



Overview of SB 800

Governor's Proposed Amendments to 2022-24 Budget

January 17, 2023

Topic Order



Overview/
Resources

K-12 Education
& Other Ed.



Higher
Education



Health &
Human Res.



Public Safety &
Veterans

Economic
Development



Natural
Resources/
Ag. & Forestry



Transportation

General
Government



Capital
Outlay



Overview/Resources

SB 800 Highlights

- Proposed amendments to the 2022-24 biennial budget reflect substantial upward adjustments in both resources and proposed spending compared to Chapter 2, 2022 Special Session I.
- Revenue adjustments reflect a net additional \$1,179.3 million GF over the biennium, including \$2,155.6 million GF in economic growth and a reduction of \$1,001.0 million GF for tax policy actions.
- When combined with the FY 2022 surplus, economic growth, and proposed tax policy actions, assumed additional resources available for appropriation total \$3,455.6 million.
- Proposed changes in GF spending total \$3,456.2 million over the biennium.
 - Proposes \$604.5 million in GF cash for capital outlay.
- Proposes \$1,083.3 million in contingent spending items and tax policy actions that can be unallotted and reverted to the general fund to offset the impact of any revenue shortfall.
- Maintains an unappropriated balance of \$15.4 million GF at the end of FY 2024. (Chapter 2 has an unappropriated balance of \$16.0 million.)

SB 800 Revenue Outlook

- Due to significant tax policy actions adopted in Chapter 2 and a \$3.1 billion increase in the FY 2022 base (mid-session reforecast & excess revenue), FY 2023 revenues assumed in Chapter 2 are projected to decrease 14.0 percent compared to actual FY 2022 revenue.
 - The base forecast for the 2022-24 biennial budget used a lower FY 2022 revenue base to develop the forecast.
- Assumes \$1.15 billion in additional GF revenue changes over Chapter 2, including tax policy changes.
 - Adds \$2,155.6 million in revenue growth, including an additional net \$41.6 million reduction to reflect post-GACRE updates for slower growth in FY 2024 due to an anticipated recession. Forecast assumes a slight decrease in GDP and employment in FY 2024 with a lower growth rate in income and wages.
 - Forecast assumes a 25.3 percent reduction in FY 2023 and a 9.9 percent reduction in FY 2024 in nonwithholding revenues to avoid a “May surprise” in non-wage income collections.
 - Revenue growth (excluding proposed policy changes in SB 800) is assumed to decrease 8.6 percent in FY 2023 and increase 5.2 percent in FY 2024.
 - Proposes \$1,001.0 million in tax policy adjustments not adopted by the General Assembly, including tax conformity. Adjusting for assumed tax policy, SB 800 assumes an 8.8 percent revenue reduction in FY 2023 and a 1.9 percent increase in FY 2024.

SB 800 Assumed Tax Policy Actions

(\$ in millions)	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Tax Conformity	(\$0.2)	(\$0.3)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)
Reduce Highest Marginal Individual Income Tax Rate from 5.75% to 5.5% (TY 24) *	0.0	(333.3)	(716.2)	(750.8)	(792.7)	(836.7)
Increase Standard Deduction to \$9,000 / \$18,000 (TY 24)	0.0	(94.9)	(200.3)	(202.1)	(205.3)	(208.4)
Eliminate Age Limit on Military Retiree Exemption (TY 24)	0.0	(37.8)	(33.4)	(34.7)	(34.4)	(34.1)
Decrease Corporate Income Tax Rate from 6.0% to 5.0% (TY 23)	(71.9)	(290.2)	(334.0)	(348.4)	(360.6)	(374.6)
Deduction for up to 10% of Federal Qualified Business Income Deduction (TY 24)	0.0	(162.1)	(110.8)	(114.8)	(119.6)	(125.4)
Increase Business Interest Expense Deduction (163j) to 50% (TY 24)	0.0	(10.3)	(22.6)	(23.5)	(24.5)	(25.5)
Sales and Use Tax Exemption for Controlled Environment Agriculture Facilities**	---	---	---	---	---	---
Total Policy Adjustments	(\$72.1)	(\$928.9)	(\$1,417.5)	(\$1,474.5)	(\$1,537.3)	(\$1,604.9)

* Contingent on FY 2023 revenues.

** Revenue impact is unknown, but likely insignificant.

Source: Virginia Department of Taxation.

- **Standard Deduction (\$8,000/\$16,000).** Proposes to remove the revenue growth thresholds required by Chapter 2, 2022 Special Session I, for the increase to the standard deduction from \$4,500 to \$8,000 for individual filers and from \$9,000 to \$16,000 for married filers.
 - Chapter 2 requires 5.0 percent GF revenue growth, adjusted for tax policy actions, during the first six months of FY 2023 to effectuate the increase in tax year 2022 and 5.0 percent revenue growth, adjusted for tax policy actions, in FY 2023 to effectuate the increase in tax year 2023. If these thresholds are not met, the standard deduction increases to \$7,500 for individual filers and \$15,000 for married filers in the applicable tax year.

SB 800 Changes to GF Resources

(\$ in millions)	Chapter 2	SB 800	Change
Prior Year Balance	\$4,733.1	\$11,733.1	\$7,000.0
Additions to Balance	<u>1,439.7</u>	<u>(3,284.0)</u>	<u>(4,723.7)</u>
Net Adjustments to Balance	\$6,172.8	\$8,449.1	\$2,276.3
Chapter 2 Revenue Estimate	\$52,134.4	\$52,134.4	\$0.0
GACRE Forecast Adjustments		2,155.6	2,155.6
Tax Conformity		(0.5)	(0.5)
Other Tax Policy Adjustments		(1,000.5)	(1,000.5)
Transfers	<u>1,447.9</u>	<u>1,472.6</u>	<u>24.7</u>
Total GF Revenues	\$53,582.3	\$54,761.6	\$1,179.3
Total Resources Available	\$59,755.1	\$63,210.7	\$3,455.6

SB 800 Resources Available for Appropriation

(\$ in millions)	2022-24 Biennium	
Prior Year Balance	\$11,733.1	
Additions to Balance	(3,284.0)	
SB 800 GF Revenue Estimate*	53,289.0	
Transfers	<u>1,472.6</u>	
Total GF Resources Available for Appropriations		\$63,210.7
GF Appropriations, Chapter 2	\$59,739.1	
Proposed Operating Spending	2,851.7	
Proposed Capital Outlay Spending	<u>604.5</u>	
Total Proposed GF Spending		\$63,195.4
Unappropriated Balance		\$15.4
*Includes tax policy adjustments		

Chapter 2 - Items Contingent on FY 2022 Additional Revenue

- Chapter 2 , 2022 Special Session I, reserved \$585.5 million GF contingent on revenue in excess of the official forecast in FY 2022. In the proposed budget, the items have been appropriated. The table below lists the items (previously specified priority order):

FY 2022 GF Contingent Items (\$ in millions)	Amount
Deposit to Virginia Retirement System	\$250.0
I-64 Improvements Between Exits 205 and 234	150.0
Virginia Business Ready Sites Program	50.0
Capital Supplements	100.0
Deposit to Major Headquarters Workforce Grant Fund	<u>35.5</u>
Total Contingent Items	\$585.5

Major GF Budget Proposed Spending Items

Spending Item (GF \$ in millions)	Biennial Total
Capital Outlay Cash ^*	\$604.5
Business Ready Sites & Site Development Investment *	450.0
Mandatory Rainy Day Fund Deposit	406.0
VRS: Payment to Reduce Unfunded Liabilities ^	250.0
DCR: Resilient Virginia Revolving Loan Fund *	200.0
K-12: Update Sales Tax	168.0
DEQ: Enhanced Nutrient Removal Certainty Program (Includes WQIF)	151.0
VDOT: I-64 Improvements ^	150.0
State Employee Merit Bonus *	100.0
VEC: Unemployment Trust Fund Deposit	100.0
DEQ: Richmond Combined Sewer Overflow	100.0
State Employee \$1,500 Bonus on Dec. 1, 2023	99.8

Notes: ^ Denotes appropriation of Chapter 2 contingent amounts. * Denotes a portion of the proposed spending may be contingent in SB 800, as introduced.

Major GF Budget Proposed Spending Items (continued)

Spending Item (GF \$ in millions)	Biennial Total
DCR: Water Quality Improvement Fund Deposit (Agricultural BMP)	\$87.1
K-12: Update for Fall Enrollment	71.2
Medicaid Healthcare Fund	67.7
DBHDS: Crisis Services	58.3
Medicaid: Extension of Public Health Emergency (Enrollment Costs)	53.4
Business Ready Sites ^	50.0
K-12: College Partnership Laboratory Schools	50.0
K-12: Bonuses for Top-Performing Teachers	50.0
DCR: Natural Resources Commitment Fund Supplemental Deposit	50.0
K-12: Retention Bonus for Instructional / Support Positions	45.2
Medicaid: Personal Care Rates (Five Percent Increase)	41.6
Major Headquarters Workforce Grant Fund ^	35.5
VDH: Earn to Learn Nursing Education Program	30.0
DCJS: Law Enforcement Recruitment Efforts	30.0

Notes: ^ Denotes appropriation of Chapter 2 contingent amounts. * Denotes a portion of the proposed spending may be contingent in SB 800, as introduced.

SB 800 – Proposed Contingent Policies

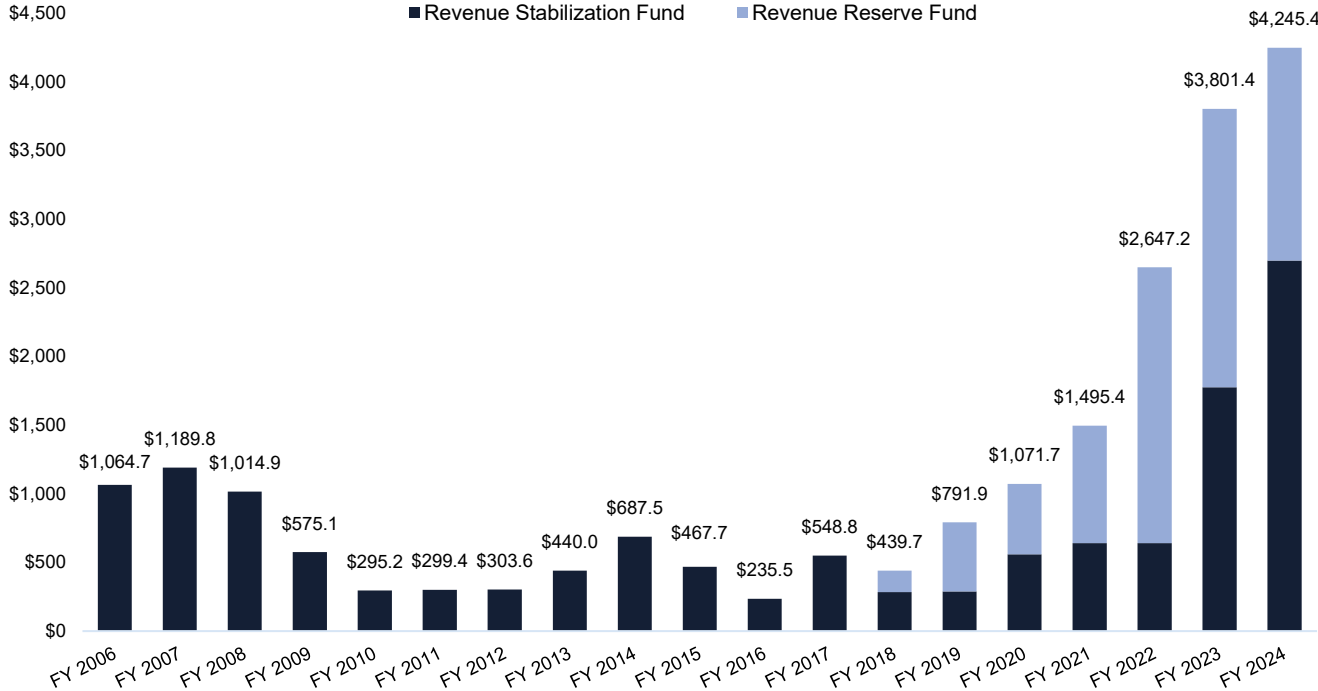
- Proposes \$1,083.3 million in contingent spending items and tax policy actions that can be unallotted and reverted to the general fund to offset the impact of any revenue shortfall.

Proposed Contingent Policies in SB 800	
Listed in Proposed Priority Order (GF \$ in millions)	FY 2024
Reduce Individual Income Tax Rate from 5.75% to 5.5%	\$333.3
Additional funding for Site Development	250.0
Additional funding for the Resilient Virginia Revolving Loan Fund	100.0
Employee Performance Bonus	100.0
Capital Cost Overruns	<u>300.0</u>
Total Contingent Policies	\$1,083.3

- Contingent on FY 2023 revenues meeting the forecast assumed in the budget. If actual revenues are less than the FY 2023 official forecast, the reduction in the top marginal individual income tax rate will not be in effect for tax year 2024 and \$750.0 million in spending items will be unallotted by the Director of the Department of Planning and Budget.
- Language permits the Governor to restore within available resources the reduction to the individual income tax rate and the spending allotments in the priority order listed in the budget.

Reserve Balances Projected to Total \$4.2 billion by FY 2024

Combined Balances of Revenue Stabilization Fund and Revenue Reserve Fund.
(\$ in millions)



SB 800 includes \$904.6 million for mandatory FY 2024 deposit to the Revenue Stabilization Fund by:

- Authorizing the transfer of the advance reservation of \$498.7 million in FY 2022 from the Revenue Reserve Fund to the Revenue Stabilization Fund (as provided in Chapter 1).
- Providing the net remaining mandatory deposit of \$406.0 million to the Revenue Stabilization Fund.

Source: Secretary of Finance, Joint Money Committee Presentation, December 15, 2022.



K-12 Education & Other Education

Overview of Public Education

- Chapter 2 (2022 Special Session I) included an increase of **\$2.9 billion GF** in Direct Aid over Chapter 552 (2021 Session I). Major GF amendments included the following:
 - \$727.6 million GF for the state share of a 5% salary increase in each fiscal year;
 - \$800.0 million GF in FY 2023 for school construction grants;
 - \$271.6 million GF to increase support positions through the SOQ;
 - \$145.3 million GF to increase funding for students placed at-risk;
 - \$130.1 million in federal ARPA funds for a \$1,000 bonus in FY 2023;
 - \$100.0 million GF in FY 2023 for the College Partnership Lab School Fund; and
 - \$62.5 million GF to provide one reading specialist per 550 students in K – 3.

Direct Aid: Summary of Proposed Policy Changes

SB 800: For Direct Aid, the proposed amendments provide an additional **\$441.9 million GF**. Of that amount, \$241.6 million GF relate to technical updates and forecast changes and \$200.3 million GF relate to policy changes. Major GF policy amendments include the following:

GF Actions for the 2022-24 Biennium (\$ in millions)	Prop. Gov. Amend.
College Partnership Lab School Fund (provided in FY 2023)	\$50.0
\$5,000 Teacher Performance Bonuses	50.0
State Share for a 1% Retention Bonus (instructional & support positions)	45.2
Mixed Delivery Early Childhood Programs in Two Planning Districts	20.0
Expansion of Reading Specialist Standard to 4 th & 5 th grades	16.9
Targeted \$5,000 Recruitment Bonuses	10.0
Math Specialist Positions in K-8 Schools with the Lowest 10% of SOL Math Scores	7.2
Support for Communities in Schools (provided in FY 2023)	<u>1.0</u>
Total	\$200.3

Overview of Public Education: Other

- **Secretary of Education:** Provides \$438,000 GF the second year to support 3.0 FTE positions.
- **Department of Education:** Proposes \$389,000 GF the second year to support maintenance of the automated teacher licensure system.
- **Virginia School for the Deaf and Blind:** Provides \$1.1 million GF the second year to support salary adjustments to retain teachers.
- **Language changes:**
 - Authorizes temporary flexibility in childcare staff-to-children ratios.
 - Proposes language exempting community-based Virginia Preschool Initiative (VPI) classrooms from teacher licensure regulations, so long as they meet the state's quality measurement and improvement program requirements.



Higher Education

Overview of Higher Education

- Chapter 2 (2022 Special Session I) included an increase of **\$852.8 million** GF over Chapter 552 (2021 Session I). Major GF amendments included:
 - \$286.0 million in affordable access funds to provide operating support;
 - \$150.0 million increase in undergraduate financial aid;
 - \$35.0 million to provide expanded services at Norfolk and Virginia State;
 - \$25.3 million to increase enrollment and retention of Pell students;
 - \$18.5 million to increase Tuition Assistance Grants;
 - \$40.6 million to support cancer and focused ultrasound research; and
 - Provides the state share of the 5% salary increase in each fiscal year in central accounts.

Higher Education: Summary of Proposed Amendments

SB 800: The proposed amendments provide an additional **\$45.8 million GF**, including:

GF Actions for the 2022-24 Biennium (\$ in millions)	Prop. Gov. Amend.
Virginia Community College System	
Pilot Industry Credentials in High School	\$15.0
Career Placement Centers	3.0
Promote G3 & FastForward	3.0
Eastern Virginia Medical School - Merger with Old Dominion	10.0
State Council of Higher Education for Virginia - Support Mental Health	9.0
Virginia Commonwealth University - Massey Cancer Center	5.0
University of Virginia – Wise - Explore Research Status (in FY 2023)	0.5
University of Virginia – Wise - Expand Center for Teacher Excellence	<u>0.3</u>
Total	\$45.8

Higher Education: Other

- **Central Accounts:**
 - **Internships:** \$5.0 million GF in the second year to expand paid or credit-bearing student internships.
 - **Bonuses:** Two bonus actions. One bonus of \$1,500 and one merit bonus of up to 10 percent. Funds are for the state share of the bonus.
 - **Other:** Adjustments to credit card rebates and Tech Talent Investment program.
- **Language changes:**
 - **Alternative financing arrangements for capital:** Requires that alternative financing with a public-private partnership or affiliated foundation must be approved by the Treasury Board and that all agreements shall be reviewed and approved by the responsible cabinet secretary, the Secretary of Finance and the Secretary of Administration.



Health and Human Resources

Overview of Health and Human Resources

- The introduced budget proposes amendments to Chapter 2 (2022 Special Session I), totaling a **net decrease \$113.5 million GF** over the biennium and an increase of \$4.5 billion NGF. Major GF spending amendments include:
 - \$153.5 million in additional behavioral health funding;
 - \$80.0 million to fund the Medicaid Forecast and offset lower Health Care Fund revenue;
 - \$48.5 for healthcare workforce programs;
 - \$41.6 million to increase Medicaid personal care rates;
 - \$15.7 million for caseload growth in the TANF Unemployed Parent Program; and
 - \$15.1 million to add 500 developmental disability waiver slots.
- Major GF savings amendments total \$538.4 million and largely reflect federal match rate savings from extensions of the public health emergency.

Behavioral Health Amendments

Proposed Amendments for 2022-24 Biennium (\$ in millions)	FY 2024
Comprehensive Crisis Services System	\$58.4
Hospital-based Psychiatric Emergency Alternatives	20.0
Mobile Crisis Units (One-Time)	20.0
School-based Mental Health Pilots	15.0
Salary Adjustments for Facility Housekeeping and Food Service Staff	9.0
Housing for Individuals with Serious Mental Illness (Group Homes)	8.0
Off-duty Officer Program to Assist with Temporary Detention Orders	<u>1.0</u>
Total for DBHDS	\$131.4
Behavioral Health Workforce: Loan Repayment Programs and Psychiatric Residency Slots	9.1
SCHEV: Contract for Mental Health Services for K-12 and Higher Education	9.0
Compensation Board: Mental Health Transportation Pilot	<u>4.1</u>
Total Other Agencies (Total Behavioral Health Package = \$153.5 million GF)	\$22.1

NOTE: Proposes other language changes to existing programs to provide greater flexibility. In addition, \$14.8 million NGF is provided for fentanyl response efforts and additional naloxone supplies.

Other Department of Behavioral Health and Developmental Services Amendments

Proposed Amendments for 2022-24 Biennium (\$ in millions)	FY 2024
Three Forensic Evaluators	\$0.5
Support for Waiver Management System	0.4
Fund Two Cybersecurity Positions	0.3
Fund Two Positions to Support Developmental Disability Waiver Administration	0.2
Fund Forensic Data Tracking and Analysis	<u>0.1</u>
Total for Other DBHDS	\$1.5

Department of Health and Summary of Healthcare Workforce Amendments

Proposed Amendments for 2022-24 Biennium (\$ in millions)	FY 2023	FY 2024	Total
Earn to Learn Nursing Education Acceleration Program	-	\$30.0	\$30.0
Nurse Preceptor Incentive Program	-	10.0	10.0
Psychiatric Nursing Graduate Education Loan Repayment Program	-	5.0	5.0
Behavioral Health Loan Repayment Program	-	2.5	2.5
Nursing Scholarships and Local Repayment Program	-	1.0	1.0
Total Healthcare Workforce	-	\$48.5	\$48.5
State Match for Drinking Water Infrastructure Grants / Federal Repayment	\$1.1	3.4	4.5
Salary Adjustment for the Office of the Chief Medical Examiner	-	1.5	1.5
Rent Costs for Local Health Departments	-	0.9	0.9
Cybersecurity Threat Management (One Position)	-	0.2	0.2
Sexual Assault Forensic Examiner Training for ER Staff	-	0.1	0.1
Drug-susceptible Tuberculosis Funding	-	<u>0.1</u>	<u>0.1</u>
Total Other Department of Health	\$1.1	\$6.2	\$7.3

Department of Medical Assistance Services

Proposed Amendments for 2022-24 Biennium (\$ in millions)	FY 2023	FY 2024	Total
Medicaid Forecast	(\$279.3)	\$12.3	(\$267.1)
Health Care Fund (State Match for Medicaid)	(50.4)	67.7	17.3
Extension of Federal Public Health Emergency (Medicaid and CHIP)	(157.8)	54.4	(104.4)
Children's Health Insurance Programs Forecast	(19.0)	(3.2)	(22.2)
Medical Costs of Involuntary Mental Commitments	(1.5)	(0.3)	(1.8)
Personal Care Rates (Five Percent)	-	41.6	41.6
500 Developmental Disability Waiver Slots	-	15.2	15.2
Cover Virginia Call Center Administrative Settlement	2.3	-	2.3
Administrative Costs to Reprocare Medicaid Managed Care	1.7	-	1.7
Rates for Early Intervention Services (Restore 12.5 Percent Increase)	-	1.1	1.1
Add 20 Psychiatric Residency Slots	-	1.0	1.0
Medicaid Share of DBHDS Facility State Salary Costs	-	0.3	0.3
Transfer Developmental Waiver Financial Responsibilities from DBHDS	=	<u>0.1</u>	<u>0.1</u>
Total GF Actions	(\$504.1)	\$189.3	(\$314.8)

Department of Social Services

Proposed Amendments for 2022-24 Biennium (\$ in millions)	FY 2023	FY 2024	Total
TANF Unemployed Parent Program	\$10.5	\$5.2	\$15.2
Child Protective Services Audit Recommendations	-	8.3	8.3
SNAP Repayment to the Federal Government	6.1	-	6.1
Local Social Services Shared Site Technology	-	3.8	3.8
Foster Care and Adoption Assistance Cost of Living Increase	-	2.3	2.3
Kinship Navigator Programs	-	0.9	0.9
Convert Part-Time SNAP Positions to Full-Time	-	0.1	0.1
Child Welfare Forecast	<u>(14.3)</u>	<u>(5.6)</u>	<u>(19.9)</u>
Total GF Actions	\$2.2	\$15.0	\$17.2

- \$10.0 million in funding is proposed in Central Appropriations from ARPA funds to support local departments of social services as part of the unwinding of Medicaid as the public health emergency ends. In addition, \$20.0 million is proposed for unwinding efforts at DMAS.

Disability Service Agencies

Proposed Amendments for 2022-24 Biennium (\$ in millions)	FY 2023	FY 2024	Total
DBVI: Employment Services	-	\$0.6	\$0.6
DBVI: Administrative Shared Services Costs	-	0.2	0.2
DARS: Vocational Rehabilitation Services	-	0.3	0.3
DARS: Personal Care Services	-	0.2	0.2
DARS: Centers for Independent Living Salary Adjustment	-	<0.1	<0.1
VBPD: Operating Costs	-	<0.1	<0.1
Total GF Actions	-	\$1.4	\$1.4

Other Health and Human Resources Amendments

Children's Services Act

- Proposes a \$6.9 million GF reduction due to lower private day special education and congregate foster care placements and includes a reversion of \$29.2 million in FY 2022 GF balances.

Secretary of Health and Human Resources

- Proposes \$1.3 million GF for several contractors to assist with behavioral health implementation, to develop a strategic plan for health care workforce and to study coordination of behavioral health services for veterans.

Department of Health Professions

- Recommends seven positions to increase application processing efficiency and to convert part-time positions to full-time.

Opioid Abatement Authority

- Provides an initial \$3.5 million NGF appropriation from opioid settlement funds.

Part 4: Restrictions on Spending

- Strikes language that allows spending in the Appropriation Act be used for abortions in accordance with state law, that includes cases of gross fetal abnormality.



Public Safety & Veterans

Overview of Public Safety & Veterans

- Chapter 2 (2022 Special Session I) included an increase of **\$414.5 million GF** over Chapter 552 (2021 Session I), including:
 - \$117.2 million GF for public safety officer compensation at the Department of Corrections, Department of Juvenile Justice, and Virginia State Police;
 - \$47.0 million GF for the Aid to Local Police Departments (“599” Program);
 - \$15.0 million GF for violent crime reduction grants; and
 - \$75.0 million NGF ARPA for law enforcement equipment and training.
- **SB 800**: proposed amendments result in an increase of **\$107.0 million GF** over the biennium for Public Safety & Veterans above Chapter 2, including:
 - \$30.0 million GF for law enforcement recruitment and training;
 - \$20.0 million GF for Operation Ceasefire group violence intervention grants; and
 - \$10.9 million GF for compensation adjustments for the Department of Corrections, Department of Juvenile Justice, and Virginia State Police.

Public Safety: Summary of Proposed GF Policy Changes

(Dept. of Criminal Justice Services, Virginia State Police, Dept. of Emergency Management)

- Chapter 2 (2022 Special Session I): Public Safety policy changes totaled \$305.9 million GF.

Public Safety GF Actions for the 2022-24 Biennium (\$ in millions)	Prop. Gov. Amend.
DCJS: Operation Bold Blue Line (plus hiring coordinator)	\$30.1
DCJS: Increase Operation Ceasefire Grants	20.0
DCJS: Establish Mass Violence Care Fund	10.0
DCJS: Planning for New Credentialing System	0.5
DCJS & VSP: Internet Crimes Against Children Task Forces	0.6
VSP: VITA Transformation Phase Two	9.4
VSP: New Positions (Sworn & Civilian)	5.3
VSP: Sworn Salary Compression	2.0
VSP: Replace VA Crime Information Network Servers (plus \$1.0M NGF)	1.4
VSP: Organized Retail Crime Task Force	0.8
VSP: Replace Two Helicopters	0.2
VDEM: Disaster Logistics Warehouse	1.1

Public Safety: Summary of Proposed GF Policy Changes, Cont.

(Dept. of Corrections, Dept. of Juvenile Justice, Dept. of Forensic Science & Other Agencies)

Public Safety GF Actions for the 2022-24 Biennium (\$ in millions)	Prop. Gov. Amend.
DOC: Salary Increases for Vacant Positions	8.6
DOC: Continue Lawrenceville Correctional Center Contract	5.3
DOC: 24-Hour Medical Coverage	3.9
DOC: Backfill Drug Offender Assessment & Treatment Fund	1.3
DOC: Woodrum Impact (11 Bills)	0.6
DOC: Renovate Franklin County Jail	<0.1
DJJ: Increase Capacity for Juvenile Detention	3.7
DJJ: Signing Bonuses	0.3
DFP: Fire Inspections	0.5
DFS: Positions, Software & THC Edible Lab Specialist	0.6
Comm. Atty. Services Council: Data File Program	<0.1
Secretary: Transfer Flood Control Study Funding	<u>(1.0)</u>
Total	\$105.1

Veterans Services & Nongeneral Fund Actions for All Agencies

- Chapter 2 (2022 Special Session I): Veterans & Defense Affairs policy changes totaled \$35.1 million GF.

Veterans Affairs GF Actions for the 2022-24 Biennium (\$ in millions)	Prop. Gov. Amend.
DVS: Increase Virginia Values Veterans (V3) Grants	\$0.9
DVS: Burial Fees for Spouses/Dependents of Veterans, National Guard & Army Reserve	0.4
DVS: Positions (5 for PACT Act Caseloads; 1 for Hire Vets Now)	0.5
VSF: Finance Manager	<u>0.1</u>
Total	\$1.9

NGF & Language Actions for the 2022-24 Biennium (\$ in millions)	Prop. Gov. Amend.
DVS: New Veterans Care Centers (plus \$17.0 million increase for working capital advance)	\$20.5
DCJS: Backfill Victim Witness Program	1.3
DOC: Expand Reentry Seminar	0.1
DOC: Redistribute Medical Program Funding	0.0
DCJS: Remove Local Match for Body-Worn Camera Grant Program	<u>Language</u>
Total	\$21.9 NGF



Commerce & Trade – Economic Development

Overview of Commerce & Trade in SB 800

- The introduced budget proposes net increases totaling \$597.1 million GF over the biennium. Major spending amendments include:
 - \$500.0 million GF in increased support for the Business Ready Sites program, including \$50.0 million in designated FY 2022 balances;
 - Proposed new program provides funding for land acquisition of up to three sites.
 - Supplements \$109.0 million GF authorized in Chapter 2.
 - \$35.5 million GF for the Major Headquarters Workforce Grant Fund from designated FY 2022 balances;
 - \$27.8 million GF for GO Virginia Initiatives;
 - \$10.0 million GF in support of local building inspection programs;
 - \$10.0 million GF to capitalize the Virginia Power Innovation Fund; and
 - \$11.4 million NGF in RGGI balances to provide flood relief to residents of Buchanan and Tazewell.

Commerce & Trade: Summary of Proposed Amendments

Proposed Actions for 2022-24 Biennium (\$ in millions)	FY 2023	FY 2024	Total
EDIP: Business Ready Sites Program	\$200.0	\$250.0	\$450.0
EDIP: Business Ready Sites Program (2022 Contingent)	50.0	-	50.0
EDIP: Major Headquarters Workforce Grant Fund (2022 Contingent)	35.5	-	35.5
EDIP: Adjust VEDIG payment schedule	0.7	1.0	1.7
EDIP: Adjust VIP grant schedule	-	(0.2)	(0.2)
DHCD: GO Virginia Talent Pathways	-	24.5	24.5
DHCD: GO Virginia Workforce Programs	-	10.0	10.0
DHCD: GO Virginia Agribusiness	-	1.3	1.3
DHCD: Local Housing Inspection	-	10.0	10.0
DHCD: Main Street Program	-	2.0	2.0
DHCD: Flood Relief (NGF)		11.4	11.4
DHCD: Petersburg Economic Revitalization Project (NGF ARPA)	(0.9)	0.3	(0.6)
Energy: Virginia Power Innovation Fund	-	10.0	10.0
Energy: Virginia Energy Plan	-	0.7	0.7
Energy: Coal Environmental Protection and Land Reclamation (NGF)	36.3	38.1	74.4
FMA: Marketing	-	0.2	0.2
VEDP: Airline Service Study	-	1.2	1.2
VEDP: Agribusiness Marketing	-	0.2	0.2



Labor

Overview of Labor in SB 800

- The introduced budget proposes net increases totaling \$100.5 million GF over the biennium, including:
 - \$100.0 million GF in FY 2023 for a supplemental deposit to the Unemployment Insurance Trust Fund;
 - The General Assembly has appropriated \$1,252.7 million in federal funds and \$18.7 million GF since December 2020. The UI Trust Fund is currently at 55 percent solvency with a balance of \$1.46 billion.
 - \$0.4 million GF in FY 2024 to support two additional positions in the Office of the Secretary; and
 - \$0.1 million GF in FY 2024 for an additional compliance officer at the Department of Labor and Industry to ensure the safety of students in pharmacy career and technical education programs.

Proposed Actions for 2022-24 Biennium (\$ in millions)	FY 2023	FY 2024	Total
Secretary: Secretarial Office Staffing (2.0 FTE)	-	\$0.4	\$0.4
DOLI: Pharmacy Student Learner	-	0.1	0.1
DPOR: Increase for Staffing and IT systems (NGF)	-	0.9	0.9
VEC: Unemployment Trust Fund	\$100.0	-	100.0
VEC: Appeals Staff (NGF: ARPA)	3.8	6.8	10.6
VEC: Customer Contact Centers (NGF: ARPA)	-	1.7	1.7
VEC: Unemployment Compensation Line of Credit - \$30.0 million	-	-	Language
VEC: Remove Unfunded GF Positions (5.0 FTE)	-	-	-



Agriculture & Forestry

Overview of Agriculture & Forestry in SB 800

- The introduced budget proposes net increases totaling \$6.6 million GF over the biennium, including:
 - \$3.5 million GF for a deposit to the Agriculture and Forestry Industries Development Program, including \$1.0 million GF for a multi-agency initiative focused on agricultural technology;
 - \$2.2 million for an additional 15.0 positions to support a proposed hemp product registration and inspection program; and
 - \$1.1 million for deposit to the Spirits Promotion Fund.

Proposed Actions for 2022-24 Biennium (\$ in millions)	FY 2023	FY 2024	Total
VDACS: Establish Hemp Registration & Inspection Program (15 FTE)	-	\$2.2	\$2.2
VDACS: AFID Agricultural Technology	\$1.3	1.3	2.5
VDACS: Agricultural Technology Research Grants	-	1.0	1.0
VDACS: Spirits Promotion Fund	-	1.1	1.1
VDACS: Wine Promotion Fund	-	(0.2)	(0.2)
VRC: Breeder's Fund (NGF)	1.5	1.5	3.0



Natural Resources

Overview of Natural Resources in SB 800

- The introduced budget proposes net increases totaling \$608.7 million GF over the biennium. Major GF spending amendments include:
 - \$237.1 million for deposit to the Enhanced Nutrient Removal Certainty Program for wastewater treatment plant improvements, including:
 - \$107.1 million GF discretionary deposit;
 - \$86.1 million in federal ARPA funding; and
 - \$43.9 million in Water Quality Improvement Funds.
 - \$137.1 million GF for deposit to the Natural Resources Commitment Fund for Agricultural Best Management Practices, including:
 - \$87.1 million in Water Quality Improvement Funds; and
 - \$50.0 million GF discretionary deposit.
 - \$200.0 million GF for deposit to the Resilient Virginia Revolving Loan Fund.
 - \$100.0 million GF to support the Richmond Combined Sewer Overflow project.

Natural Resources: Summary of Proposed Amendments

Proposed Actions for 2022-24 Biennium (\$ in millions)	FY 2023	FY 2024	Total
SNR: Flood Resilience Strategies	\$0.5	\$0.5	\$1.0
DCR: LEO Compression	0.0	0.4	0.4
DCR: Continue Soil & Water Conservation positions	0.0	0.4	0.4
DCR: Resilient Virginia Revolving Loan Fund	100.0	100.0	200.0
DCR: Appropriate WQIF for Ag BMP	0.0	87.1	87.1
DCR: Supplemental Ag BMP Funding	0.0	50.0	50.0
DCR: State Park Admission for National Guard	0.0	<0.1	<0.1
DCR: Hayfields State Park	0.0	0.7	0.7
DEQ: Enhanced Nutrient Reduction Certainty (ENRC) Program	0.0	107.1	107.1
DEQ: Appropriate WQIF for ENRC	0.0	43.9	43.9
DEQ: Supplemental Richmond CSO Funding	100.0	0.0	100.0
DEQ: Poor Creek Pump Station	5.5	0.0	5.5
DEQ: Permit Evaluation and Enhancement Program	3.5	0.0	3.5
DEQ: Agency Administrative Software	0.0	2.0	2.0
DWR: Increase GF Transfer to Game Protection Fund (NGF)	0.0	1.2	1.2
DWR: Increase Federal Wildlife Restoration Fund (NGF)	0.0	2.7	2.7
DHR: Deputy Director of Programs	0.0	0.2	0.2
DHR: Black, Indigenous, and People of Color Preservation Fund	5.0	0.0	5.0
VMRC: LEO Compression	0.0	1.8	1.8
VMRC: Blue Crab Stock Assessment	0.0	0.2	0.2



Transportation

Overview of Transportation in SB 800

- The introduced budget proposes net increases totaling \$150.5 million GF and \$254.4 million NGF over the biennium. GF spending amendments include:
 - Appropriates \$150.0 million GF for improvements to I-64 (FY 2022 contingent), bringing the total to \$470.0 million GF dedicated for this purpose.
 - \$0.5 million for studying the use of a public private partnership for I-81 improvements.
- Recommends eliminating \$30.3 million NGF appropriation for the Virginia Transportation Infrastructure Bank and redirecting funding and \$100.0 million NGF balances to the Transportation Partnership Opportunity Fund (TPOF).
 - Additional language directs the Commonwealth Transportation Board to allocate \$200.0 million NGF to the TPOF from the December 2022 revenue forecast not currently incorporated into the Six Year Improvement Program for FY 2024 through FY 2029.
- Proposed capital outlay projects include:
 - \$3.1 million land acquisition adjacent to Mid-Atlantic Regional Spaceport in support of Rocket Lab investments; and
 - \$20.0 million NGF for VDOT facilities improvements.



General Government

Overview of General Government

Proposed amendments in SB 800 result in a **net increase of \$947.6 million** over the biennium:

- \$905.2 million GF (FY 2023: \$234.2 million; FY 2024: \$671.0 million)
- \$55.3 million NGF (FY 2023: \$12.5 million; FY 2024: \$42.7 million)
 - NGF total includes a total reduction of \$11.1 million in the Internal Service Fund (GF derived from other agencies), based largely upon lower than anticipated utilization of the Virginia Information Technologies Agency (VITA).
 - However, new spending proposals under General Government funded out of the Internal Service Fund total \$69.0 million without increasing corresponding GF allocations at other agencies.

Highlights include:

- \$305.0 million GF in one-time bonuses;
- \$250.0 million GF one-time deposit to VRS to reduce unfunded liability (FY 2022 contingent);
- \$47.5 million (\$46.3 million GF; \$1.2 million NGF) in targeted salary increases;
- \$15.0 million GF in new money for the Office of the Chief Transformation Officer; and
- The establishment of the Office of Data Governance and Analytics (ODGA) as a new agency.

Employee Compensation

- SB 800, as introduced, includes \$305.0 million GF in FY 2024 to provide bonuses and incentives for state and state-supported employees.

Proposed GF Amendments for the 2022-24 Biennium (\$ in millions)	FY 2024
Merit Bonus, Full-Time State Employees*	\$100.0
Flat-Rate Bonus (\$1,500), Full-Time State Employees	99.8
Department of Education Instructional Staff, Merit Bonus	50.0
Department of Education Instructional and Support Staff, Retention Bonus	45.2
Department of Education Recruitment Incentive, Hard-to-Staff Positions and Schools	10.0
Total	\$305.0

**Contingent upon receipt of anticipated tax revenue.*

Targeted Compensation Overview

- SB 800, as introduced, includes \$46.3 million GF and \$1.2 million NGF in targeted compensation actions for state and state-supported employees.

Proposed Targeted Compensation Amendments for the 2022-24 Biennium (\$ in millions)	FY 2024
Compensation Board: Deputy Sheriffs and Regional Jail Officers – Salary Compression	\$13.9
Behavioral Health Food Service and Housekeeping Staff – Salary Alignment	9.0
Department of Corrections: Corrections, Parole, Probation Officers – Salary Increases	8.6
Indigent Defense Commission: Public Defenders – Salary Compression	7.4
State Police: Sworn Positions – Salary Compression	2.0
Marine Resources Commission: Law Enforcement Officers – Salary Compression	1.8
Conservation and Recreation: Law Enforcement Officers – Salary Compression	0.4
Wildlife Resources: Law Enforcement Officers – Salary Compression (GF revenue loss)	1.2 NGF
Department of Health: Chief Medical Examiner’s Office – Salary Increases	1.5
Virginia School for the Deaf and Blind: Instructional and Support Staff – Salary Alignment	1.1
Office of the Attorney General: Non-Attorney Staff – Salary Increases	0.5
Virginia Criminal Sentencing Commission: Salary Increases	0.1

Executive Offices: Highlights

- **Office of the Lieutenant Governor:**
 - \$500,000 GF in FY 2024 for contract security; and
 - \$229,570 GF in FY 2024 for 2.0 additional staff positions.
- **Office of the Attorney General:**
 - \$2.5 million GF in FY 2024 for a new witness protection program;
 - \$885,154 GF and 8.0 positions tied to cannabis and hemp regulation; and
 - \$575,000 GF in FY 2024 to raise base pay and address salary compression.

Administration: Highlights

- **Compensation Board:**

- \$4.1 million GF and 1.0 position in FY 2024 to pilot a funding program around court-ordered transportation.

- **Office of Data Governance and Analytics (ODGA):**

- \$3.4 million NGF (Internal Service) and 7.0 positions to separate the current ODGA from the Office of the Secretary of Administration in order to create a new agency and double its size.

- **Department of General Services (DGS):**

- \$500,000 GF for consultants to develop a new Capitol Square Master Site Plan.

- **Virginia Information Technologies Agency (VITA):**

- \$18.7 million in new Internal Service charges to other state agencies; and
- \$31.9 million reduction in Internal Service Fund income to reflect adjusted projections in services rendered to other state agencies.

Judicial: Highlights

- **Supreme Court:**
 - \$3.5 million GF in FY 2024 for current and planned specialty treatment dockets for Veterans, Behavioral Health and Drug Treatment; and
 - Language to revert \$32.9 million GF of unexpended balances in the Criminal Fund in FY 2024.
- **Circuit Courts, General District Courts, Juvenile Domestic Relations Courts and Combined District Courts:**
 - \$1.7 million GF to raise the per diem for retired recalled judges from \$250 per day to \$400 per day.

Finance: Highlights

- **Department of Accounts:**
 - \$643,733 GF and 5.0 positions in FY 2024 to expand the Quality Assurance Unit.
- **Department of Accounts Transfer Payments:**
 - Mandatory deposit of \$406.0 million GF in FY 2024 to the Revenue Stabilization Fund;
 - \$250.0 million GF to make a one-time payment to reduce unfunded liability in the Virginia Retirement System (FY 2022 contingent); and
 - Language to advance \$498.7 million GF from the Reservation Deposit Fund to the Revenue Reserve Fund.
- **Department of the Treasury:**
 - \$499,469 GF to allow the agency to continue processing taxpayer relief checks from 2022.
- **Treasury Board:**
 - \$8.1 million GF in savings realized from bond defeasances for the Central Virginia Training Center and the Eastern Shore Farmers Market.

Central Appropriations: Highlights

- \$15.0 million GF in FY 2024 for initiatives under the **Chief Transformation Officer**;
- \$5.9 million GF in FY 2024 to reimburse **presidential primary expenses**;
- \$5.2 million GF in FY 2024 to **upgrade statewide network infrastructure**;
- \$5.0 million GF in FY 2024 for the Innovative Internship Program and Fund (**V-TOP**);
- \$1.0 million GF in FY 2024 to reimburse state-issued funds **for violations tied to Covid-19**;
- \$500,000 GF in FY 2024 to develop a **relocation plan for the Washington Commanders**;
- Reversion of \$6.6 million in **unexpended general fund balances**; and
- Reversion of \$4.8 million GF and \$2.9 million NGF in FY 2023 from prior fiscal year **interest earnings and credit card rebates** that were not fully distributed to the specified institutions of higher education.

Independent Agencies: Highlights

- **State Corporation Commission:**

- Working capital advance of \$10.0 million NGF in FY 2024 to support implementation costs for the State Health Benefit Exchange.

- **Virginia Lottery:**

- \$40.3 million NGF in FY 2024 for the required distribution to localities from casino tax collections.



Capital Outlay

Capital Outlay – SB 800 Proposed Amendments

Fund Type (\$ in millions)	Chapter 2	SB 800 Prop. Amend.	Ch. 2 Increase + SB 800 Prop. Amend
General Fund	\$2,149.2	\$604.5	\$2,753.7
VPBA/VCBA Tax-Supported Bond	0.0	0.0	0.0
9(c) Revenue Bonds	100.9	0.0	100.9
9(d) Revenue Bonds	56.4	98.4	154.8
Nongeneral Fund Cash	<u>977.7</u>	<u>211.7</u>	<u>\$1,189.4</u>
Total	\$3,284.2	\$914.6	\$4,198.8

SB 800 proposes tax-supported debt (under Treasury Board) for the state's share of two Local and Regional Jail projects: \$10.0 million Loudoun County Adult Detention Center - Expansion and Renovation and \$11.7 million Albemarle-Charlottesville Regional Jail – Renovation.

SB 800 – Capital Outlay Overview

- \$400.0 million GF to supplement previously authorized capital project construction pools for inflation and cost overruns (\$100.0 million in fiscal year 2023, previously contingent on the fiscal year 2022 balance sheet, and \$300.0 million in fiscal year 2024 contingent on FY 2023 revenue meeting the forecast).
- \$75.5 million GF to support new construction or improvements for 12 stand-alone agency projects.
- \$43.3 million GF for a data facility at Jefferson Lab (contingent on a federal award).
- \$34.1 million GF for furnishings and equipment for capital projects nearing completion.
- \$19.1 million GF for a capital pool of three projects.
- \$9.6 million GF to support acquisition or planning for seven projects.
- \$8.0 million GF in maintenance reserve for Norfolk State University.
- \$8.0 million GF in maintenance reserve for Virginia State University.
- \$6.9 million to supplement two existing projects.
- Language authorizing short-term treasury loans of \$4.8 million for Renovation of Sitter and Barefoot Veterans Care Center (Richmond) and \$57.3 million for replacement of Veterans Care Center (Roanoke).