



# Overview of SB 800

(Governor's Proposed Amendments to 2024-26 Budget)

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January 15, 2025

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# Overview and Resources

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# SB 800 Highlights

- Revenue adjustments reflect a net additional \$3.2 billion GF over the biennium, including \$3.3 billion GF in economic growth and a reduction of \$60.2 million GF for tax policy actions.
- When combined with the FY 2024 surplus, economic growth, and proposed tax policy actions, assumed additional resources available for appropriation total \$4.7 billion.
- Proposes to transfer \$203.0 million from the Revenue Reserve Fund to the GF, bringing total reserve spending to \$1.0 billion over the biennium.
- Proposes \$3.4 billion GF for operating spending adjustments and \$1.4 billion GF for capital spending adjustments.
- SB 800, as introduced, leaves an unappropriated balance of \$14.8 million over the biennium, compared to the \$17.6 million unappropriated balance assumed in Chapter 2, 2024 Special Session I.

# SB 800 Changes to GF Resources

(\$ in millions)	Chapter 2	SB 800	Change
Beginning Balance	\$2,989.6	\$12,757.4	\$9,767.8
Additions to Balances	46.5	(8,258.2)	(8,304.7)
<b>Net Balance Adjustments</b>	<b>\$3,036.1</b>	<b>\$4,499.2</b>	<b>\$1,463.1</b>
Chapter 2 Revenue Estimate	\$58,839.3	\$58,839.3	\$0.0
GACRE Forecast Adjustments		3,017.1	3,017.1
Post-GACRE Adjustments		258.8	258.8
Tax Policy Adjustments		(60.2)	(60.2)
<b>Total GF Official Revenue Estimate</b>	<b>\$58,839.3</b>	<b>\$62,055.0</b>	<b>\$3,215.7</b>
Chapter 2 Transfers	\$2,842.8	\$2,842.8	\$0.0
Revenue Reserve Fund Transfer		203.0	203.0
Other Transfers		(150.1)	(150.1)
<b>Transfers</b>	<b>\$2,842.8</b>	<b>\$2,895.7</b>	<b>\$52.9</b>
<b>GF Resources Available for Appropriation</b>	<b>\$64,718.2</b>	<b>\$69,449.9</b>	<b>\$4,731.7</b>

# SB 800 GF Resources Available for Appropriation

(\$ in millions)	2024-26 Biennium
Prior Year Balance	\$12,757.4
Adjustments to Balance	(8,258.2)
Ch. 2 GF Revenue and Transfers	61,682.1
GF Economic Forecast Adjustments	3,275.9
Assumed Tax Policy Actions	(60.2)
Transfer Revenue Reserve Fund to GF	203.0
Transfer Adjustments	<u>(150.1)</u>
<b>GF Resources Available for Appropriation, SB 800 as introduced</b>	<b>\$69,449.9</b>
Ch. 2 GF Appropriation	\$64,700.6
Proposed GF Operating Spending	3,367.3
Proposed GF Capital Outlay Spending	<u>1,367.2</u>
<b>Total Proposed GF Spending</b>	<b><u>\$64,435.1</u></b>
<b>Unappropriated Balance, SB 800 as introduced</b>	<b>\$14.8</b>

# SB 800 Revenue Outlook

- The revised 2024-26 general fund revenue forecast assumes GF revenue growth rates of 4.1 percent in FY 2025 and 2.6 percent in FY 2026 before tax policy adjustments.
- Adjustments are supported by higher FY 2024 base and slower, modest economic growth compared to the mild recession assumed in Chapter 2 forecast.
- Proposed policy changes that impact general fund revenues are expected to decrease GF revenues by \$60.2 million over the biennium. After assumed tax policy, general fund revenue is expected to increase 4.1 percent in FY 2025 and 2.5 percent in FY 2026.

<b>General Fund Revenue Estimates (\$ in millions)</b>			
	<b>FY 2025</b>	<b>FY 2026</b>	<b>Biennium</b>
Chapter 2, 2024 Special Session I	\$28,563.7	\$30,275.6	\$58,839.3
GACRE Adjustments November	1,951.7	1,065.4	3,017.1
Post-GACRE Adjustments	147.4	111.4	258.8
Assumed Tax Policy Actions	<u>(14.4)</u>	<u>(45.8)</u>	<u>(60.2)</u>
<b>SB 800 as introduced</b>	<b>\$30,648.4</b>	<b>\$31,406.4</b>	<b>\$62,055.0</b>

# SB 800 Proposed Tax Policy Actions

## General Fund Impact of Proposed Tax Policy Actions

(\$ in millions)	FY 2025	FY 2026	Biennium
Eliminate Tax on Tip Income	\$0.0	(\$35.0)	(\$35.0)
Increase Estimated Payment Threshold from \$150 to \$1,000	(10.4)	(1.1)	(11.5)
Conform Interest Rate on Tax Over/Underpayment	0.0	(10.0)	(10.0)
Assumes Full Utilization Education Improvement Scholarship Tax Credit	(4.0)	(4.0)	(8.0)
TAX Staffing for Error Resolution	0.0	2.3	2.3
TAX Refund Procedures for Internet Service Providers Exemption	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>
<b>Total Tax Policy Assumptions, SB 800 as introduced</b>	<b>(\$14.4)</b>	<b>(\$45.8)</b>	<b>(\$60.2)</b>

Note: May not sum due to rounding.

Additional actions assumed include:

- Car Tax Individual Income Tax Credit;
- Market-based sourcing for sales of services and intangible personal property in corporate income tax apportionment; and
- Standard deduction of \$8,500 for single filers and \$17,000 for joint filers made permanent.



# SB 800 Proposed Tax Policy Actions

## Car Tax Credit

- \$1.1 billion appropriation to a non-reverting fund.
- Refundable state individual income tax credit equal to the amount of local personal property tax paid on personal vehicles.
  - Up to \$150 for single filers with federal adjusted income less than \$50,000, and
  - Up to \$300 for joint filers with federal adjusted income less than \$100,000.
- Credit only available if the resident's locality does not increase personal property tax rate by more than 2.5 percent annually.
- The credit is proposed to be funded from the fund for three fiscal years and then assumed to reduce revenues by \$376.9 million in FY 2029 and \$381.5 million in FY 2030.

## Market-Based Sourcing

- Beginning in 2026, multi-state corporations would be required to use market-based sourcing (MBS) for sales of services and intangible personal property to apportion their corporate income.
- MBS requires the sales of services and intangible personal property to be apportioned to Virginia only if the market for such sale was in Virginia.
  - Currently, those sales are apportioned if more of the cost of performing the income-producing activity takes place in Virginia than in any other state—the cost-of-performance method.
  - Currently, debt buyers, certain property information and analytics firms, and certain Internet root infrastructure providers have been granted MBS.
- TAX estimates indicate a negative impact of \$24.0 million in FY 2027, \$2.0 million in FY 2028 and positive impacts of \$10.0 million in FY 2029 and \$23.0 million in FY 2030.

# SB 800 Proposed Tax Policy Actions

## Standard Deduction

- Proposes language to make the standard deduction \$8,500 for single filers and \$17,000 for joint filers.
  - Currently, the standard deduction is set to expire with the federal 2017 Tax Cuts and Jobs Act (TCJA) and would revert to the 2018 deduction of \$3,000 and \$6,000.
- TCJA substantially changed federal income tax for individuals and businesses. The most significant was increasing the federal standard deduction, which shifted taxpayer behavior to claiming the standard deduction rather than itemized deductions.
- TCJA expiring provisions provide a positive general fund revenue relationship because of the taxpayers claiming the standard deduction. Because of this increased revenue, policymakers tied the state standard deduction and state refundable earned income tax credit to the TCJA expiration date.
  - If all TCJA provisions impacting the general fund were to expire on December 31, 2025, general fund revenue would decrease \$216.6 million in FY 2026, \$560.5 million in FY 2027, \$610.6 million in FY 2028, \$688.9 million in FY 2029 and \$784.2 million in FY 2030.
- SB 800, as introduced, does not alter the state refundable earned income tax credit, which is set to expire after tax year 2025.

# SB 800 Spending from Balances

(\$ in millions)	Amount	Authority
I-81 Corridor Improvement Program	\$175.0	Chapter 2
WQIF Wastewater Improvements Matching Grants	400.0	Chapter 2
Virginia Military Survivors & Dependents Education Program	90.0	Chapters 3 & 4
Revenue Reserve Fund Deposit	294.5	§ 10.1-2128
WQIF Part A and B Deposits	<u>93.7</u>	§ 2.2-1831.3
<b>Total</b>	<b>\$1,053.2</b>	

# Major Operating Budget Spending

(GF \$ in millions)	FY 2024-26
Car Tax Credits	\$1,103.0
DMAS: Medicaid Utilization and Inflation	632.2
Mandatory Revenue Reserve Fund Deposit	294.5
I-81 Corridor Improvement Program	175.0
TAX: Revenue Management System Replacement	131.0
K-12: English Language Learner Update	110.7
Children's Services Act Forecast	105.4
SCHEV: Virginia Military Survivors and Dependents Program Tuition Waiver Assistance	90.0
K-12: New State Assessment Contract	66.0
K-12: School Performance and Support Framework Resource Hub	51.3
Virginia Business Ready Sites Program	50.0
K-12: Virginia Opportunity Scholarships for Private School Costs	50.0
DEQ: Richmond Combined Sewer Overflow	50.0
DMAS: Children's Health Insurance Program (CHIP) Utilization and Inflation	47.6
DMAS: Family Access to Medical Insurance Security (FAMIS) Utilization and Inflation	40.7
State Employee Health Insurance Premium Costs	40.5

# 2025 Session Outlook & Six-Year Forecast

Evaluating resources and spending without policy adjustments, there is still limited ongoing capacity. Significant one-time resources are available and should be used on one-time items.

(GF \$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Balances (Prior Year and Adjustments)</b>	<b>\$4,499.7</b>	<b>(\$0.5)</b>	<b>(\$0.5)</b>	<b>(\$0.5)</b>	<b>(\$0.5)</b>	<b>(\$0.5)</b>
Chapter 2 GF Revenue <small>(includes Transfers)</small>	\$29,691.9	\$31,990.3	\$32,640.0	\$33,837.1	\$34,784.1	\$36,104.5
GACRE & Post GACRE Forecast Adjustments	<u>2,122.7</u>	<u>1,003.1</u>	<u>1,240.6</u>	<u>1,034.5</u>	<u>1,734.1</u>	<u>1,563.2</u>
<b>SB 800 Base GF Revenue</b>	<b>\$36,314.3</b>	<b>\$32,992.9</b>	<b>\$33,880.1</b>	<b>\$34,871.1</b>	<b>\$36,517.7</b>	<b>\$37,667.2</b>
Chapter 2 GF Base Spending	\$32,476.4	\$32,224.2	\$32,723.0	\$33,613.5	34,220.8	35,046.1
Mandatory Spending Pressures	<u>1,389.7</u>	<u>617.2</u>	<u>901.5</u>	<u>861.2</u>	<u>1,113.0</u>	<u>1,180.6</u>
<b>SB 800 Base GF Spending</b>	<b>\$33,866.1</b>	<b>\$32,841.4</b>	<b>\$33,624.5</b>	<b>\$34,474.7</b>	<b>\$35,333.8</b>	<b>\$36,226.7</b>
<b>Annual Ending Balance</b>	<b>\$2,448.1</b>	<b>\$151.5</b>	<b>\$255.6</b>	<b>\$396.4</b>	<b>\$1,183.9</b>	<b>\$1,440.4</b>
Assume \$2.4 billion is allocated for one-time items to minimize structural imbalance.			<u>(151.5)</u>	<u>(151.5)</u>	<u>(151.5)</u>	<u>(151.5)</u>
Assume \$151.5 million is allocated for ongoing items (spending or tax policy).						
			<b>\$104.1</b>	<b>\$244.9</b>	<b>\$1,032.4</b>	<b>\$1,289.0</b>

# Public Education

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# Overview of Public Education in SB 800

The introduced budget proposes a net increase of \$286.5 million GF and \$1,081.9 million NGF over the biennium, including routine data updates. Proposed changes include:

- \$290.0 million NGF across the biennium to increase support for school construction;
- \$89.2 million GF over the biennium in routine updates to Direct Aid to Public Education;
- \$66.0 million GF over the biennium to support transitional and ongoing costs for a new statewide assessment system;
- \$51.3 million GF in one-time and ongoing funds to establish the School Performance and Support Framework Resource Hub to support schools identified as Off Track or Needs Intensive Support;
- \$50.0 million GF the second year to establish the Virginia Opportunity Scholarship program to support low-income students by paying for up to \$5,000 in costs to attend an accredited Virginia private school; and
- \$25.0 million GF the first year to the College Partnership Laboratory Schools Fund to establish new lab school partnerships with Virginia's Historically Black Colleges and Universities (HBCUs).
- Program changes to early childhood education are proposed, which do not result in changes to general fund investment but could create approximately 3,600 new slots. Chapter 2, 2024 Special Session I, already contains an increase of 2,440 slots in the second year.

# SB 800 Direct Aid: Summary of Routine Updates

General Fund Impact of Direct Aid Routine Updates			
(\$ in millions)	FY 2025	FY 2026	Biennium
Update Average Daily Membership Projections	\$13.3	\$20.5	\$33.8
Update English Language Learner Data*	48.8	61.9	110.7
Update Lottery Proceeds (Supplant with \$63.3 million NGF)	(40.9)	(22.4)	(63.3)
Update Sales Tax Revenue	20.0	18.4	38.4
Update Cost of Lottery Funded Programs	(13.3)	(8.9)	(22.2)
Update Cost of Incentive Programs	(4.5)	(0.4)	(4.9)
Update Remedial Summer School Participation	(2.9)	0.0	(2.9)
Update Sales Tax Distribution for School Age Population	0.0	(1.6)	(1.6)
Update Cost of Categorical Programs	0.3	0.3	0.6
Update Fall Membership in Direct Aid Program Formulas	<u>0.3</u>	<u>0.3</u>	<u>0.6</u>
<b>Total, Routine Updates, SB 800 as Introduced</b>	<b>\$21.0</b>	<b>\$68.1</b>	<b>\$89.2</b>

Note: May not sum due to rounding.

\* This is a result of improved reporting of English Language Learner screening requirements.



# SB 800 Direct Aid: Summary of Proposed Policy Actions

## General Fund Impact of Proposed Direct Aid Policy Actions

(GF \$ in millions)	FY 2025	FY 2026	Biennium
Virginia Opportunity Scholarships*	\$0.0	\$50.0	\$50.0
Lab School Partnerships with HBCUs	25.0	0.0	25.0
Vision Screening Grants	0.0	0.2	0.2
Savings from CTE Center Consolidation	( <u>&lt;0.1</u> )	( <u>&lt;0.1</u> )	( <u>0.1</u> )
<b>Total, Proposed Direct Aid Policy Actions, SB 800 as introduced</b>	<b>\$24.9</b>	<b>\$50.1</b>	<b>\$75.1</b>

\*In addition, proposes up to \$5.0 million of working capital for the Department of the Treasury to support start-up costs for the Program.

## School Construction

- Proposes an increase of \$270.0 million NGF the first year and \$20.0 million NGF the second year to support school construction, including:
  - \$120.0 million the first year and \$20.0 million the second year from casino tax revenue deposited to the School Construction Fund; and
  - \$150.0 million the first year from the Literary Fund to be transferred into the School Construction Fund.
  - Proposed changes would bring the total funding for school construction to \$350.0 million the first year and \$100.0 million the second year.

# SB 800: DOE & Early Childhood

## General Fund Impact of Proposed Department of Education (DOE) Actions

(\$ in millions)	FY 2025	FY 2026	Biennium
State Assessment Contract	\$61.0	\$5.0	\$66.0
School Performance and Support Framework Resource Hub	50.3	1.0	51.3
Virginia's Visualization and Analytics Solution	<u>1.9</u>	<u>3.1</u>	<u>5.0</u>
<b>Total, Proposed DOE Actions, SB 800 as introduced</b>	<b>\$113.2</b>	<b>\$9.1</b>	<b>\$122.3</b>

- Proposes \$500,000 NGF the second year from the Opioid Abatement and Remediation Fund for the Life Changing Experiences Program.

## Early Childhood Education

Proposed changes to early childhood education programs for FY 2026 include:

- Changing family copayment rates for the Child Care Subsidy Program (CCSP) and Mixed Delivery to up to 7.0 percent of annual income for some qualified families;
- Updating parental work requirements to limit job search to 90 days for CCSP and Mixed Delivery;
- Restricting CCSP enrollment to birth-to-five students and studying other options for school-aged children; and
- Removing the local composite index cap on the Virginia Preschool Initiative.

# Higher Education and Other Education

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# Overview of Higher Education

- The introduced budget proposes a net increase of \$143.6 million GF and \$538.1 million NGF. Major systemwide investments include:
  - \$90.0 million GF and \$120.0 million NGF over the biennium for tuition waivers associated with the Virginia Military Survivors and Dependents Program (VMSDEP).
    - GF amounts were contingently reserved in Chapters 3 and 4, 2024 Special Session 1 from FY 2024 excess revenues for the Virginia Military Survivors. NGF amounts are provided through VA529 Defined Benefit surplus funds.
  - \$15.0 million GF to support the College and Career Ready Virginia Fund through the Virginia Community College System (VCCS). An additional \$20.0 million is provided from VCCS G3 surplus amounts.
  - \$12.0 million GF to support nursing grants to public institutions.
  - \$9.4 million GF to meet expected growth of the VMSDEP stipends provided to students.
  - \$3.5 million GF to support non-credit, industry-based credential training provided through the Workforce Credential Grant Program.
  - \$1.5 million to provide up to \$2,500 in additional assistance to nursing students attending private, nonprofit colleges that are designated as Hispanic Serving Institutions.

# Higher Education

## GF Actions for the 2024-26 Biennium

(\$ in millions)	FY 2025	FY 2026	Biennium
SCHEV - VMSDEP Waiver*	\$45.0	\$45.0	\$90.0
VCCS - College and Career Ready Virginia**	0.0	15.0	15.0
SCHEV - Nursing Grant Program	0.0	12.0	12.0
SCHEV - VMSDEP Stipend	2.3	7.1	9.4
ODU - Student Lifecycle Pathways Initiative	5.0	0.0	5.0
VCU - Massey Cancer Research	4.0	0.0	4.0
SCHEV – Workforce Credential Grant (FastForward)	0.0	3.5	3.5
SCHEV - Hispanic Serving Institution Tuition Assistance (up to \$2,500 for nursing students)	0.0	1.5	1.5
Virginia Tech – Ext. – Agricultural Equipment	\$0.8	\$0.0	\$0.8

\*This amount was included in Chapter 2, 2024 Special Session I from excess general fund revenue. An additional \$60.0 million NGF per year is proposed from VA529 Defined Benefit Surplus funds managed by Commonwealth Savers Plan (formerly VA529). When combined with the amounts authorized in Chapter 2 of \$20.0 million, the total waiver support per year is \$125.0 million.

\*\*An additional \$20.0 million is provided from VCCS surplus G3 funds.

# Higher Education (cont'd)

## GF Actions for the 2024-26 Biennium

(\$ in millions)	FY 2025	FY 2026	Biennium
SCHEV - Data Analysis and Visualization	\$0.0	\$0.2	\$0.2
SCHEV - VLDS System Costs	0.0	0.5	0.5
VIMS - Advance Breeding Program for Shellfish	0.0	0.4	0.4
VIMS - Coastal Resilience Forecasting	0.0	0.5	0.5
RHEC - IT Enhancements	0.4	0.0	0.4
SVHEC - Regional Allied Health Simulation Lab	<u>\$0.2</u>	<u>\$0.2</u>	<u>\$0.4</u>
<b>Total Higher Education</b>	<b>\$57.7</b>	<b>\$85.9</b>	<b>\$143.6</b>

### Additional Amendments:

- Proposes a tuition freeze for public institutions in FY 2026 and ongoing limit on tuition increases thereafter to the lower of inflation (CPI-U) or 2.5 percent.
- Recommends that New College Institute's Board develops a sustainability plan and states that no funding shall be provided for the 2026-2028 biennium.
- Additional NGF adjustments to reflect anticipated revenues.

# Other Education

GF Actions for the 2024-26 Biennium			
(\$ in millions)	FY 2025	FY 2026	Biennium
Library of Virginia – Print Collections Inventory Control Project	\$5.2	\$0.0	\$5.2
VMFA – Digital Education and Collection Resources	<u>0.2</u>	<u>0.0</u>	<u>0.2</u>
<b>Total Other Education</b>	<b>\$5.4</b>	<b>\$0.0</b>	<b>\$5.4</b>

# Health and Human Resources

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# Overview of Health and Human Resources in SB 800

- The introduced budget proposes a net increase totaling \$857.9 million GF and \$2.3 billion NGF over the biennium. Major GF spending amendments include:
  - \$632.2 million to fully fund the projected costs of the Medicaid program;
  - \$105.4 million to fund the increasing costs of the Children's Services Act;
  - \$88.3 million for the Children's Health Insurance Programs; and
  - \$35.2 million to fund special conservators of the peace in private hospitals.

# Department of Medical Assistance Services

GF Actions for the 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Medicaid Utilization and Inflation	\$337.0	\$295.2	\$632.2
Children's Health Insurance Programs	40.9	47.5	88.4
Health Care Fund Revenue Adjustment	(48.8)	15.5	(33.3)
Involuntary Mental Commitments Medical Costs	(0.9)	(0.7)	(1.6)
Implement Seriously Mentally Ill Waiver	0.2	1.0	1.2
Reserve for Future Cost of Medicaid Initiatives	-	1.0	1.0
Fund DD Waiver and other Administrative Costs	0.2	0.6	0.8
Comply with Federal Eligibility and Processing Rules	0.7	-	0.7
Coverage for Pre-Release of Justice Involved Youth	-	0.4	0.4
Maintain Managed Care for Children in Residential Facilities	-	0.3	0.3
Virginia Task Force on Primary Care	0.3	-	0.3
Coverage for Long-Acting Injectables for Mental Illness	<u>0.0</u>	<u>0.2</u>	<u>0.2</u>
<b>Total</b>	<b>\$329.6</b>	<b>\$361.0</b>	<b>\$690.6</b>

# Department of Behavioral Health & Developmental Services

GF Actions for the 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Special Conservators of the Peace in Private Hospitals	\$0.0	\$35.2	\$35.2
Developmental Disability Services and Quality Assurance	-	4.6	4.6
Pharmaceutical Costs at State Facilities	-	3.3	3.3
Salary Alignments for Trades Positions at State Facilities	-	2.4	2.4
Part C Early Intervention Services	-	1.5	1.5
Sustain Adult Psychiatric Access Line	-	1.5	1.5
Administrative Costs of Developmental Disability Waiver Slots	0.2	1.0	1.2
Fund Crisis Co-Response Programs	-	1.2	1.2
Support the Youth Mental Health Matters Initiative	-	1.0	1.0
Additional Forensic Evaluators	-	0.8	0.8
Fund Youth Peer Support Specialists	-	0.8	0.8
Licensing Positions and Information Security Position	<u>0.0</u>	<u>0.9</u>	<u>0.9</u>
<b>Total</b>	<b>\$0.2</b>	<b>\$54.2</b>	<b>\$54.4</b>

# Department of Social Services

<b>GF Actions for 2024-26 Biennium (\$ in millions)</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>Total</b>
Enhance Child Protective Services	\$0.5	\$7.5	\$8.0
Contract Costs for Income Verification for Public Services	0.0	7.3	7.3
TANF Benefits and VA Initiative for Education and Work Childcare Forecast	2.0	1.8	3.8
Foster Care and Adoption Cost of Living Adjustments	0.0	1.5	1.5
Fund Administrative Costs of Child Support Enforcement	0.4	0.5	0.9
Enhance Electronic Identity Validation Efforts	0.0	0.8	0.8
Funding to Modernize the 2-1-1 System	0.0	0.5	0.5
Funding to Address Increased Procurement Workload	0.0	0.3	0.3
Child Welfare Forecast	<u>(14.3)</u>	<u>(13.0)</u>	<u>(27.3)</u>
<b>Total</b>	<b>(\$11.4)</b>	<b>\$7.2</b>	<b>(\$4.2)</b>

# Department of Health

GF Actions for 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Fund Perinatal Health Hub Pilot Program	\$0.0	\$2.5	\$2.5
Funding to Comply with Drinking Water Regulations	0.0	1.8	1.8
Support for the Division of Disease Prevention	0.0	1.0	1.0
Funding for Community Health Workers and Doulas	0.0	1.0	1.0
Funding for Home Care Organization Licensure Program	0.0	0.9	0.9
Support for IT Security Audits and Investigations	0.0	0.8	0.8
Rent Increases at Local Health Departments	0.0	0.5	0.5
Fund Electronic Health Records System	0.0	0.5	0.5
Establish a Large Animal Veterinary Loan Repayment Program	0.0	0.5	0.5
Support for Intermediate Disciplinary Actions for Care Facilities	0.0	0.3	0.3
Implementation of Rainwater Harvesting System Regulations	<u>0.1</u>	<u>0.1</u>	<u>0.2</u>
<b>Total</b>	<b>\$0.1</b>	<b>\$9.9</b>	<b>\$10.0</b>

# Other Health and Human Resources Agencies

<b>GF Actions for the 2024-26 Biennium (\$ in millions)</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>Total</b>
Secretary: Enhance the Collegiate Experience for DD Individuals	\$0.1	\$0.0	\$0.1
Secretary: Raise Awareness of Maternal Health Warning Signs	0.5	-	0.5
CSA: Children's Services Act Forecast	37.0	68.3	105.3
CSA: Administrative Costs	-	0.1	0.1
Disability Agencies: Reflect Administrative Costs at DARS	-	1.1	1.1
DBVI: Rehabilitation Teaching and Independent Living Program	-	0.4	0.4
VDDHH: Study Anticipated Digital Transition for Virginia Relay	<u>0.1</u>	-	<u>0.1</u>
<b>Total</b>	<b>\$37.7</b>	<b>\$69.9</b>	<b>\$107.6</b>

# Language Only Items

- Limits growth in state reimbursement for the cost of private day services under the Children's Services Act to 2.5 percent beginning in 2026.
- Medicaid Graduate Medical Education Payments for psychiatric and obstetric-gynecological residencies would increase to \$150,000 annually effective July 1, 2026.
- Changes the Medicaid reimbursement methodology for adult day health care from a daily rate to an hourly rate.
- Allows the Department of Behavioral Health and Developmental Services to make grants to any recovery residence certified by the Department.
- Allows funds provided for school-based mental health services to be used to make grants available to school divisions for mental health services in addition to establishing school-based clinics to provide mental health and primary health care.
- Combines the Long Term Employment Support Services and Extended Employment Services programs at the Department for Aging and Rehabilitative Services into one fund.
- Modifies language in Part 4 restricting the expenditure of any funds in the state budget for abortion services pursuant to only federal law, which would prohibit payment for abortion services in cases of fetal abnormality allowed under state law.

# Public Safety and Veterans

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# Overview of Public Safety and Veterans Services in SB 800

- For Public Safety & Homeland Security and Veterans & Defense Affairs, the introduced budget proposes net increases totaling \$44.0 million GF over the biennium. Major GF spending amendments include:
  - An additional \$6.8 million for the School Resource Officer Incentive Grants Fund;
  - \$5.0 million to establish a grant program for firefighter protective equipment; and
  - An additional \$4.7 million to subsidize operations at the two new veterans care centers.

# Dept. of Corrections, Dept. of Juvenile Justice, and Virginia State Police

GF Actions for the 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
DOC: Inmate Healthcare Cost Increases	\$0.0	\$4.1	\$4.1
DOC: Career and Technical Education Mobile Classrooms	2.1	0.0	2.1
DOC: Corrections Special Reserve Fund Deposit (“Woodrums”)	0.0	1.0	1.0
DOC: Expand Dental Services for Inmates	0.0	0.9	0.9
DOC: Expand Community Supervision Electronic Monitoring	0.0	0.9	0.9
DJJ: Cost Increases Committed Youth	0.0	3.1	3.1
VSP: Salary Increase Sworn State Police Positions (Pay Step)	0.0	3.3	3.3
VSP: Upgrade LiveScan Fingerprinting Machines	2.4	0.0	2.4
VSP: Vetoed Legislation	<u>(0.2)</u>	<u>0.0</u>	<u>(0.2)</u>
<b>Total (DOC, DJJ, VSP):</b>	<b>\$4.2</b>	<b>\$13.3</b>	<b>\$17.5</b>

*Note: Totals for all Public Safety & Veterans tables do not sum due to rounding.*

# Dept. of Criminal Justice Services and Other Agencies

GF Actions for the 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
DCJS: School Resource Officer Incentive Grants	\$6.8	\$0.0	\$6.8
DJCS: Law Enforcement Civil Commitment Transportation	0.0	3.5	3.5
DCJS: Public Safety Communications Infrastructure Grants	2.5	0.0	2.5
DCJS: Criminal Justice Academies Testing Module	0.5	0.0	0.5
DCJS: Office of the Attorney General Victim Assistance Grant	0.2	0.2	0.4
DCJS: Office of First Responder Wellness	0.0	0.3	0.3
DCJS: Drug Abuse Resistance Education (DARE) Program	0.0	<0.1	<0.1
Fire Programs (DFP): Firefighter Protective Equipment Grants	0.0	5.0	5.0
DFP: Fire Marshal Positions (6)	0.0	0.7	0.7
Emergency Management (VDEM): HazMat Disaster Response Fund	0.2	0.0	0.2
Forensic Science (DFS): Operations	0.0	0.5	0.5
Parole Board (VPB): Management Positions (2)	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>
<b>Total (DCJS, DFP, VDEM, DFS, VPB)</b>	<b>\$10.1</b>	<b>\$10.4</b>	<b>\$20.6</b>

# Dept. of Veterans Services & Other Items

GF Actions for the 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
DVS: Veterans Care Centers Operations & Line of Credit	\$4.7	\$0.0	\$4.7
DVS: IT Systems	0.8	0.3	1.2
DVS: Outreach Position	0.0	0.1	0.1
Veterans Services Foundation: Operations	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>
<b>Total</b>	<b>\$5.5</b>	<b>\$0.5</b>	<b>\$6.0</b>

Significant language-only items include:

- Withholding Compensation Board jail per diem payments and Aid to Localities with Police Departments (“599”) funding from:
  - An official of a facility in which an alien is incarcerated who does not comply with lawful U.S. Immigration and Customs Enforcement (ICE) detainers or does not provide 48-hour pre-release notifications to ICE; or
  - Such officials and local law enforcement agencies who impede cooperation or communication with ICE pursuant to a local ordinance, policy, procedure, or custom.
- Prohibiting state inmates from earning sentence credits at the enhanced rate if any portion of their concurrent or consecutive sentence includes an offense that is ineligible for the enhanced rate.

# Commerce & Trade and Labor

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# Overview of Commerce and Trade and Labor in SB 800

- The introduced budget proposes net increases totaling \$137.4 million GF over the biennium. Major GF spending amendments include:
  - A shift of \$69.1 million GF from the second year to the first year and provides an additional \$35.0 million GF the first year for life science research initiatives;
  - An additional \$50.0 million GF the second year for the Virginia Business Ready Sites Program, bringing the total funding to \$70.0 million GF in FY 2026;
  - \$25.0 million GF and the suggested use of Regional Greenhouse Gas Initiative (RGGI) proceeds from the December 2023 auction (would still require appropriation) to establish a Disaster Assistance Fund to address life, safety, and housing disaster-related costs not covered by other sources;
  - \$15.0 million GF the second year for a competitive grant program to increase the supply of early learning spaces for childcare in early learning deserts;
  - \$5.0 million GF the first year to establish a tourism sports event grant program and designates \$500,000 GF for promotion of a Major League Baseball game in the Bristol area; and
  - Reauthorizes \$3.9 million GF to reimburse Wythe County for infrastructure costs incurred as part of an agreement to support a cancelled custom performance grant project.

# Commerce & Trade and Labor

GF Actions for the 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
VEDP: Expand Virginia Business Ready Sites Program	\$0.0	\$50.0	\$50.0
VIPA: Support Life Sciences Research	104.1	(69.1)	35.0
DHCD: Establish Disaster Assistance Fund	25.0	0.0	25.0
DHCD: Establish Early Learning Capital Supply Program	14.0	0.0	14.0
VTA: Support Sports Tourism	5.0	0.0	5.0
EDIP: Reauthorize Funding for Economic Development Project	3.9	0.0	3.9
EDIP: Authorize Payment for Economic Development Project	0.0	1.4	1.4
DWDA: Promote the Virginia has Jobs Initiative	2.0	0.0	2.0
Other Budget Actions	<u>15.3</u>	<u>(14.2)</u>	<u>1.1</u>
<b>Total (Net Change)</b>	<b>\$169.3</b>	<b>(\$31.9)</b>	<b>\$137.4</b>

# Natural Resources and Agriculture & Forestry

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# Overview of Natural Resources and Agriculture & Forestry in SB 800

- The introduced budget proposes net increases totaling \$105.6 million GF over the biennium. Major GF spending amendments include:
  - \$93.7 million from FY 2024 revenue collections and agency balances for the Water Quality Improvement Fund (WQIF). Of that amount:
    - \$50.0 million would support the City of Richmond’s Combined Sewer Overflow project;
    - \$17.4 million would transfer to the Virginia Natural Resources Commitment Fund for agricultural best management practices;
    - \$17.4 million would reimburse eligible entities under the Enhanced Nutrient Removal Certainty Program; and
    - \$8.9 million is proposed for deposit to the WQIF reserve.
  - \$4.4 million the first year to leverage federal funding for a project to relocate the seabird colony that is being displaced by a transportation expansion project; and
  - \$3.4 million to modernize the Department of Agriculture and Consumer Services’ regulatory system and to upgrade the Integrated Forest Resources Information System.

# Natural Resources and Agriculture and Forestry

GF Actions for the 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
DEQ: Richmond Combined Sewer Overflow	\$50.0	\$0.0	\$50.0
DCR: Deposit Surplus to WQIF and Natural Resource Comm. Fund	26.3	0.0	26.3
DEQ: Deposit Surplus to WQIF for Enhanced Nutrient Certainty	17.4	0.0	17.4
DWR: Leverage Federal Funds for Seabird Colony Relocation	4.4	0.0	4.4
VDACS: Modernize Regulatory Platform	0.0	2.9	2.9
DEQ: Fund Richlands Regional Water Treatment Upgrades	1.5	0.0	1.5
VDACS: Inspection and Testing of Commercial Recharging	0.6	0.0	0.6
DCR: Initiate VALORS Membership for Conservation Officers	0.0	0.6	0.6
DCR: Provide Support for Capital Outlay Management	0.0	0.3	0.3
Other Budget Actions	<u>1.7</u>	<u>(0.1)</u>	<u>1.6</u>
<b>Total Net Changes</b>	<b>\$101.9</b>	<b>\$3.7</b>	<b>\$105.6</b>

# Transportation

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# Overview of Transportation in SB 800

- The introduced budget proposes net increases totaling \$164.9 million GF and \$290.8 million NGF over the biennium. General fund amendments include:

GF Actions for 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
VDOT: Interstate 81 Corridor Improvement Program	\$175.0	\$0.0	\$175.0
VPA: Support Dredging Back Creek of the York River in York County	1.0	0.0	1.0
DRPT: Adjust Support for WMATA	<u>73.4</u>	<u>(84.5)</u>	<u>(11.1)</u>
<b>Total GF Actions</b>	<b>\$249.4</b>	<b>(\$84.5)</b>	<b>\$164.9</b>

- Language amendments include:
  - Clarifying toll relief language to specify participants are those living in Norfolk and Portsmouth;
  - Allowing the Department of Motor Vehicles (DMV) to retain rental income from agency-owned facilities; and
  - Eliminating tolling on the George P. Coleman Bridge and forgiveness of the debt balance.
- Proposed capital outlay projects include \$15.5 million NGF over the biennium to support existing maintenance reserve projects at DMV and \$16.0 million NGF the second year to renovate DMV headquarters.

# General Government

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# Overview of General Government in SB 800

- General Government includes the Legislative Branch, Judicial Branch, the Executive Offices, the Administration and Finance Secretariats, Central Appropriations and Independent Agencies.
- The introduced budget proposes a net increase totaling \$1.6 billion GF over the biennium. Major GF spending amendments include:
  - \$1.1 billion to fund income tax credits for car tax relief;
  - \$294.5 million for the statutorily required deposit to the Revenue Reserve Fund based on excess FY 2024 revenues;
  - \$131.0 million to replace the revenue management system at the Department of Taxation; and
  - \$40.5 million for agency health insurance premium costs.

# Judicial, Executive Offices, and Legislative

<b>GF Actions for the 2024-26 Biennium (\$ in millions)</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>Total</b>
Judicial: Criminal Sealing Implementation	\$0.0	\$3.0	\$3.0
Judicial: Technology Expense Increases	-	3.0	3.0
Judicial: Upgrade Identify Access Management System	0.7	0.8	1.5
OAG: Rate Payer Protection Staff	-	0.3	0.3
OAG: Expand Operation Ceasefire to Northern Virginia	-	0.2	0.2
OAG: Electronic Nicotine Delivery System Start-Up Costs	0.1	-	0.1
Legislative: Virginia-Israel Advisory Board	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>
<b>Total</b>	<b>\$0.8</b>	<b>\$7.4</b>	<b>\$8.2</b>

# Administration Agencies

GF Actions for the 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Comp Board: Salary Increase Sheriffs' Dispatchers	\$0.0	\$1.4	\$1.4
Comp Board: Constitutional Officer Population-Based Salary Adj.	-	0.1	0.1
Comp Board: Website Modernization	0.1	<0.1	0.2
DGS: Physical Evidence Recovery Kit Storage	-	0.3	0.3
DGS: Increase Division of Engineering and Buildings Hourly Rate	Lang.	Lang.	Lang.
DHRM: Commonwealth Leadership Academy	0.1	0.1	0.2
DHRM: Information Security Position	-	0.1	0.1
ELECT: Upgrade Elections Software & Migrate Systems to Cloud	1.3	-	1.3
VITA: Establish Project Management Center of Excellence	2.0	2.0	4.0
VITA: Federal Cybersecurity Grant Matching Funds	1.9	-	1.9
Transfer Office of Data Governance from Secretary's Office to VITA	<u>NGF</u>	<u>NGF</u>	<u>NGF</u>
<b>Total</b>	<b>\$5.4</b>	<b>\$4.0</b>	<b>\$9.4</b>



# Finance Agencies

GF Actions for the 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
TAX: Integrated Revenue Management System Replacement	\$131.0	\$0.0	\$131.0
TAX: System Replacements (4 Systems)	1.5	3.2	4.7
TAX: Additional Positions Error Resolutions and Appeals Divisions	-	2.2	2.2
TAX: IT Security Initiatives	0.4	1.8	2.2
TAX: Change Internet Service Providers Sales Tax Exemption	-	Lang.	Lang.
TAX: Postage Cost Increase and Develop Open Space Values	0.6	0.8	1.4
Dept. of Accounts (DOA): 14 New Positions – Accounting (4), Analysts (4), Assistant Directors (3), IT (2), Executive Assistant (1)	-	2.2	2.2
DOA: IT Security and Web Application Modernization	-	0.5	0.5
DOA Transfers: Mandatory Revenue Stabilization Fund Deposit	294.5	-	294.5
DOA Transfers: Proposed Car Tax Credit Funding	1,103.0	-	1,103.0
Treasury: Accounting Position, IT Position, VITA Recovery Service	-	0.2	0.2
Treasury Board: Debt Service Funding	(12.1)	2.3	(9.8)
<b>Total</b>	<b>\$1,518.9</b>	<b>\$13.2</b>	<b>\$1,532.1</b>

# Central Appropriations and Language

GF Actions for the 2024-26 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Agency Health Insurance Premium Costs	\$0.0	\$40.5	\$40.5
Agency Property Insurance Premiums	-	10.1	10.1
Higher Education Credit Card Rebates and Interest Earnings	10.0	-	10.0
Agency State Building Rent Costs	-	7.5	7.5
Agency Worker's Compensation Premiums	-	(1.0)	(1.0)
Line of Duty Act Premiums	(0.4)	-	(0.4)
Adjust Funding for Agency Minimum Wage Costs	(0.1)	(0.3)	(0.4)
<b>Total</b>	<b>\$9.5</b>	<b>\$56.8</b>	<b>\$66.3</b>

## Key Language:

- Treasury loan authorization at Lottery for a potential Virginia Gaming Commission.
- Direction to Commonwealth Savers Plan to transfer \$60.0 million a year in surplus funds to the State Council for Higher Education for the Virginia Military Survivors and Dependents Education Program.

# Capital Outlay

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# Capital Outlay - SB 800

Proposes \$1.4 billion in general fund cash for capital projects and no additional tax-supported debt.

Fund Type (\$ in millions)	Chapter 2, 2024 Special Session I	SB 800 Amendments	SB 800 Proposed Total
General Fund	\$951.7	\$1,367.2	\$2,318.9
VPBA/VCBA Tax-Supported Bond	900.9	(400.0)*	500.9
9(c) Revenue Bonds	124.3	206.1	330.0
9(d) Revenue Bonds	9.3	31.5	40.8
Nongeneral Fund Cash	<u>771.3</u>	<u>165.8</u>	<u>937.1</u>
<b>Total Capital Outlay</b>	<b>\$2,757.5</b>	<b>\$1,370.6</b>	<b>\$4,128.1</b>

\* SB 800, as introduced, rescinds \$400.0 million in tax-supported debt for WQIF local wastewater improvement projects and appropriates FY 2024 surplus contingent reservations for this purpose.

# SB 800 – Capital Outlay Overview

- \$448.2 million GF for eight higher education projects in a pool;
- \$400.0 million GF for local wastewater treatment projects and rescindment of \$400.0 million in tax-supported bonds;
- \$136.2 million GF for the 2022 state agency pool to include the State Police Training Academy replacement project;
- \$130.5 million GF for eight state agency projects in a pool;
- \$62.4 million GF to supplement previously authorized capital projects;
- \$52.1 million GF to increase the DBHDS umbrella project to renovate, repair, and upgrade state-operated facilities;
- \$35.0 million GF to renovate state space for Monroe Building tenants, authorizes planning for a new building at the VDOT Annex with existing funds, and authorizes the sale of the 7th and Main St. property;
- \$32.0 million GF to support detailed planning of seven projects;
- \$23.7 million GF for five improvement, deferred maintenance, life-safety projects at higher education institutions;
- \$14.5 million GF to continue planning and demolition for the new Commonwealth Courts Building; and,
- \$14.5 million GF for fixtures, furnishings, and equipment for projects nearing completion.

# SB 800 Proposed Capital Construction Pools

2025 Public Educational Institution Capital Pool	
Agency	Project
William and Mary	Replace Law School Central Utility Plant
Virginia Tech	Expand Virginia Tech-Carilion School of Medicine and Fralin Biomedical Research Institute (18682)
Virginia Military Institute	Construct Center for Leadership and Ethics Facility, Phase II, and Parking Structure (18542)
Virginia State University	Renovate Virginia Hall (18757)
Longwood University	Replace Roof, Windows, and External Doors Lankford Hall
Virginia Commonwealth University	Acquire Altria Building
Virginia Community College System	Renovate Amherst/Campbell Hall, Central Virginia (18343)
Institute for Advanced Learning and Research	Expand Center for Manufacturing Advancement (18705)
<b>Total</b>	<b>\$448.2 million GF</b> <b>\$48.8 million NGF</b> <b>\$31.5 million 9(d) revenue bonds</b>

2025 State Agency Capital Pool	
Agency	Project
Department of Military Affairs	Construct State Military Reservation (SMR) Training and Emergency Operations Facility
Department of State Police	Acquire Division Six Headquarters (18326)
Department of General Services	Renovate Patrick Henry Building Administration Offices
Virginia School for the Deaf and the Blind	Renovate Main Hall Interior
Virginia Museum of Fine Arts	Install Fire Protection System
Department of Behavioral Health and Developmental Services	Replace retherm units at state facilities
Department of Juvenile Justice	Replace sprinkler system in Bon Air Juvenile Correctional Center expansion building
Department of Veterans Services	Acquire additional land for Suffolk Veterans Cemetery
<b>Total</b>	<b>\$130.5 million GF</b>

# Stand Alone Projects - Department of General Services

- **DGS Commonwealth Courts Building Planning.** Recommends \$14.5 million GF to proceed with detailed planning, working drawings, and demolition of the Pocahontas Building for a new Commonwealth Courts Building.
  - The scope was approved by the Six-Year Capital Outlay Plan Advisory Committee pursuant to the language in Chapter 2 of the Acts of Assembly, 2024 Special Session I.
- **DGS New State Office Building.** Proposes to authorize existing funds to plan for a new State Office Building at the VDOT Annex site (1401 East Broad Street).
  - The project scope is 350,000 square feet, based on a study from DGS. The existing project for a new building at 7<sup>th</sup> and Main Street has \$22.1 million appropriated with \$16.7 million in unspent appropriation.
  - Language proposes selling the 7th and Main site at a fair market value with the proceeds going to the general fund.
- **DGS James Monroe Building Tenants.** Recommends \$35.0 million GF to support renovations to state-owned buildings at the seat of government and moving expenses to relocate agencies from the Monroe Building.
  - Additionally, proposes to remove language prohibiting the move of executive branch agencies from the James Monroe Building or the Lottery from entering a lease to permanently relocate from Main Street Centre.
- **DGS Relocate Office of Fleet Management Services.** Includes language authorizing the Department of Planning and Budget (DPB) to approve an interest-free treasury loan for DGS to acquire and improve a property to relocate the Fleet Management Services from the current state-owned property at 2400 West Leigh Street.
  - The treasury loan must not exceed the fair-market value and is to be repaid with the proceeds from the sale of the current property at fair market value. Any excess proceeds from the sale are to be deposited to the general fund.

# Stand Alone Projects – Education

(\$ in millions)	GF Cash	NGF Cash	9(c) Debt	Total
CWM: Construct West Woods Phase 2	\$0.0	\$0.0	\$120.0	\$120.0
GMU: Aggregate Critical Deferred Maintenance	8.0	-	-	8.0
JMU: Construct Student Housing	-	-	86.1	86.1
LU: Replace and Augment IT Network and Security Equipment	2.2	0.5	-	2.7
NSU: Improve Campus Security	2.6	-	-	2.6
RU: Renovate Dalton Hall	-	52.3	-	52.3
UMW: Address Energy Infrastructure	4.4	0.6	-	5.0
VSU: Improve Life Safety Systems Campuswide	6.6	-	-	6.6
SMV: Community Green Space	-	<u>6.3</u>	-	<u>6.3</u>
<b>Total Education Stand Alone Projects</b>	<b>\$23.7</b>	<b>\$59.8</b>	<b>\$206.1</b>	<b>\$289.6</b>



# Stand Alone Projects – HHR, EDNR, Transportation and Veterans

(\$ in millions)	GF Cash	NGF Cash	Total
DBHDS: Renovate, repair, and upgrade state-operated facilities	\$52.1	\$0.0	\$52.1
DCR: Acquisition of land for state parks	-	10.4	10.4
DVS: Improve Suffolk Veterans Cemetery	-	0.3	0.3
DVS: Improve Dublin Veterans Cemetery	-	0.3	0.3
DVS: Improve Amelia Veterans Cemetery	-	5.5	5.5
DMA: Construct the Army Aviation Support Facility Connector Road	2.5	-	2.5
DMV: Maintenance Reserve	-	15.5	15.5
DMV: Renovate DMV Headquarters	-	16.0	16.0