



VIRGINIA HOUSE
APPROPRIATIONS
COMMITTEE

CHAIRMAN LUKE E. TORIAN

February 21, 2024

RECOMMENDED AMENDMENTS TO HB 29 & HB 30

Prepared By
House Appropriations Committee Staff



RESOURCES

COMMITTEE RESOURCE AND SPENDING ADJUSTMENTS

Resource and Revenue Changes	FY 2024	FY 2025	FY 2026	Biennial
Changes to Revenues				
Remove Gov's Tax Proposal Excl. Digital Economy		567,113,348	982,197,082	1,549,310,430
Sports Betting Forecast		5,000,000	5,000,000	10,000,000
Tax Compliance Revenues		12,800,000	25,600,000	38,400,000
HB 698: Retail Cannabis – GF		0	3,000,000	3,000,000
EISTC - Reflect Usage		4,000,000	4,000,000	8,000,000
Military Subtraction – Technical	21,800,000			
HB 1203: Communities of Opportunities Tax Credit Increase		(250,000)	(250,000)	(500,000)
HB 1263 & 1264: Revenue Loss		(964,659)	(964,659)	(1,929,318)
Subtotal-Revenues	21,800,000	587,698,689	1,018,582,423	1,606,281,112
<u>Committee Resource Adjustments</u>	121,085,300	587,698,689	1,018,582,423	1,606,281,112

COMMITTEE RESOURCE AND SPENDING ADJUSTMENTS

Resource and Revenue Changes	FY 2024	FY 2025	FY 2026	Biennial
Additions to Balances				
Legislative Carryforward Balances	6,957,000	-	-	-
Auxiliary Grant Balances	4,000,000	-	-	-
Lab School Balances	80,000,000			
Subtotal-Balances	90,957,000	0	0	0
Changes to Transfers				
ABC Profits Forecast	-4,900,000	-	-	-
OAG: Consumer Affairs Rev. Fund	2,334,659	-	-	-
EDIP: Unused Yorktown Cruise Dock	7,500,000	-	-	-
Catalyst – Unused COVID drug funds	3,393,641	-	-	-
Subtotal-Transfers	8,328,300	0	0	0
Unappropriated Balance - as Introduced	2,353,758,575	615,053	8,057,430	8,672,483
HAC Changes to Resources	121,085,300	587,698,689	1,018,582,423	1,606,281,112
HAC Net Spending	-27,732,024	182,872,944	1,572,578,528	1,755,451,472
HAC Ending Balance/Unappropriated Balance	2,502,575,899	554,258,122	-545,938,675	8,319,447



PUBLIC EDUCATION

HB 30: ELEMENTARY AND SECONDARY EDUCATION

- After rebenchmarking, policy initiatives totaling \$1.1 billion directed to K-12 mostly for salaries and SOQ modifications
- \$418.1 million for early childhood to maintain & grow number of slots, while maintaining FY 24 family copayments and LCI cap on VPI

Provides \$2.56 billion total over the biennium for early childhood and K-12

(\$ in millions GF)	GF Biennial	NGF Biennial	Total Biennial
Technical (incl. rebenchmarking)	\$945.0	\$120.6	\$1,065.6
Policy Initiatives:			
K-12 Direct Aid	517.3	535.0	1,052.3
Early Childhood	354.1	64.0	418.1
Dept. of Education	15.4	-	15.4
School for Deaf & Blind	4.7	0.1	4.8
TOTAL POLICY:	891.4	599.1	1,490.5
HB 30 House Report	\$1,836.4	\$719.6	\$2,556.1

DISTRIBUTIONS TO SCHOOL DIVISIONS

Increases funding distributed to localities for K-12 by:

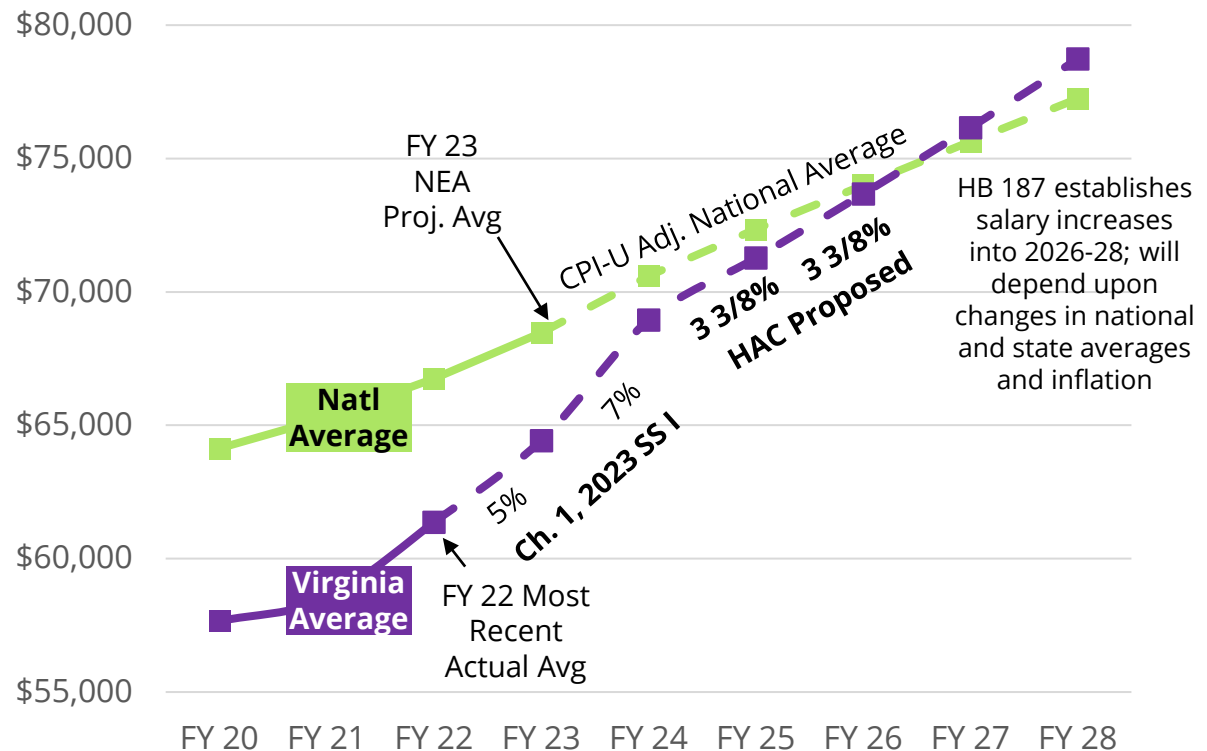
- \$2.0 billion compared to Chapter 1
- \$1.0 billion compared to HB 30, Introduced

PROPOSED SPENDING (\$ in millions GF)	HB 30 Introduced	House Amendments	Total House Proposal
Rebenchmarking & Technical	966.8	(13.3)	\$953.6
Policy Proposals			
▪ Compensation Proposal	175.9	452.4	628.3
▪ At-Risk Add-On Modifications	-	384.6	384.6
▪ ELL Tiered Staffing Ratios	-	95.1	95.1
▪ “New Economy” Sales Tax	85.7	-	85.7
▪ Reading Specialists for grades 4-8	61.2	-	61.2
▪ Specific Local Initiatives	\$4.5	(1.7)	2.8
▪ Eliminate One-Time Hold Harmless	(228.9)	-	(228.9)
Total Policy Proposals	98.4	930.4	1,028.8
TOTAL	\$1,065.2	\$917.1	\$1,982.4

K-12 COMPENSATION

- Assumes national average based on:
 - NEA's projected national average in FY 2023
 - CPI-U inflation adjustments for FY 2024-FY 2028
- Assumes Virginia's average based on FY 2022 actual average published by NEA, then inflated by state-funded compensation increases of 5% (FY 2023) and 7% (FY 2024)
- To access funds, school divisions must provide at least 2% increases
- Maintains language proposing teacher compensation workgroup to address variation by region, role, degree

Provides \$628.2 million for two 3 3/8% salary increases; completing first half of four-year plan to exceed national average



HB 187 establishes salary increases into 2026-28; will depend upon changes in national and state averages and inflation

K-12 DIRECT AID

At-Risk Add-On (HB 624 & HB 825)

- Provides \$384.6 million GF to implement portions of JLARC recommendations related to At-Risk
 - Transitions metric used to identify At-Risk students from outdated free lunch rate to new Identified Student Percentage (using multiplier of 1.35)
 - Provides an Add-On to Basic Aid based on 6% flat rate add-on per identified student and a Concentration of Poverty add on ranging from 0% to 42.5%
 - Designates At-Risk funding as a Standards of Quality Program and consolidates funds with SOQ Prevention, Intervention, and Remediation funds

English Learner Teachers (HB 624 & HB 1247)

- Includes \$95.1 million to transition from current staffing standard of 1 EL teacher per 50 EL students to tiered staffing ratio based on English proficiency
 - 1:20 for students in levels 1 & 2 | 1: 40 for levels 3 & 4 | 1:100 for level 5 & monitor status

K-12 DIRECT AID

Reading Specialists

- Funds \$61.2 million to implement reading specialist standard in grades 4-8 as required by 2023 legislation
 - 1 per 550 in grades 4 & 5 | 1 per 1,100 in grades 6-8

Community Schools

- Includes \$10.0 million for planning and implementation grants, and establishes an Office of Community Schools at the Department of Education

Accomack & Northampton Counties

- Provides \$1.7 million each year to continue supplemental support to address salary misalignment with neighboring localities

EARLY CHILDHOOD CARE & EDUCATION

Provides \$418.1 million to expand early childhood system without increasing family copayments

- \$73.7 million above HB 30, Introduced

PROPOSED SPENDING (\$ in millions GF)	Biennial GF	Biennial NGF	Biennial Total
Child Care Subsidy Program & Mixed Delivery			
Backfill federal funds & grow slots over biennium	\$458.5	\$64.0	\$522.5
Maintain FY 24 Copayments for Subsidy & Mixed Delivery	36.1	-	36.1
Virginia Preschool Initiative			
Maintain .5000 LCI Cap	15.7	-	15.7
Implement new nonparticipation rate methodology	(160.3)	-	(160.3)
Public-Private Child-Care Pilot	4.0	-	4.0
Total Proposed Changes	\$354.1	\$64.0	\$418.1

OTHER ELEMENTARY & SECONDARY EDUCATION ITEMS

Virginia Language and Literacy Screening System

- Includes \$9.3 million to develop and support a grade PK-8 literacy screener to replace the outdated PK-3 PALS literacy screener

Special Education Supports

- Provides \$4.4 million over the biennium to implement training for existing teachers on inclusive practices and establish regional parent support centers

State SOL Assessment Contract

- Extends current contract by one year to provide time to select a vendor prior to appropriating funds

Mental Health

- Directs Department to enter into a statewide contract with a telehealth provider available for school divisions to purchase mental health services

Office of School Quality Savings

- Includes \$3.8 million to maintain support at FY 2024 level

Virginia School for the Deaf and Blind

- Includes \$4.6 million GF for salary adjustments and to support IT modernization



HEALTH AND HUMAN RESOURCES

HB 30: MAJOR FUNDING INITIATIVES

- HB 30 includes a net increase of \$2.1 billion GF over the biennium
- 67% of new funding driven by mandated programs
 - Medicaid expenditure forecast and backfilling the loss of Virginia Health Care Fund revenue in the Medicaid program
 - FAMIS (state children's health insurance program) expenditure forecast
 - CSA caseload and cost increases
 - Foster care and adoption subsidies
- Other programs with significant general fund spending include:
 - Additional Medicaid developmental disability waiver slots
 - Behavioral health and substance use disorder services
 - Compensation of clinical and support staff in state psychiatric facilities
 - Health workforce programs

HB29/30 FORECASTS

DMAS Forecasts (GF \$ in millions)	FY 2024	FY 2025	FY 2026
Official forecast of utilization & inflation	(\$125.9)	\$175.1	\$538.9
Adjust for Virginia Health Care Fund revenue	28.5	255.5	253.4
Adjusted Medicaid Forecast (subtotal)	(\$97.4)	\$430.6	\$792.3
FAMIS children's health insurance forecast	1.1	19.6	27.3
M-CHIP children's health insurance forecast	(10.8)	(11.1)	(4.6)
Involuntary Mental Commitment Fund	(3.6)	(2.9)	(1.3)
Total DMAS Health Care Forecasts	(\$110.7)	\$436.2	\$813.7
Children's Services Act Spending Forecast	\$36.4	\$48.5	\$48.5

MEDICAID SPENDING

Medicaid Spending (GF \$ in millions)	FY 2025	FY 2026
Add 3,440 Developmental Disability (DD) waiver slots and provide 3% rate increase for DD services	\$53.3	\$138.1
HB 1 Impact of Minimum Wage on Personal Care Attendants	4.8	59.0
Medicaid Reserve Fund	100.0	0
Nursing Home Value-Based Purchasing Program	20.0	20.0
Local government-owned nursing homes	3.7	3.7
CHKD supplemental funding	2.7	2.7
Continue redesign of behavioral health services	0.5	Lang.
Eliminate new limit for weight loss drugs / capture savings from Ch. 1 service authorizations	(4.1)	(4.8)
Total	\$180.9	\$218.7

VIRGINIA DEPT. OF HEALTH SPENDING

Spending Items (GF \$ in millions)	FY 2025	FY 2026
Health Workforce		
Expand Behavioral Health Loan Repayment Program (child & adolescent psychiatry fellows, psychiatric RNs, other mental health professionals)	\$4.3	\$4.3
Continue Nursing Education Acceleration “Earn to Learn”	4.0	4.0
HB 1499: Virginia Health Workforce Development Authority	1.3	1.3
Expand Nursing Scholarships and Loan Repayment Programs	0.9	0.9
Convert 2 contract positions to full-time staff for workforce programs	0.2	0.2
DMAS: Adds 20 psychiatry and 10 OB/GYN graduate medical education residency slots	1.5	1.5
Health Care Safety Net		
Community Health Workers in Local Health Districts	3.2	3.2
Free Clinics	2.0	2.0
Federally Qualified Health Centers	1.5	1.5

VIRGINIA DEPT. OF HEALTH SPENDING (CONTINUED)

Spending Items (GF \$ in millions)	FY 2025	FY 2026
Health Screening and Research		
Hampton Roads Proton Beam Therapy Institute	2.5	0.0
Northern VA Firefighter Occupational Cancer Screening Pilot Program	0.9	0.9
HB 570 Prescription Drug Affordability Board	0.6	0.6
HB 252 Sickle Cell disease registry	0.4	0.4
Prince William UVA Health Mobile Van 3D Mammography Screening	0.5	0.0
HB 831 Maternal Mortality Review Team Data Collection & Analysis	0.1	0.1
Other		
Supplant TANF with GF for contraceptives and home visiting programs	3.4	7.4
Improve agency financial oversight & grants administration	2.3	2.3
Total	\$29.6	\$30.6

DEPT. FOR AGING AND REHABILITATIVE SERVICES

- \$5.0 million GF over the biennium to increase brain injury community-based services and expand in unserved areas of the state
- \$1.6 million GF over the biennium for workforce retention initiatives for state contracted brain injury service providers
- \$400,000 GF over the biennium to implement an interdisciplinary plan of care and dementia case management pilot program by the Peninsula Agency on Aging
- \$200,000 GF over the biennium to improve the No Wrong Door data system to better identify individuals with dementia to connect them to services and supports to remain independent for as long as possible

DEPT. OF BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES

- The proposed increase in spending for DBHDS totals over \$457.4 million GF over the biennium
 - Of this amount, \$269.5 million comes from continuing initiatives from Chapter 1, 2023 Special Session I
- \$25.0 million GF in FY 25 and \$2.6 million GF in FY 26 to build out comprehensive crisis infrastructure
- \$19.9 million GF each year for salary increase at state hospitals
- \$15.0 million GF each year to develop school-based health clinics throughout the state
- \$10.3 million GF in FY 25 and \$9.8 million GF in FY 26 for children's mental health services

DBHDS (CONTINUED)

- \$10.0 million GF in FY 2025 for additional mobile crisis teams
- \$6.0 million GF each year for additional discharge assistance planning for individuals on extraordinary barriers list
- \$5.0 million GF each year for permanent supportive housing
- \$4.7 million GF each year to expand alternative custody and alternative transportation services
- \$3.6 million GF in FY 25 and \$4.2 million GF in FY 26 for crisis co-responder programs
- \$4.5 million GF each year to increase STEP-VA funding
 - \$3.3 million for inflationary costs and \$1.2 million dedicated to outpatient mental health and substance use disorder services

DEPARTMENT OF SOCIAL SERVICES

- The proposed increase for DSS totals over \$78.7 million GF and \$33.0 million NGF over the biennium
- \$39.6 million GF over the biennium dedicated to welfare programs and services
 - \$8.5 million GF in FY 2025 and \$8.4 million GF in FY 2026 to fund the Relative Maintenance Payment Program and to support kinship care
 - \$2.9 million GF and NGF in FY 2025 and \$2.5 million GF and NGF in FY 2026 for the administration of the Summer EBT Program for children
 - \$2.5 million GF each year for language access programs
 - \$2.0 million GF the first year for a Medical Assistant Workforce Program for Prince William CASA
 - \$1.5 million GF the first year and \$3.9 million GF the second year for Child Advocacy Centers

DSS FUNDING (CONTINUED)

- \$4.4 million GF and \$4.3 million NGF the first year and \$12.5 million GF and \$12.3 million NGF the second year to VaCMS replacement
- \$3.5 million GF and \$3.1 million NGF each year each year to increase the Foster Care and Adoption COLA by 7%
- \$844,524 GF and \$663,554 NGF in FY 2025 and \$5.0 million GF and \$1.7 million NGF in FY 2026 to fund a standardized training academy for local departments of social services

OPIOID ABATEMENT AUTHORITY

- \$66.1 million NGF the first year and \$76.1 million NGF the second year for base appropriation to provide grants, loans, and awards, including administrative costs
- Consolidated all Commonwealth Opioid and Abatement Remediation Funding (COAR) under the OAA for better transparency
 - \$500,000 each year for DBHDS to contract with VFHY for a marketing campaign
 - \$5.5 million each year for VDH to purchase and distribute opioid reversal agents
 - \$400,000 the first year for VDH to conduct a demonstration project to test and analyze fentanyl and norfentanyl in wastewater
 - \$8.0 million each year for VDH to establish Opioid Overdose Reversal Agent Program to support opioid pharmaceutical manufacturing in Petersburg
- Moves OAA to Independent Agency



HIGHER EDUCATION

RECOMMENDATIONS FOR COLLEGES & UNIVERSITIES TOTAL \$431.2 MILLION

- \$205.4 million to increase access, affordability, and degree production at public colleges & universities
 - Allows institutions to limit in-state undergraduate tuition increases
 - Includes \$40.0 million additional support for HBCUs
- Restores \$150.0 million in operating support provided in Chapter 1 and removed in the budget as introduced
- \$51.1 million for the VCCS to increase degrees & credentials by 19,500 in six key industry sectors
 - Additional support in capital outlay to upgrade facilities for this purpose
- \$37.0 million to complete the merger of ODU and EVMS
- \$22.6 million in institution-specific initiatives to include \$5.5 million at VCU for the Pauley Heart Center and \$4.2 million at JMU for increased nurses and teachers

VIMS, EXTENSION AND HIGHER EDUCATION CENTERS

- \$13.6 million at VSU Extension
 - \$10.0 million for partnership between public & private HBCUs to support minority small business, health outcomes for marginalized populations, and increasing access and opportunity for students
 - \$3.6 million state match for federal funding
- \$2.1 million GF and \$1.5 million HEETF at VT Extension to support an innovative agriculture program
- \$4.9 million at higher education centers with \$3.1 million designated to restore the elimination of New College Institute

STATE COUNCIL OF HIGHER EDUCATION

- \$60.0 million to support financial aid policy changes related to waivers
 - Part IV language provides guidance to SCHEV and institutions
- \$10.0 million to provide financial aid to students eligible under Chapter 107 from 2021, Special Session I
- \$9.2 million for workforce credential grants (WCG)
 - An additional \$15.5 million for WCG is provided via the VCCS workforce initiative
- \$6.0 million for Tuition Assistance Grants (TAG)
 - Increases the award from current \$5,000 level to \$5,250 in each year for undergraduate students
 - Restores legislative policy on online programs to 50 percent of the regular award
- \$5.0 million increase for innovative internship program
- \$4.0 million increase for stipends under the VMSDEP program



COMPENSATION AND RETIREMENT

ACROSS-THE-BOARD COMPENSATION ACTIONS

- Recommendations include 3% salary increase for state employees and state supported local employees in each year (effective with first pay period of the fiscal year)
 - K-12 subcommittee is recommending 3.375% for SOQ funded positions

(\$ in millions)	FY 2025	FY 2026
State Employees Including Higher Education	\$140.8	\$285.8
State Supported Local Employees	38.0	80.6
Institute for Advanced Learning and Research & Roanoke Higher Education Authority	0.7	1.0
SOQ Funded Positions	<u>207.1</u>	<u>421.1</u>
Total	\$386.6	\$778.5

TARGETED SALARY INCREASES

(\$ in millions)	FY 2025	FY 2026
DBHDS – Clinical Roles at State Facilities	\$11.4	\$11.4
DBHDS - Food and Environmental Services Employees at State Facilities	8.5	8.5
DOC - Career progression plan	9.5	9.5
Capitol Police Pay Increase	0.6	0.6
State Police - Pay Plan Step Increase	3.0	3.0
MRC - Law enforcement compression	0.7	0.7
DWR - Law enforcement compression (NGF)	0.7	0.7
Virginia School for the Deaf & Blind	<u>0.9</u>	<u>0.9</u>
Total	\$35.3	\$35.3

OTHER EMPLOYEE BENEFIT FUNDING ACTIONS

- Committee recommendations provide funding 6.3% increase in FY 2025 for the estate employee health insurance premiums with level funding in FY2026
 - Amendment strikes funding, of \$27.0 million, included in introduced budget for assumed 2026 premium increase based on current cash balances in HIF

	FY 2025	FY 2026
HB 321 - Increase Line of Duty Death Benefit	\$341,028	\$341,028
HB 1312 - Conservation Officers in VaLORS	0	610,000
HB 1401 - DMA Firefighters in VaLORS	0	108,000
HB 819 - Prohibit Cost Sharing for Prescribed Contraceptive's	<u>175,000</u>	<u>175,000</u>
Total	\$516,028	\$1,234,028

SIGNIFICANT LANGUAGE AMENDMENTS

- Language requires DHRM to work with localities and provide report on the number and cost of Workers Compensation Claims for PTSD, anxiety disorder and depressive disorder for law enforcement and firefighters
- Language directs the House Appropriations Committee and Senate Committee on Finance and Appropriations to lead a review of current levels of legislative compensation
 - The review shall include a comparison to other state legislatures and other elected officials in the Commonwealth



AG & NATURAL RESOURCES

WATER QUALITY

- Deposits a total of \$201.1 million in FY 2025 in the Water Quality Improvement Fund (WQIF)
 - Comprised of \$138.1 million GF supplemental deposit, as FY 2023 surplus & balances deposit made in Chapter 1 (2023 Spec. Sess. 1)
 - \$63.0 million NGF from Monsanto settlement agreement
- \$182.9 million is deposited for Ag BMP matching grants
 - \$116.2 million inside the Bay
 - \$49.8 million outside the Bay
 - \$15.8 million for Soil and Water Conservation District technical assistance
- \$19.2 million directed to support other specific initiatives
- Increases base appropriation for SWCD technical assistance by \$3.0 million each year
- Reverses proposed reduction in WQIF Reserve deposit from watercraft fuel tax collections

DCR – MAJOR ITEMS

- Appropriates \$100.0 million in FY 2025 from general funds and \$100.0 million in FY 2026 from RGGI proceeds for deposit in the Community Flood Preparedness Fund
- Provides \$73.9 million in FY 2025 to the City of Norfolk to support the Norfolk Coastal Risk Storm Management Project
- Deposits \$5.0 million in FY 2025 in the Dam Safety, Flood Prevention and Protection Assistance Fund and \$2.0 million over biennium for SWCD small dam repairs

DCR – OTHER ITEMS

Item (\$ in millions)	FY 2025	FY 2026
Repair Natural Tunnel pool	\$4.0	\$0.0
Six dam safety positions	1.2	1.2
Culpeper Battlefields State Park	1.3	1.0
Hayfields State Park	1.1	0.8
Lake Anna remediation	1.0	0.0
Natural Heritage Program support	0.6	0.6
DCR support for SWCDs	0.5	0.5
Clinch River State Park	0.3	0.3
Coordinated Invasive Species Mgmt.	0.3	0.3
Breaks Interstate Park	0.3	0.3
4 new law enforcement positions	0.8	0.7

DEQ – MAJOR ITEMS

- Provides \$50.0 million in FY 2025 to the City of Richmond to support its combined sewer overflow project
- Includes \$35.0 million in FY 2025 to the City of Bristol to support its landfill remediation project
 - Funding conditional upon execution of memorandum of understanding between the City and DEQ
- Adds \$20.0 million in FY 2025 to establish pay-for-outcomes pilot program for nonpoint source pollution reduction projects in the Chesapeake Bay Watershed

DEQ – OTHER ITEMS

Item (\$ in millions)	FY 2025	FY 2026
Recycling development center and fund (HB 316)	\$2.5	\$2.5
Support groundwater and air permitting processes	1.1	1.1
Wetland in-lieu fee mitigation	0.8	0.5
VDPES administrative capacity	0.7	0.7
PFAS monitoring and reporting (HB 1085)	0.4	0.4
Hazardous substances monitoring and reporting (HB 949)	0.3	0.3
USGS groundwater well expansion support	0.1	0.1

DEPARTMENT OF HISTORIC RESOURCES

Item (\$ in millions)	FY 2025	FY 2026
Grants for capital improvements at semiquincentennial sites	\$20.0	\$0.0
National Museum for Americans in Wartime	5.0	0.0
BIPOC Fund	1.0	0.0
JXN Project	0.9	0.0
Burwell-Morgan Mill	0.9	0.0
African American History Research Fellowship	0.3	0.3
Poplar Forest 1857 Slave Quarters	0.9	0.0
Virginia Museum of Transp.	0.5	0.5
Valentine Museum	0.5	0.0
Haller-Gibboney Rock House	0.4	0.0
Carver-Price Legacy Museum	0.3	0.0
Buchanan Theater	0.2	0.0

OTHER NATURAL RESOURCES AGENCIES

Dept. of Wildlife Resources

- \$2.0 million NGF in FY 2025 to support improvements to mussel restoration infrastructure
- \$775,000 NGF each year for statewide coordinated invasive species management
- \$685,000 NGF each year to address salary compression among law enforcement personnel

Marine Resources Commission

- \$3.8 million GF in FY 2025 for non-federal share of Army Corps of Engineers cleanup project in the Elizabeth River in the City of Chesapeake
- \$3.0 million NGF in FY 2025 to support expansion of the Virginia Oyster Replenishment Program
- \$710,000 each year to address salary compression among law enforcement personnel
- \$100,000 each year to support Potomac River Fisheries Commission oyster revitalization projects

VDACS

- Provides \$1.0 million in FY 2025 in additional support for the Agriculture and Forestry Industries Development Fund (AFID)
- Level-funds Blue Catfish Infrastructure Grant program at \$500,000 each year
- Adds \$485,000 each year for coordinated invasive species management
- Includes \$293,000 each year to support Wildlife Damage Cooperative Program

DEPARTMENT OF FORESTRY

- Adds \$1.2 million over the biennium to develop a statewide forest conservation plan pursuant to House Bill 309
- Provides \$940,000 each year for statewide coordinated invasive species management
- Includes \$175,000 each year to establish policy analyst position
- Transfers responsibilities of Office of Farmland Preservation from VDACS to the Department of Forestry pursuant to House Bill 892

LANGUAGE AMENDMENTS

- Part 4 language directs the Director of DEQ to re-enter the Regional Greenhouse Gas Initiative
- Removes language proposed in introduced budget which would have eliminated mandatory WQIF Reserve deposits when Reserve balance is greater than \$100.0 million
- Part 3 amendment restores limits on annual claims of land preservation tax credit excluded from introduced budget
- Language amendment accelerates effective date of polystyrene container prohibition
- Amends existing poultry indemnification language directing VDACS to establish distribution guidelines, and authorizes the Governor to use up to \$5 million from unobligated general fund balances to support payments

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LABOR AND COMMERCE

INCENTIVES AND BUSINESS RECRUITMENT

(\$ in millions)	FY 2024	FY 2025	FY 2026
Amazon HQ2 (advance)	\$78.0	\$42.5	\$0.0
Amazon Web Services	-	-	4.0
CMA CGM	1.2	1.0	1.0
Huntington Ingalls	8.0	8.0	-
Merck & Co, Inc.	2.5	0.3	-
Microsoft	5.6	5.6	-
Wells Fargo	-	1.6	1.4
Morgan Olson	1.3	0.0	0.0
Blue Star	-0.7	-0.7	-0.7
VEDIG Grants	2.2	2.2	2.5
VIP Grants	<u>2.3</u>	<u>3.1</u>	<u>3.6</u>
Total	\$100.4	\$63.6	\$11.8

INCENTIVES AND BUSINESS RECRUITMENT CONTINUED

- Redistributes \$7.5 million to the general fund related to a pier extension for Princess Cruise Lines to dock in Yorktown
- Adds \$2.8 million over the biennium to support internal operations at VEDP due to a recent internal reorganization, called the “Innovative Framework”
 - New structure prioritizes business recruitment and expansion efforts and develops deep subject matter expertise in three industry areas: knowledge work, manufacturing, and logistics
- Reduces incentives for the Motion Picture Opportunity Fund by \$1.0 million in each year to adjust for a one-time appropriation provided to the program in 2022
- Adds HB 1514, creating the Virginia Sports and Entertainment Authority to part 5 of HB 29

INFRASTRUCTURE

Business Ready Sites (EDIP | VEDP)

- Invests \$40.0 million over the biennium in Virginia's Business Ready Sites Program, \$234.0 million has been previously appropriated for this program
- Adds \$25.0 million in FY 2025 for the Virginia Business Ready Sites Acquisition Fund, bringing total Fund resources to \$100.0 million
- Eliminates language in HB 29 authorizing the purchase of land on the Eastern Shore using money from the Sites Acquisition Fund

INFRASTRUCTURE

Broadband (DHCD)

- Invests \$30.0 million in FY 2025 for a one-time Make Ready grant program targeted to projects funded in the FY 2022 VATI grant cycle that are experiencing significant delays due to pole permitting costs and processes
- Provides a \$10.0 million FY 2026 base for the Virginia Telecommunications Initiative, investing \$20.0 million over the biennium in the program
- Designates non-deployment priorities for investment of BEAD money
- Adds farmland and rural layers to the state's broadband map
- Updates annual reporting language to require DHCD to identify the reasons broadband projects are behind schedule

INFRASTRUCTURE

Early Childhood Grant (DHCD)

- Adds \$10.0 million in FY 2025 for a new grant program to retrofit unused space for new early childhood education centers with a focus on unused space at Virginia's community colleges and providing access to child care for state employees

Industrial Revitalization Fund and Enterprise Zone Grants (DHCD)

- Adds \$2.0 million in FY 2025 for the Industrial Revitalization Fund, bringing total general fund resources for this program to \$8.0 over the biennium
- Directs DHCD to award funds to projects that include rooftop solar and canopied parking lot solar from both programs

EV Rural Infrastructure Fund (Energy)

- Capitalizes the Rural EV Charging Network Infrastructure Fund with \$2.0 million in FY 2025 (HB 107)

HOUSING

- Includes \$40.0 million in FY 2025 to provide a 10% state match to help Newport News City secure a federal investment of up to \$400.0 million to provide housing for U.S. Navy personnel docked in the city (EDIP)
- Increases support for the Virginia Housing Trust Fund by \$37.5 million over the biennium, bring total VHTF deposits to \$187.5 million in the new budget (DHCD)
- Capitalizes 3 new programs with \$5.0 million each from unused RGGI auction proceeds designed to help address housing needs: down-payment assistance for low-income families, purchase of manufactured home parks by tenants or non-profits, and incentives for localities adopting favorable zoning practices (HB 1105) (DHCD)
- Appropriates \$100.0 million NGF in FY 2026 to reflect anticipated revenues from the Commonwealth's participation in RGGI (DHDC)

COMMUNITY DEVELOPMENT



Provides \$3.0 million in FY 2025 to support the White Mill Water Channel project in Danville, VA

Includes \$2.0 million in FY 2025 to support the Market 5 Project in Charles City County, VA

Adds \$1.6 million in each year for Planning District Commission operating support

RESEARCH

Life Science Research

- Invests \$120.5 million over the biennium in biotechnology, life science, and pharmaceutical manufacturing research at UVA, VT, VCU, and ODU
- Budget language directs \$46.5 million to the Manning Institute at UVA, \$31.0 million to the Patient Research Center at VT, \$14.9 million to the Medicines for All Institute at VCU, and \$4.1 million to the Digital Patient Model at ODU
- Initiatives will receive HEETF support for equipment costs totaling \$24.0 million across all universities
- Requires each institution receiving funds to sign a MOU with the Virginia Innovation Partnership Authority to achieve certain performance objectives as a condition of funding
- Requires institutions to develop a proposal for the creation of a life science center of excellence in the Commonwealth to engage additional institutions in the effort and centralize program funding in future years

TOURISM, WORKFORCE, AND SMALL BUSINESS

Tourism

- Directs \$6.0 million of ARPA for an expanded tourism marketing campaign
- Adds \$5.0 million in FY 2025 for promotion, public safety, and transportation needs of the 2024 Solheim Cup
- Includes \$2.5 million in FY 2024 for Fort Monroe to complete the construction of a permanent monument commemorating the first landing of Africans in Virginia
- Provides \$400,000 over the biennium for an advertising campaign featuring Virginia Wineries and State Parks
- Increases support for the Heart of Appalachia Tourism Authority by \$300,000 over the biennium
- Invests \$100,000 in FY 2025 for the creation of the Hampton Roads African American Travel Guide
- Reintroduces budget language eliminated in the introduced budget that invests in a public private partnership between the Virginia Tourism Authority and Virginia Association of Broadcasters

TOURISM, WORKFORCE, AND SMALL BUSINESS

Workforce

- Redirects \$15.0 million in FY 2025 for VEDP to launch a workforce recruitment and retention marketing campaign
- Increases operational support for the Virginia Office of Education Economics at VEDP by \$3.5 million in FY 2025 and \$3.8 million in FY 2026 to support the proposed transfer of the Virginia Longitudinal Data System to the Office from SCHEV (HB 1083)

Small Business Development

- Adds \$1.4 million over the biennium and 5 positions for the Small, Business and Supplier Diversity to form a Division of Procurement Enhancement (HB 1404)
- Adds \$500,000 in FY 2025 for SBSD to complete a new state disparity study on women and minority business participation in state contracting (HB 1404)
- Includes \$250,000 in FY 2024 for DGS to make improvements to the state's procurement system, eVA (HB 1404)

LABOR AND WORKFORCE DEVELOPMENT

- Funds the required costs for increasing the state's minimum wage, which totals \$79.5 million over the biennium
- Provides \$1.5 million in FY 2025 to cover start-up costs for the new agency (invested \$500,000 in FY 2024 for this purpose)
- Includes \$2.0 million over the biennium for the launch of a new incentive for registered apprenticeships, and directs \$500,000 of these funds to support registered apprenticeships in the film and tv industry (HB 1495)
- Provides \$100,000 in each year to increase staffing at the Department of Labor and Industry to enforce the state's child labor laws
- Includes language requiring the VEC to update the *2021 Paid Family and Medical Leave* study to include budgetary impacts of expanding benefits for state employees, and budgetary impacts of the program for employees of constitutional officers, and local school divisions
- Adds language requiring the Virginia Board of Workforce Development to review noncredit instructor salaries that are a part of the Hampton Roads Strong Initiative



CAPITAL OUTLAY AND GENERAL GOVERNMENT

HOUSE CAPITAL PRIORITIES

- Prioritize funding to first address statewide backlog of deferred maintenance (estimated to be over \$9.0 billion)
- Prudently advance projects already in pipeline to avoid future cost increases
- Continue to provide supplements to address ongoing cost increases, including for ENRC projects
- Strategically leverage debt to advance critical initiatives
- Retain legislative prerogative on capital expenditure policies

GENERAL FUND CAPITAL SPENDING

Spending Categories

(\$1,718.4 million total)

Supplements (inc.
WQIF) \$600.0 million

Maintenance Reserve
\$400.0 million

Improvements
\$582.9 million

Equipment
\$108.2 million

Planning
\$26.5 million

Acquisition
\$0.8 million

No general fund proposed for new construction

MAINTENANCE RESERVE & SUPPLEMENTS

- **Supplements:** \$600.0 million GF (cash and debt)
 - \$200.0 million GF cash deposit to the supplement pool
 - Increases pool total to \$750.0 million; monies allocated by the Six-Year Capital Outlay Plan Advisory Committee for pandemic-induced cost increases to previously-authorized projects
 - \$400.0 million in supplements for WQIF projects at wastewater treatment plants
 - \$200.0 million in general fund tax-supported VPBA bonds
 - \$200.0 million in general fund cash
- **Maintenance Reserve:** \$400.0 million GF cash
 - Split evenly for \$200.0 million each year of the biennium
 - Includes targeted priority one-time projects

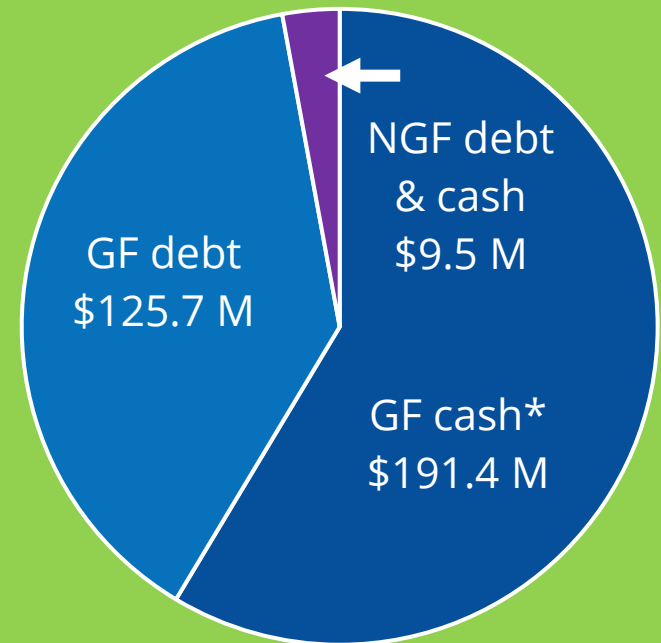
IMPROVEMENTS: STAND ALONE

Agency	Project Title	GF Cash/Debt (\$ in millions)
FMA/DGS	Renovate & Repair Fort Monroe	\$50.0
DBHDS	Renovate, Repair, & Upgrade Facilities	35.0
DBHDS	Improve Safety & Security at Eastern State Hospital	24.3
VCCS	Address Deferred Maintenance- Workforce	24.0
UMW	Address Deferred Maintenance	23.0
VSU	Improve South Entrance & Campus Security	17.3
NSU	Improve Campus Infrastructure	14.1
DOC	Capital Infrastructure Fund	10.0
ODU	Address Deferred Maintenance	12.0
GMU	Address Deferred Maintenance	12.0
VT	Improve Campus Accessibility	8.0
Radford	Address Deferred Maintenance	8.0
DCR	Replace Underground Storage Tanks- Phase I	3.0
DMA	Improve Readiness Centers	3.0
UVA-W	Address Deferred Maintenance	<u>1.5</u>
Total		\$245.2

HIGHER ED CAPITAL POOL

Inst.	Project Title
CWM	Renovate Historic Campus & James Monroe's Highland
VMI	Construct Moody Hall
LU	Replace Steam Dist. Systems
JMU	Improve East Campus Infrast.
RBC	Replace HVAC-Statesman Hall
CNU	Replace Int. Science Center Fume Hoods & Pressurization
NSU	Construct Fine Arts
VSU-Ext	Renovate Summerseat
CNU	Operations Building
VIMS	Berthing Slip- Marine Ops
VT-Ext	Renovate Center Woods
UVA	Mental Health Upgrades
VT	Renovate Derring Hall Envelope

\$326.6 million*
total, 14 projects:

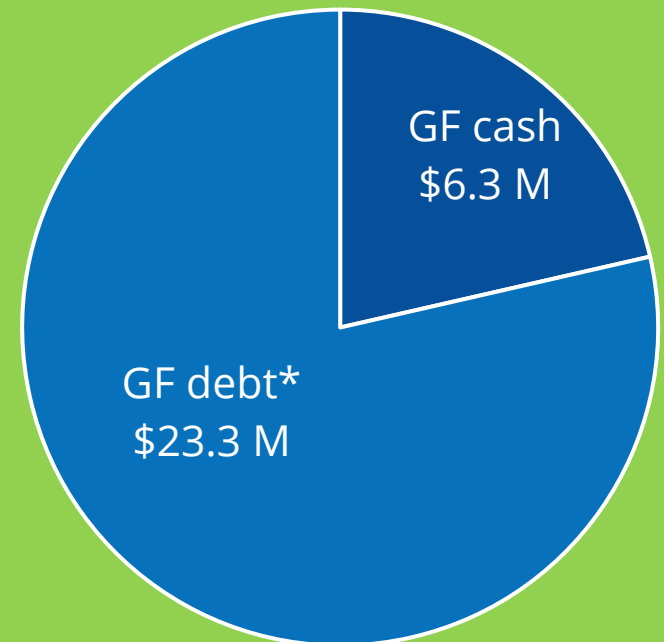


*Includes \$50.0 million in cash redirected to this pool from a rescinded prior project

STATE AGENCY CAPITAL POOL

Agency	Project Title
DHR	Reconstruct Clermont Barn
Gunston Hall	Reconstruct East Yard Enslaved Quarter
JYF	Renovate Susan Constant
JYF	Replace Roofs at Jamestown Settlement & Emerson Central Support Complex
JYF	Replace Walkways & Improve Lighting
DBHDS	Address Heating & Water at Hiram Davis & Central State Hospital Building 94
DJJ	Renovate Bon Air & Oak Ridge Juvenile Correctional Facilities

**\$29.6 million* total,
seven projects**



*Includes \$17.1 million in GF debt redirected to this pool from a rescinded prior project

PLANNING AUTHORIZATIONS

- Proposes \$26.5 million GF for nine projects

Project Owner	Project Name	\$ in millions
DGS	New State Office Building (FY 2024)	\$3.0 GF
NSU	Construct Living Learning Center*	\$2.0 GF
VSU	Renovate Virginia Hall	\$2.5 GF
VCU	Construct New School of Dentistry*	\$5.2 GF
DGS	Renovate State Library*	Pool \$13.8M GF, \$4.6M NGF
UVA-Wise	Renovate Darden Hall*	
GMU	Student Innovation Factory Building	
VT-Ext	Renovate ARECs	
ODU	Engineering and Arts Building	

**Approved for planning through schematic drawings*

OTHER CAPITAL

- **Equipment:** \$108.3 million GF for equipment for capital projects
 - \$86.1 million for projects to be completed within the next 18 months
 - \$22.2 million for projects associated with the Tech Talent initiative
- **Debt Service:** Net of \$62.2 million GF for anticipated debt service for VCBA & VPBA bond issuances from FY 2024 through FY 2026
- **Acquisitions:** \$0.8 million GF debt and \$50.1 NGF cash
 - Land acquisitions in the Natural Resources Secretariat
- **New Construction (only NGF):** \$141.2 million NGF cash/debt for projects at Virginia State University and Dept. of Military Affairs
 - No general fund cash or debt proposed for new construction
- **No changes to capital spending policies:** Retain legislative prerogative on project funding splits and min/max GF spend

GENERAL FUND HIGHLIGHTS

- Savings of \$150.0 million for unspecified IT improvements
 - Restores \$25.0 million for new statewide taxation and revenue management system
- \$34.5 million for court-appointed attorneys and new PD office
 - Increased pay per case and new public defender office in Harrisonburg/Rockingham increases statewide availability of legal representation
- \$20.0 million for the American Revolution 250 Commission
 - In addition to \$15.0 million for the Department of Historic Resources to make infrastructure grants to participating entities
- Savings of \$88.0 million in Compensation Board
 - Fewer state-responsible inmates in local and regional jails and closure of Bristol and Hampton Roads Regional Jails

OTHER GENERAL GOVERNMENT PROPOSALS

Biennial \$ (in millions)

GF

NGF

JUDICIAL BRANCH

Supreme Court: Increase fees for special justices in ECO/civil commit. hearings (\$4.1M), enterprise resource system (\$3.5M), specialty dockets (\$2.3M), House initiatives (\$0.5M), six recommended judgeships (\$3.8)

\$14.2

\$ -

Court of Appeals: Staffing for workload due to changes to appeal laws

2.8

-

EXECUTIVE BRANCH

Governor's Office: Permitting platform (\$4.6M), establish VA Resiliency Office & Tribal Ombudsman (\$1.3M), staff for Children's Ombudsman & Sect of Commonwealth (\$0.3M), remove AI pilots (-\$0.6M)

5.9

-

Office of the Attorney General: Staff for IT, consumer & ratepayer protection, and for House initiatives (\$4.7M)

4.7

2.0

Office of the State Inspector General: Augment the Office of the Corrections Ombudsman (\$3.8M)

3.8

-

OTHER GENERAL GOVERNMENT PROPOSALS

Biennial \$ (in millions)

GF

NGF

ADMINISTRATION SECRETARIAT

Dept of General Services: Implement agency reductions (-\$2.0M GF, -\$3.1M NGF), adjust rent plan for Monroe Bldg (-\$8.4M NGF), plan upgrade to state capital systems (\$0.5M GF)

(\$1.5)

(\$11.5)

FINANCE

Depts of Accounts & Planning and Budget: Recruit & retain certified personnel (\$1.3M) and fund capital outlay needs (\$0.3M)

1.6

-

Dept of Taxation: Compliance staff (\$3.0M), House initiatives (\$1.5M)

1.5

Treasury: Claim payment (\$0.5M), New fees (-\$0.2M GF), insurance cost increases (\$31.0M NGF)

(0.2)

31.0

CENTRAL APPROPRIATIONS

GF Share of Central Service Charges: statewide systems (Cardinal Financials & HCM, Perf. Budgeting), VITA, DGS rates (rent, real estate, and fleet management), and risk mgmt. premiums

(3.1)

(2.9)



TRANSPORTATION

AUTHORIZE ADDITIONAL SUPPORT FOR WMATA

- Recommendations include \$65.0 million GF in the first year and \$84.5 million the second year for additional operating assistance for the Washington Metropolitan Area Transit Authority (WMATA)
 - Language in the amendment allows the total Virginia operating assistance provided WMATA to exceed the 3% growth cap in the Code
- Separate amendment establishes a Joint Legislative Subcommittee to review Northern Virginia Public Transit
 - Language authorizes a review of WMATA and the Virginia Railway Express and all Northern Virginia transit systems
 - Requires interim report by December 1, 2024, and a final report by August 1, 2025

I-81 CORRIDOR IMPROVEMENT

- Recommendations provides \$70.0 million GF in FY2025 to expedite the widening of I-81 in the Salem area between mile marker 116 and 128
 - Will enable the widening of the southbound lanes concurrently with the northbound lanes and save \$70 million over the life of the project
- Language amendment provides a limited exception to the Code to allow projects in the I-81 Corridor Improvement Program to move forward with preliminary engineering and any right-of-way activities even if all of the funding to complete the project is not in the 6-year improvement plan
 - Possible because I-81 Corridor Improvement Program has dedicated revenue stream
 - Language requires funding to complete project be programmed for within 3 years after the end of the current 6-year improvement plan

OTHER FUNDING RECOMMENDATIONS

- Committee recommendations include:
 - \$1.0 million GF in FY 2025 at the Department of Aviation to establish advanced air aviation test site
 - \$442,500 GF in FY2025 and \$213,900 GF in FY2026, and 3 FTEs, at the Department of Motor Vehicles to implement the sealing and expungement processes based on legislation during the 2021 and 2023 Sessions
 - \$150,000 GF in FY 2025 for the Department of Environmental Quality pursuant to the passage of HB 884 which established a pilot program in Northern Virginia to prohibit cars from having exhaust systems which emit noises in excess of 95 decibels
 - \$50,000 NGF each year at the Department of Transportation to sponsor the annual “Public Policy Day” conference (formerly Mobility Talks)

SIGNIFICANT LANGUAGE AMENDMENTS

- Language amendment instructs the Commonwealth Transportation Board to deposit up to \$90 million into the Transportation Partnership Opportunity Fund from the transportation funds over the next 6 years
 - Language limits deposits to no more than 15 million in any given year
 - Language lower threshold for TPOF project to require approval from MEI commission from \$35 million to \$20 million
- Language allocates \$10.0 million of funding previously provided for multi-use trails to the Fall Line Trail
 - Separate language transfers the State Trails office from VDOT to DCR



PUBLIC SAFETY AND VETERANS

DEPARTMENT OF CORRECTIONS

Item (\$ in millions)	FY 2025	FY 2026
Career progression for correctional officers	\$9.5	\$9.5
Changes to restrictive housing and isolated confinement (HB 1244)	3.9	3.9
Address various operational funding needs	2.0	2.0
New and upgraded full-body scanners	3.5	0.6
Comply with requirements of DOC Ombudsman legislation (HB 555)	1.6	1.1
Corrections Special Reserve Fund Deposit	1.0	0.0
Backfill lost commission revenue from inmate messaging (HB 801)	0.1	0.1
Savings from DMV connect program	(0.2)	(0.2)
Unspecified Administrative Efficiencies	(1.0)	(1.0)

VIRGINIA STATE POLICE

Item (\$ in millions)	FY 2025	FY 2026
VSP pay plan for sworn law enforcement	\$3.0	\$3.0
Replace three airplanes through MELP program	1.6	1.6
Medical staff for med-flight program	0.0	0.8
Fingerprint submissions for concealed handgun permits (HB 799)	0.3	0.2
Expungement of records (HB 838)	0.3	0.0
Animal Cruelty Conviction List (HB 62)	0.2	0.0
CCRE Changes for Dept. of Elect. Report (HB 904)	0.2	0.0
Substantial Risk Order reporting system (HB 916)	0.1	0.0

DEPARTMENT OF CRIMINAL JUSTICE SERVICES

- \$2.4 million in FY 2025 and \$8.3 million in FY 2026 to backfill declines in federal grants and special fund revenues used to support Victim-Witness and Sexual Assault & Domestic Violence Victim programs
- \$2.0 million in FY 2025 in additional support for competitive grants to institutions and nonprofit organizations targeted for or at risk of being targeted for hate crimes
- Supports \$4.7 million in new SRO Incentive Grant Awards in each year of the biennium
- Includes \$9.0 million each year for the Firearm Violence Intervention and Prevention Program
- Supports \$9.0 million each year for the Operation Ceasefire Program
- Provides \$10.0 million each year for the Safer Communities Program

DEPARTMENT OF CRIMINAL JUSTICE SERVICES (CONT'D)

Item (\$ in millions)	FY 2025	FY 2026
Safe Harbor for Trafficked Youth Pilot	\$0.4	\$0.4
Civilian deaths in custody reporting (HB 611)	0.1	0.1
Help Me Help You Program	0.1	0.1
Pretrial Services for Powhatan, Buckingham, and Charlotte Counties	0.1	0.1
Pretrial Services for Botetourt and Alleghany Counties	0.1	0.1
Interrogation practices training (HB 250)	0.1	0.0
Harm reduction training (HB 586)	0.1	0.0
Autism spectrum disorder training (HB 1246)	0.1	0.0
Account for closure of Hamp. Rds. Reg. Jail	(0.5)	(0.5)

DEPARTMENT OF VETERANS SERVICES

- \$30.5 million in FY 2025 for the operational costs related to the opening of 2 new veterans care centers
 - Jones & Cabacoy VCC in Virginia Beach and Puller VCC in Fauquier County
 - Expectation that nongeneral fund revenues generated by operations will support the VCCs in out-years
- \$1.4 million over the biennium to establish the Veterans' Fellowship for State Government Pilot Program (HB 141)
- \$500,000 in FY 2025 to support construction of Military Women's Memorial and Education Center in Arlington County
- \$804,000 over the biennium for lease payments related to the Virginia Community Resource Center, in support of the Partnership for Petersburg Initiative

LANGUAGE AMENDMENTS

- Language specifies that victims of mass violence funds shall accrue interest
- Amendments transfer Cannabis Control Authority and Alcoholic Beverage Control Authority from Public Safety Secretariat to Independent Agencies section of the budget
- Removes language restricting eligibility for enhanced earned sentence credits included in Chapter 2, 2022 Special Session I
- Directs Secretary of Public Safety to assess funding adequacy and state-level organizational support for local fire and EMS programs