

Key Features - Senate Bill 6001

September 6, 2023

Resources

- Net available GF resources total \$2.5 billion GF; including:
 - An unappropriated balance in Chapter 769, 2023 Session, of \$847.9 million.
 - An increase of \$3.4 billion GF in various balances designated for reversion and transfers to the GF.
 - An increase of \$223.5 million in FY 2024 GF revenue based upon the Administration's revised forecast for downside risks.
 - A net reduction of \$2.0 billion in tax policy actions.
- Tax policy actions reduce available GF resources by \$2.0 billion and includes:
 - A deposit of \$906.8 million from excess FY 2023 revenue to the 2023 Individual Income Tax Rebate Fund for a rebate of \$200 for single and \$400 for married filers.
 - A reduction of \$48.1 million to increase the standard deduction in tax year 2024 from \$8,000 to \$8,500 for single filers and \$16,000 to \$17,000 for married filers.
 - A reduction of \$37.8 million to eliminate the age restriction on military retirement income in tax year 2024.
 - A reduction of \$10.3 million to increase the 163(j) business interest deduction from 30 to 50 percent in tax year 2024.

- A reduction of \$44.4 million to recognize higher than originally estimated costs for the 2022 and 2023 tax policy legislation.
- Provides ongoing tax relief of \$200.0 million annually in the next biennium in addition to the ongoing \$1.2 billion that was adopted last year.

Agriculture and Forestry

- Includes \$458,500 GF to establish a restricted wholesale Beer Distribution Company and \$1.1 million GF for hemp product registration and regulation to support legislative initiatives passed during the 2023 General Assembly Session.
- Provides \$700,000 GF to continue the Dairy Producer Price Margin Coverage Program and \$250,000 GF to establish the Blue Catfish Processing, Flash Freezing, and Infrastructure Grant Program.

Commerce and Trade

- Provides \$125.0 million GF for matching grants for localities to develop business ready sites for economic development projects which includes \$50.0 million GF reserved for this purpose from the FY 2022 surplus.
- Includes \$75.0 million GF for the Business Ready Sites Acquisition Fund to create and maintain a portfolio of project-ready sites for economic development in the Commonwealth.
- Provides \$8.5 million GF for the York County Cruise Line Tourism Project to support the initial phase of a major cruise line tourism commitment to Yorktown.

- Includes \$10.0 million GF to complete planning, design, and site acquisition work to develop an inland port in the Mount Rogers Planning District.
- Invests \$1.5 million GF in the Community Development Financial Institutions Fund to provide grants and loans to qualifying institutions to provide financing support to community revitalization projects.
- Supports the Power Innovation Fund with \$4.0 million GF for research and development of innovative energy technologies.
- Provides \$18.0 NGF in relief for the victims of flooding in Tazewell and Buchanan Counties in July 2022.

Labor

- Provides \$500,000 GF to support the recently established Department of Workforce Development and Advancement.

Public Education

- Provides an additional \$653.3 million in Direct Aid to support K-12 education and school divisions.
 - Includes the net use of \$86.2 million in residual FY 2023 Lottery Profits for public education.
- Includes \$418.3 million GF in one-time flexible funding to support the implementation of the Virginia Literacy Act, address learning loss, and provide additional operating and infrastructure support.
 - Support is distributed based on the state share of \$1,086.44 per the estimated number of federal free lunch participants and \$203.63

- per pupil the second year based on the unadjusted average daily membership. Small divisions receive at least \$150,000.
- Funds require no local match and can be carried forward into the 2024-2026 biennium.
 - School divisions are encouraged to prioritize funds to support implementation of the Virginia Literacy Act and learning loss recovery and are required to report on the use of funds.
 - Includes \$152.3 million GF to increase the ratio of support positions from 21 to 24 per 1,000 students.
 - Provides \$54.6 million GF to fund the state's share of a two percent salary increase for Standards of Quality-funded positions beginning January 1, 2024.
 - Includes \$12.0 million GF and \$8.0 million NGF in federal American Rescue Plan Act funding to provide school safety and security grants.
 - Provides \$8.2 million GF in additional funding to support various education-related initiatives.
 - Establishes a Joint Subcommittee on Elementary and Secondary Funding to review the recent Joint Legislative Audit and Review Commission's recommendations related to K-12 funding.

Higher Education

- Increases total investments by \$189.8 million GF to support access, affordability, completion, workforce initiatives, and research at public institutions and higher education centers.
- Provides \$75.0 million GF in institutional operational funding to meet the growing need for student support services; address increased

costs resulting from inflation; and minimize cost increases to students.

- Provides \$75.0 million to support financial aid programs and low income/Pell students.
 - Includes \$62.5 million GF for undergraduate need-based financial aid.
 - Provides an additional \$12.5 million GF to increase funding to attract and retain low-income/Pell students.
- Includes \$14.0 million GF for the costs associated with merging Eastern Virginia Medical School with Old Dominion University.
- Provides \$5.8 million GF to support nursing programs at public universities and community colleges.
- Includes \$5.0 million GF to the Workforce Credential Grant program to support training in high-demand jobs and \$8.4 million GF for workforce development initiatives at the community colleges.
- Provides \$6.0 GF million funding for cancer and brain research.
- Provides an additional \$1.2 million GF to provide additional support for initiatives at certain higher education centers and institutions.
- Establishes a Joint Subcommittee on Higher Education Funding to review and recommend funding models related to operations and financial aid.

Other Education

- Provides \$3.6 million GF for additional state aid to local public libraries and \$1.4 million GF for information technology improvements at the Library of Virginia.

Health and Human Resources

Medicaid

- Captures \$262.7 million GF in savings based on the enhanced federal match related to the federal public health emergency, movement of the July 2023 managed care payment to June 2023, and the latest expenditure forecasts, including projected revenues for the Health Care Fund. The federal match rate will be phased out by the end of calendar year 2023.
- Provides nearly \$72.7 million total funds (\$30.1 million GF) to increase rates on January 1, 2024, for personal care (five percent), behavioral health services (10 percent), and early intervention services (12.5 percent).
- Includes \$7.6 million GF to add 500 developmental disability waiver slots effective January 1, 2024, increasing the total number of slots in FY 2024 to 1,100.

Behavioral Health

- Provides \$186.8 million (\$168.5 million GF) for behavioral health services, which includes:
 - \$58.0 million GF to expand crisis receiving centers and crisis stabilization units;
 - \$30.0 million GF to expand Permanent Supportive Housing for the seriously mentally ill,
 - \$18.0 million GF for increasing compensation at Community Services Boards, effective January 1, 2024, to help with recruitment and retention.

- \$20.0 million GF to expand mobile crisis teams and support hospital-based psychiatric alternatives.
- \$27.2 million (\$8.7 million GF) to increase Medicaid community-based behavioral health care rates by 10 percent.
- Includes \$33.5 million GF for school-based mental health pilots, reimbursement for law enforcement related to temporary detention orders (under the Department of Criminal Justice Services), childrens' mental health services, providing an inflationary increase for STEP-VA services, housing for the seriously mentally ill, enhancing behavioral health services at Chesapeake Regional Hospital, and expanding the Virginia Mental Health Access Program in pediatric offices.

Other Health and Human Resources

- Provides \$9.5 million (\$4.5 million GF) for healthcare workforce programs to support accelerated nursing programs, nurse preceptors, and expand loan repayment for behavioral healthcare professionals.
- Provides \$7.3 million GF to increase the Auxiliary Grant rate to \$2,055 a month on January 1, 2024, which supports low-income Virginians in assisted living facilities.

Natural Resources

- Fulfills the required deposits to the Water Quality Improvement Fund (WQIF) based on fiscal year end revenues exceeding estimates and discretionary balances.
 - Includes \$131.0 million GF for the FY 2022 deposit, and \$513.4 million GF for the FY 2023 deposit.

- Commits the FY 2022 WQIF deposit to the Natural Resources Commitment Fund for agricultural best management practices.
- Distributes the FY 2023 deposit to: the Natural Resources Commitment Fund (\$207.5 million); the Enhanced Nutrient Removal Certainty Program for water treatment works upgrades (\$151.0 million); the Resilient Virginia Revolving Loan Fund (\$100.0 million) for local government flood hazard mitigation; the Stormwater Local Assistance Fund (\$30.0 million) for best management practices that reduce water quality pollutant loads; and for safety improvements to state government and Soil and Water Conservation District dams (\$25.0 million).
- Includes funding for local stormwater encroachment management in the City of Virginia Beach (\$17.0 million).
- Supports the preservation, education, civic, and arts missions of historically significant schools and other organizations (\$3.1 million).
- Provides for additional land preservation and enhancements of Culpeper Battlefield and New Market Battlefield (\$6.3 million).

Public Safety

- Provides \$30.0 million GF the second year for community violence intervention and prevention initiatives, including:
 - \$10.0 million for a new Safer Communities Program, which includes grants to localities and a new Office of Safer Communities at the Department of Criminal Justice Services;
 - \$15.0 million for the Operation Ceasefire Grant Fund; and
 - \$5.0 million for the Firearm Violence Prevention and Intervention Fund.

- Includes \$13.3 million GF for victims of crime, including:
 - \$10.0 million GF designated for victims of mass violence, held in Central Appropriations while a work group makes recommendations to the General Assembly on the parameters of a Mass Violence Care Fund;
 - \$1.0 million GF for a new Witness Protection Program; and
 - \$1.3 million GF for Victim Witness Grant Programs.
- Provides \$5.1 million GF to assist local law enforcement officers with the costs of court ordered transportation related to mental health commitments.
- Includes \$2.1 million GF in one-time funding for the Aid to Localities with Police Departments (“599”) program.

Transportation

- Provides \$150.0 million reserved for this purpose by the 2022 General Assembly for completion of Interstate 64 traffic flow improvements.
- Transfers \$75.0 million between nongeneral funds to support the transportation needs of economic development initiatives.

General Government

Employee Compensation

- Includes \$60.6 million GF in FY 2024 to raise the base salary by two percent for state employees, including adjunct faculty and graduate teaching assistants at institutions of higher education, and state-supported local employees effective in the January 1, 2024,

paychecks. This increase is in addition to the 5.0 percent received in the July 1, 2023, paychecks.

- Increases compensation for certain constitutional officers, effective in the January 2024 payment to localities, including:
 - \$8.3 million GF for Sheriffs' offices, including \$7.6 million to address compression for deputy sheriffs and regional jail officers and \$726,367 to increase salaries for sheriffs in localities with smaller populations.
 - \$4.0 million GF for Commonwealth's Attorneys' offices; and
 - \$593,507 GF for Circuit Court Clerks' offices.
- Increases compensation for certain employees in the Judicial Department, effective in the January 1, 2024, paychecks, including:
 - \$3.7 million GF for Public Defender Offices; and
 - \$1.0 million GF for District Court Clerks and Deputy Clerks.

Other

- Reserves \$289.6 million GF for the statutorily required deposit to the Revenue Reserve Fund based on the excess revenue from FY 2023.
- Provides \$7.3 million GF to reimburse localities for electoral expenses associated with the 2024 Presidential primary.
- Adds \$5.0 million to support Transformation initiatives and includes reporting language.
- Restores previously unfunded positions in Commissioners of the Revenue offices (\$931,301 GF) and Treasurer offices (\$2.0 million GF), effective in the January 2024 payment to localities.

- Increases by one dollar the jail per diem payment for local responsible inmates (\$1.4 million).
- Provides \$250,000 to establish a Department of Corrections Ombudsman at the Office of the State Inspector General.

Capital Outlay

- Provides \$211.3 million GF for capital projects.
 - Increases the maintenance reserve program by \$18.0 million GF.
 - Includes planning or pre-planning for 11 higher education institutions or state agency projects.
 - Provides \$36.0 million GF for equipment and furnishings of buildings coming on-line in the next 18 months.
 - Includes \$100.0 million to supplement previously authorized capital construction projects for cost overruns.