Increase for Community Service Boards	\$36.5
Compensation Board: Deputy Sheriffs, Regional Jail Officers	13.9
Behavioral Health Food Service and Housekeeping	9.0
Indigent Defense Commission: Public Defenders	7.4
Salary Adjustment for Asst. Commonwealth's Attorneys & Career Prosecutors	7.2
State Police: Fund Step Increase in State Police Pay Plan	2.0
Consolidate Table Setting Out Sheriffs Salaries	1.3
Marine Resources Commission: Law Enforcement Compression	1.8
Conservation and Recreation: Law Enforcement Compression	0.4
Wildlife Resources: Law Enforcement Compression	1.2
Department of Health: Chief Medical Examiner's Office	3.0
VA School for Deaf & Blind: Salary Adjustments for Staff	1.1
Office of the Attorney General: Non-Attorney Staff	0.5
Virginia Criminal Sentencing Commission: Recruitment and Retention	<u>0.1</u>
<b>Total Targeted GF Cost</b>	<b>\$85.4</b>





# Funding for Employee Benefits

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- Includes \$28.3 million GF in FY 2024 for increased funding for the Retiree Health Care Credit
  - \$20.0 million GF to increase the FY 2024 Lump sum payment from \$55.1 million to \$75.1 million
  - \$7.6 million GF for impact of HB 2314 providing COLA for state employees with 30 years of service
  - \$750,000 GF for impact of HB 1789 providing COLA for employees of constitutional offices with 30 years of service
- Reduces funding provided in Chapter 2 for the FY 2024 state employee health insurance adjustment by \$2.0 million GF
  - Decreases funding from \$26.0 million to \$24.0 million
    - Funding would be sufficient to fund a 4.1% increase in the rates. Current projections assume an 8.2% increase in the cost of the program but large cash balances in the health insurance fund would enable the fund to absorb half of the cost increase



# ELEMENTARY AND SECONDARY EDUCATION

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# Summary of Key Items: K-12

Spending Initiative (\$ in millions)	FY 2023	FY 2024
<b>Total New K-12 Spending Proposed</b>	<b>\$141.7</b>	<b>\$371.8</b>
Technical Updates	\$84.0	\$125.9
7% Pay Increase in FY 2024	-	109.6
Teacher Recruitment Incentives	-	10.0
Laboratory Schools	50.0	-
Additional Reading Specialists	-	30.8
Additional Math Specialists	-	7.2
Virginia Literacy Act Implementation	-	6.7
School-Based Mental Health Programs	-	15.0
School Security Flexible Grants	-	12.0
Targeted Mixed Delivery Preschool	-	20.0
Chesapeake Regional Technical Center	-	20.0
Other Items	7.7	14.6



# Compensation and K-12 Workforce

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- Includes \$109.6 million GF in FY 2024 for the state share of an additional 2% increase, for a 7% total increase
  - To access funds, school divisions must provide at least a 2.5% increase to access a prorated portion of the funds; increases above 5% given in FY 2023 may count toward the FY 2024 increase
- Provides \$10.0 million GF in FY 2024 for a one-time recruitment incentive to provide \$5,000 per hard-to-staff position filled, with no local match
- Includes \$1.2 million GF in FY 2023 and \$3.7 million GF to address staffing challenges at School for Deaf & Blind and State Operated Programs
- Proposes \$1.0 million NGF in FY 2023 to extend \$1,000 ARPA bonus payments to regional special education programs
- Provides \$1.6 million for tuition assistance for provisionally licensed teachers and for teacher mentoring programs



# Reading and Mathematics Specialists

- Proposes \$38.0 million GF in FY 2024 to support additional reading and mathematics specialist positions

## Reading Specialists for Grades 4 - 8 *\$30.8 million*

- Expands current staffing standard of 1 specialist per 550 students from grades K-3 to K-5
- Establishes staffing standard for grades 6-8 of 1 specialist per 1,100 students
- Includes staffing flexibility while existing staff are obtaining training to meet licensure requirements that become effective in FY 2025
- Local match required

## Math Specialists for Targeted Schools *\$7.2 million*

- Supports one math specialist position for schools ranking in bottom 10% on grade three through eight mathematics SOL assessments administered during Spring 2021
- School divisions may use funds to support tuition costs for existing staff to become credentialed math specialists
- Local match required

- Includes an additional \$6.7 million NGF in FY 2024 to implement science-based reading intervention through eighth grade



# Public Education

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## **Lab Schools & Innovative Programs**

- Proposes an additional \$50.0 million GF in FY 2023 for Lab School Fund, in addition to \$100.0 million provided in Ch. 2
- Permits a portion of the funds to be used to support Division Lab Schools and Math Innovation Zones
- Provides \$132,000 GF for DOE agency staff support for innovative initiatives

## **Early Childhood Care & Education**

- Proposes \$20.0 million GF in FY 2024 to expand mixed delivery preschool grants in targeted regions
- Includes flexibility language to address staffing challenges
- Directs new Commission on Early Childhood to address workforce and licensure challenges and maximization of federal Head Start funds



# Public Education

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## **Student Supports**

- Provides \$15.0 million GF in FY 2024 for school-based mental health services
- Includes \$3.5 million from federal GEER funds to continue chronic absenteeism improvement efforts
- Provides \$3.0 million GF to assist with learning loss and differentiated instruction in high need schools
- Proposes \$1.0 million GF to defray AB/IB exam fees for lower income students
- Includes \$500,000 GF to expand Tiered Systems of Support

## **School Security**

- Includes \$12.0 million GF for flexible school security grants
- Provides \$1.5 million GF to address immediate security concerns in Newport News

## **Grocery Tax Hold Harmless**

- Proposes \$4.9 million GF to ensure no school division loses basic aid or sales tax on a per pupil basis from the amount communicated in June estimation tool



# COMMERCE, AGRICULTURE, AND NATURAL RESOURCES

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# Summary of Key Items: Commerce and Labor

Spending Initiative (\$ in millions)	FY 2023	FY 2024
Site Development and Acquisition	\$304.5	\$304.5
Inland Port Construction in Southwest Virginia	10.0	45.0
Workforce Initiatives (New Agency, GO VA, Data)	0.5	37.8
Targeted Industry Support (Energy, Ag. & Airline)	-	12.0
Local Building Permitting Pilot Program	-	10.0
Industrial Revitalization Fund	5.0	8.0
Targeted Brownfields Funding (Coal Mine Renewable Energy   Economic Redevelopment)	2.3	9.3
Community Development Financial Institution Fund	-	5.3



# Site Development and Community Revitalization

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- Includes \$609.0 million over the biennium for site development for the purposes of attracting additional business investment in the Commonwealth, of which \$250.0 million is contingently appropriated in FY 2024
  - Deposits \$200.0 million into a new Virginia Business Ready Sites Acquisition Fund, which allows the state to purchase land for the purposes of site development
  - Directs the remaining funds (\$409.0 million) to the Virginia Business Ready Sites Fund
- Provides \$55.0 million over biennium for the construction of an inland port in the Mount Rogers Planning District
- Adds \$7.0 million over the biennium to the Industrial Revitalization Fund, bringing total general fund resources for this fund to \$13.0 million
  - Directs a portion of these new resources to specific revitalization and economic development activities
- Deposits an additional \$2.0 million in FY 2024 to the Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund, bringing total general fund resources for this fund to \$6.5 million
- Capitalizes the Virginia Brownfield and Coal Mine Renewable Energy Grant Fund with \$5.0 million in FY 2024



# Workforce Initiatives

## GO Virginia Talent Pathways

- Provides \$21.0 million in FY 2024 to launch a new GO Virginia talent pathways program to address workforce issues for specific industries through public private partnerships

## Direct Support for Emerging Talent Pathways

- Directs \$8.5 million in FY 2024 to support 4 emerging regional talent pathways programs with industry focuses of manufacturing, construction, health care, logistics, information technology

## New Workforce Development Agency

- Includes \$5.0 million to cover the start-up costs associated with the establishment of the Department of Workforce Development and Advancement in the Labor Secretariat

## Informatics and Innovative Models

- Invests \$1.1 million in FY 2024 in new funding for the Virginia Office of Economics Education
- Includes \$1.3 million in FY 2024 for workforce initiatives for the ag. tech industry
- Provides \$0.4 million in FY 2024 to support the Workforce, Innovation, and Skills Hub



# Community Development

Spending Initiative (\$ in millions)	FY 2023	FY 2024
Relief for Whitewood Flood Victims (NGF)	-	\$18.0
Pilot Program to Expedite Local Building Permits	-	10.0
Community Development Financial Institutions Fund	-	5.3
Virginia Main Street Activities in Peterburg, VA	-	1.5
Housing Need Assessment, Plan, and Expansion of the Livable Homes Tax Credit	-	0.5
Virginia Rural Center	0.1	0.5

- Adds several language amendments for broadband:
  - Requires DHCD to aid local permitting offices in the citing of broadband projects
  - Adjusts the criteria for the Line Extension Customer Assistance program
  - Directs DHCD to prioritize a broadband project not funded during the FY 2022 VATI grant round in future grant rounds
  - Authorizes the use of new federal broadband money by DHCD



# Targeted Industry Efforts

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## Energy

- \$10.0 million in FY 2024 to capitalize the Virginia Power Innovation Fund at the Department of Energy
- \$0.6 million in FY 2024 at the Department of Energy to expand staffing to support the implementation of the Virginia Energy Plan

## Agriculture Technology

- \$200,000 in FY 2024 for marketing related activities at the Virginia Economic Development Partnership Authority (VEDP)
- Targeted funding for workforce development initiatives
- Additional investments for this industry are included in the Department of Agriculture and Consumer Services

## Airline Capacity

- \$1.2 million for VEDP to develop recommendations on how the state can expand airline capacity, includes \$200,000 to address airline service at Roanoke Regional Airport



# Tourism Initiatives and Assets

Investment (\$ in millions)	FY 2023	FY 2024
Security and Surveillance at Fort Monroe	-	\$0.8
Tourism Campaign for the Carter Family Fold	-	0.5
Increase Visitation to Smithfield, Virginia	-	0.4
Virginia Sports Hall of Fame	0.2	0.2
Education and Preservation Activities at Fort Monroe	-	0.2
Identify Additional Green Book Sites in Virginia	-	0.1

- Creates the Board of the Virginia Football Stadium Authority, and a process for the state to examine the relocation of the Washington Commanders to the Commonwealth through a detailed study on potential incentives and a review by the MEI Project Approval Commission



# Summary of Key Items: Ag & Natural Resources

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Spending Initiative (\$ in millions)	FY 2023	FY 2024
Wastewater Treatment Plant Improvements	-	\$237.0
Water Quality Improvement Fund	-	137.1
Richmond CSO	100.0	0.0
Resilient Virginia Revolving Loan Fund	100.0	0.0
Local Sewer and Stormwater Improvements	-	43.0
One-Time Spending at Department of Historic Resources	-	16.7



# Water Quality

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- A total of \$137.1 million GF is included in DCR for deposit in Water Quality Improvement Fund (WQIF)
  - Includes a \$87.1 million GF mandatory deposit based upon FY 2022 revenue surpluses and agency balances, and a \$50.0 million supplemental deposit
  - \$13.3 million of this amount is deposited in WQIF reserve
  - \$123.8 million in Natural Resource Commitment Fund
- Includes \$237.0 million in FY 2024 in additional support for the state's share of costs for wastewater treatment improvements identified in the Enhanced Nutrient Removal Certainty Program
  - Deposit reflects \$43.9 million GF from mandatory WQIF deposit, a \$107.1 million GF supplemental deposit, and \$86.1 million NGF from remaining ARPA resources
- Provides \$100.0 million GF in FY 2023 for the ongoing costs of Richmond's Combined Sewer Overflow Project





# Wastewater and Storm water (DEQ)

- Provides a total of \$43.0 million GF for wastewater and stormwater improvements:

Item	Amount
Fund Stormwater Local Assistance Fund (SLAF) Needs Assessment	\$10,000,000
Virginia Beach Regional Stormwater Management Facility	10,000,000
Chincoteague Sewer Improvements	7,556,000
Virginia Beach Stormwater Encroachment Resilience Activities	7,000,000
Wastewater Infrastructure Improvements at Poor Creek	5,500,000
Middletown Sewer Improvements	2,000,000
Wachapreague Sewer Improvements	941,000



# Department of Conservation and Recreation

- Includes \$100.0 million GF in FY 2024 to be deposited in the Resilient Virginia Revolving Loan Fund
  - Fund used to provide loans and grants for local resilience projects
- Other items included in DCR:

Item	Amount
Conservation Application Suite Improvements	\$1,000,000
Lake Anna Cyanobacteria Remediation	1,000,000
Support for Lewis Ginter Botanical Garden	1,000,000
Hayfields State Park – Operating support and two positions	692,436
Increase Support for Natural Heritage Program	350,000
Dam Safety – Three regional engineer positions	490,650
Backfill funding for Soil and Water Conservation District positions	400,823
VACS Assistance and Engineering Design	350,000
Breaks Interstate Park Operations and Maintenance Funding	287,500
Repairs for Lakeview Dam	250,000
Anti-Littering Campaign	200,000
Cumberland Courthouse / Bear Creek State Park Connector Trail	111,234



# Department of Environmental Quality

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- Provides \$3.5 million GF in FY 2023 to implement the Permit Evaluation and Enhancement Program (PEEP)
  - Would establish public-facing online portal allowing tracking of DEQ permitting processes for state and local agencies
- Includes \$2.0 million GF in FY 2024 for improvements to the Department's human resources systems to address potential security vulnerabilities
- Provides an additional \$2.0 million GF in FY 2023 to assist Bristol in addressing ongoing issues with its landfill
- Provides \$450,000 GF in FY 2024 to support the Wetland and Stream Replacement Fund pursuant to House Bill 1628
- Includes \$200,000 GF in FY 2024 to conduct research on strategies to reduce salt entering Virginia's surface and groundwater



# Department of Historic Resources

- Supports \$16.7 million for new one-time spending items at the Department of Historic Resources:

Item	Amount
Double FY 2024 Appropriation for BIPOC Fund	\$5,000,000
New Market Battlefield	3,750,000
Culpeper Battlefield	3,000,000
Vietnam War and Foreign Conflicts Museum	2,000,000
Preservation of Archaeological Evidence Near James Fort	500,000
Jefferson School African American Heritage Center	500,000
Buchanan Theater – Standing Room Only	500,000
Haller-Gibboney Rock House Museum	350,000
Historic Fluvanna County Courthouse	307,985
Gum Springs Museum and Cultural Center	200,000
Greensville County Training School	175,000
Shenandoah Valley Battlefields National Historic District	150,000
Pocahontas Cemetery	141,000
Weston Manor	100,000



# VDACS

- Supports \$9.6 million GF in new spending at the Virginia Department of Agriculture and Consumer Services:

Item	Amount
Expand Hemp Registration and Inspection of Facilities	\$2,172,909
AFID – Blue Catfish Processing, Flash Freezing, and Infrastructure	2,000,000
AFID – Grants or Loans to Support Development of Ag. Technologies	1,250,000
AFID – Support Expansion of Meat Processing Capacity	1,250,000
Competitive Grant Program Supporting Agricultural Research	1,000,000
Dairy Producer Margin Coverage Premium Assistance Program	1,000,000
Virginia Beer Distribution Company	784,000
Vinifera-Style Wine Grape Breeding	125,000
Additional Pesticide Inspector for Southwest Virginia Region	75,000



# GENERAL GOVERNMENT AND CAPITAL OUTLAY

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# Summary of Key Items

Spending Initiative (\$ in millions)	Biennial \$
<b>Capital</b>	
Capital Supplemental Funding	\$249.5
Improvements & Construction (life/safety, renovation, infrastructure, new construction)	141.7
Maintenance Reserve Enhancements	38.4
Equipment for Projects Nearing Completion	36.0
Planning and Acquisition	16.9
<b>General Government</b>	
Compensation Board - Support for Local Constitutional Officers (including pay actions)	29.6
Courts – Highlights: Specialty Dockets, Court of Appeals Staffing, Jury Duty and Retired Judge Pay, 22nd Judgeship	7.7



# Capital Outlay

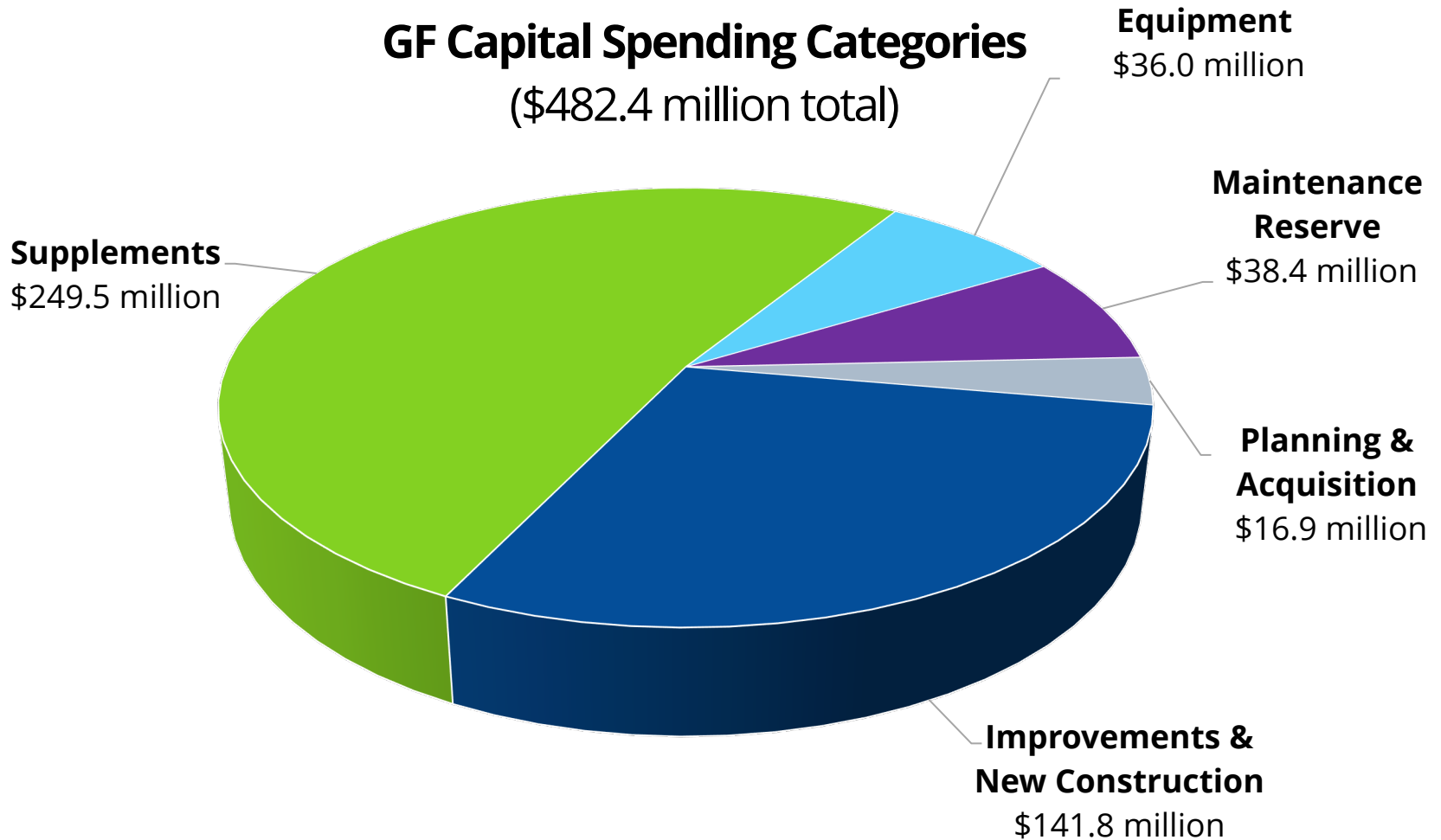
Capital Outlay Funding (\$ in millions)			
Fund Type	Chapter 2	House Budget	Total
<b>General Fund</b>	<b>\$2,149.2</b>	<b>\$482.4</b>	<b>\$2,631.6</b>
Nongeneral Fund Cash	977.7	\$228.2	1,205.9
9(c) Revenue Bonds	100.9	-	100.9
9(d) Revenue Bonds	56.4	120.1	176.5

- Targeted general fund spending for priority needs:
  - Life/safety
  - Renovations and improvements





# General Fund Capital Spending



# Construction & Improvements

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- \$77.0 million GF for stand-alone projects, including:
  - \$16.0 million - Commonwealth Courts Building
  - \$15.9 million - Eastern State Hospital Exterior Renovation
  - \$14.7 million - Renovate Catawba Hospital
  - \$14.2 million - Renovate William & Mary's Historic Campus
  - \$7.3 million - Duress Signals & Fire Alarms at DHBDS facilities
  - \$6.0 million - Demolition of the former VEC building
  - \$3.0 million - Improve Dept of Military Affairs Readiness Centers
- \$64.8 million GF for a construction pool of eight projects
  - Five projects at institutions of higher education (Longwood, VIMS, UMW, VCCS, IALR)
  - Three projects at state agencies (DOC, SMV, Fort Monroe Authority)
- \$331.8 million in NGF-funded projects, highlights include:
  - \$126.8 million - Construct Army Aviation Support Facility in Sandston
  - \$71.8 million - Repair Building Envelopes and Replace Randolph Hall at Virginia Tech
  - \$40.7 million - Address Deferred Maintenance and Repair Auxiliary Facility at ODU



# Other Capital Spending

- **Equipment:** \$36.0 million GF and \$0.9 million NGF cash for equipment for projects that are to be completed within the next 18 months
- **Maintenance Reserve:** Additional \$38.4 million GF
- **Planning:** \$13.8 million GF and \$9.0 million NGF cash for the following projects:

Project Owner	Project Title
Dept of State Police	Construct Division Six Headquarters
Wilson Workforce & Rehab	Construct a new Postsecondary Education Rehabilitation Transition Facility
Virginia State University	Renovate Virginia Hall
Dept of General Services	State Consolidated Laboratory Replacement (pre-planning)
VA Commonwealth University	School of Dentistry (pre-planning)
Virginia Tech	Expand VT-Carilion School of Medicine & Fralin Biomedical Research Institute
Dept of Military Affairs	Planning to Compete for Federal Projects & to Renovate Camp Pendleton
Cooperative Extension	Improve Center Woods Complex
Dept of Cons & Recreation	Improve New Market Battlefield Facilities
Virginia State University	Construct BOLT Leadership Center
UVA-Wise	Construct New Research Facility (pre-planning)



# Supplement Pool

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- Proposes \$248.5 million GF to supplement previously-authorized projects
- When combined with the \$350.0 million GF approved in the 2022 Session, these amendments would increase total supplemental pool funding to \$598.5 million



# Language-Only Capital Proposals

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- **Authorizes \$62.1 million in Treasury Loans for Veterans Centers**
  - Commits the state share of costs upon federal award; source for loan repayment subject to future determination
- **Authorizes \$43.3 million in Treasury Loans for Jefferson Labs**
  - For construction of infrastructure to support a higher performance data facility; subject to federal project award
- **Extends Study of Beaumont Property**
  - Continues workgroup to evaluate best use of Beaumont Correctional Center property, to continue hold on Deerfield and Powhatan Infirmary projects
- **Adds Approval Requirements for Alternative Financing**
  - Preserves legislative prerogative for public-private financing arrangements
- **Amends Distribution of Water Quality & Dam Repair Funding**
- **Changes Project Scopes & Repurposes Bond Authority**
  - Amends scope of previously-authorized projects (resulting costs vary)



# General Government- Key GF Provisions

(GF, \$ in millions)	Biennial Total \$
<b>ADMINISTRATION</b>	
<b>Compensation Board</b>	
- Staffing for sheriffs/local & regional jails to assist with TDO and ECO cases	\$4.1
- Additional funding for Treasurers	3.0
<b>EXECUTIVE OFFICES</b>	
<b>Office of the Lt. Governor</b> - Additional staffing to support operations	0.2
<b>Office of the Attorney General</b> - Cannabis consumer protection enforcement investigators, an organized retail crime taskforce, and ratepayer advocacy	1.2
<b>JUDICIAL</b>	
<b>Supreme Court</b>	
- Specialty dockets (veterans, behavioral health and drug)	3.5
- Additional judgeship in the 22 <sup>nd</sup> Judicial District	0.3
<b>Court of Appeals</b> - Right-size staffing for recent court expansion	0.4
<b>Criminal Fund Adjustments</b> - HB 2317- Jury Duty Pay (\$1.4 million), and HB 2016- Dual Attorney for Indigent Defense of Class 1 Felony (\$0.4 million)	1.8



# General Government- Key GF Provisions

(GF \$ in millions)	Biennial
<b>LEGISLATIVE BRANCH</b>	
<b>Division of Legislative Automated Systems</b> - New systems development	\$1.5
<b>Support for HJ548</b> - Joint Commission to Establish a Virginia Gaming Commission	0.3
<b>Behavioral Health Commission</b> - Additional position to support commission work	0.2
<b>FINANCE</b>	
<b>Dept of Taxation</b> - Administer tax policy changes	0.9
<b>Dept of Treasury</b> - Relief payments for two wrongfully incarcerated persons	1.6
<b>CENTRAL APPROPRIATIONS</b>	
<b>Dept of Elections</b> - Provide funding for the 2024 Presidential Election	7.3
<b>Transformation Office</b> - Funding in FY 2024 for ongoing and new initiatives	15.0
<b>Information Technology &amp; State System Charges</b> - GF share of agency VITA rates, Cardinal Financial charges, enhance statewide networks (\$ is net of all initiatives)	2.8
<b>Agency Rent Increases</b> - GF share of state-owned space	0.9



# HIGHER EDUCATION

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# Summary of Key Items

Spending Initiative (\$ in millions)	FY 2023	FY 2024
Affordable Access (Tuition at 1%)	-	75.6
ODU / EVMS Merger	-	40.0
VCCS Workforce Credential Pipeline	-	10.0
Higher Education Mental Health Services	-	9.0
VCU Massey Cancer	-	5.0
JMU Nursing PhD	-	1.25
VT Brain Injury Research	-	1.0
Local Library Aid	-	2.0
State Library IT Improvements	-	1.4



# Colleges & Universities: \$136.4 million GF Biennium

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- \$75.6 million to Maintain Affordable Access
  - Allows institutions to keep tuition increases to one percent
- \$40.0 million to support the merger of Eastern Virginia Medical School & ODU, creating the Eastern Virginia Health Science Center
- \$20.8 million in institution-specific initiatives
  - VCCS Workforce Credential Pipeline - \$10.0 million
  - VCU Massey Cancer Research - \$5.0 million
  - Richard Bland Middle College - \$2.5 million
  - JMU Nursing PhD - \$1.25 million
  - VT Fralin Biomedical Brain Injury Research - \$1.0 million
  - UVA Wise Research Feasibility - \$500,000 (FY 2023)
  - UVA Wise Center for Teaching Excellence - \$300,000
  - VCCS Prince William Automotive Apprenticeship - \$250,000



# Tuition Moderation Support

Institution	Amount	Institution	Amount
CNU	\$3.8	UVA	2.4
CWM	2.3	UVA-WISE	0.6
GMU	6.0	VCU	10.6
JMU	4.5	VMI	1.2
LONGWOOD	3.5	VT	7.1
UMW	3.5	VSU	2.0
NSU	2.1	RBC	0.6
ODU	6.9	VCCS	14.5
RADFORD	3.9	<b>TOTAL</b>	<b>\$75.6</b>



# Other Higher Education

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- SCHEV - \$9.0 million to support mental health services
- TAG Grant language which increases maximum award to \$5,250 in FY 2024
- \$500,000 at VT Extension to complete the Building Resilience initiative
- \$873,000 at Southern Virginia Higher Education Center to support a welding program (\$205,000) and general operating support (\$668,000)
- \$100,000 for VIMS at Wachapreague Eastern Shore Laboratory for a shellfish research position



# Higher Education Policy

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- Richard Bland College Regional Partnership Workgroup
- Out-of-State Tuition Policy (Part 4)
- Tuition Transparency (Part 4)
- Release of Student Transcripts (Part 4)



# State Library & Museums

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- Library of Virginia IT Improvements - \$1.4 million
- Local Library Aid - \$2.0 million
- Virginia Commission of Arts - State Theater of Virginia - \$920,500

