GOVERNOR ABIGAIL SPANBERGER
ADDRESS TO THE JOINT MONEY COMMITTEES OF THE GENERAL ASSEMBLY
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[EMBARGO UNTIL 9:30AM]

Chair Torian, Chair Lucas, Chair Watts, Speaker Scott, members of the General Assembly: good morning.

I'm joined today by Virginia's First Gentleman Adam Spanberger, Attorney General Jay Jones and the members of my administration who serve the Commonwealth every day — including Virginia's Secretary of Finance Mark Sickles and his team, whose work made today's report possible.

Before we go any further, I want to take this opportunity — before her former colleagues — to recognize the outstanding lifetime of service of Chair Janet Howell.

As a public school teacher, a local government official, and later as a State Senator and Chair of Senate Finance and Appropriations, she was a trailblazer and a fierce advocate for Virginia's children and families.

And now as we dive into today's report, I want to focus on what has been the organizing priority of my administration from day one: tackling the high cost of living. It continues to be the single most pressing challenge facing our fellow Virginians today.

That's why we're delivering tax relief to Virginia families - by increasing the standard deduction.

And it's why within the first 100 days of my administration, I was proud to sign my entire Affordable Virginia Agenda into law.

I am grateful to the Members of the General Assembly who supported these bills, because you voted to deliver solutions in the three areas where families feel costs most: healthcare, energy, and housing.

On healthcare: we are capping monthly out-of-pocket insulin costs at $35, we are requiring insurers to offer plans that cap total out-of-pocket prescription drug costs, we are stopping pharmacy middlemen from inflating drug prices, and we are preventing costly delays in care by limiting prior authorizations.

On energy: we are now requiring utilities to invest in long-term energy storage to lower peak costs, we are allowing families to use technologies like balcony solar to lower their costs, and we will provide a RGGI credit for residential customers and small businesses.

And on housing: we've streamlined the approval process for affordable units, we have significantly strengthened renter protections, and we have made it easier for teachers and first responders to get homeownership grants.

These are significant steps in the right direction, and it's thanks to the work we have all done together.

This morning, for the first time as Governor, I will report on the budget year that just ended — and preview a few of the issues we'll take up together as we build the next budget in the months ahead.

I also want to be clear-eyed about some of the economic challenges facing all of us as Virginians — challenges caused by the recklessness and heartlessness we are seeing out of Washington every single day.

Because of the decisions being made by this President, his administration, and his allies in Congress, we have energy prices fluctuating wildly as a result of another reckless war in the Middle East.

Tariffs have raised costs for our manufacturers, our farmers, our businesses of all sizes, and our fellow Virginians.

And our Commonwealth is still contending with the impacts of federal job cuts that wreaked havoc on our economy at the beginning of 2025.

The impacts and the ripple effects of DOGE landed in communities all across Virginia, too. The list goes on and on — and I will get to the so-called "One Big Beautiful Bill" later.

But the damage isn't only in the higher costs. It's in the unpredictability.

And everyone in this room whose job it is to plan budgets and projects several years into the future, we all know how difficult it is to do so in this environment.

in my view, one of the most valuable things we can offer local governments, businesses, and our fellow Virginians right now is stability. It's being a partner you can count on.

And so, with that as our backdrop, I am pleased to report that in Fiscal Year 2026, our general fund revenues grew $2.1 billion — 6.7% — over the prior year. That exceeded the official forecast by $938.8 million, or nearly 3%.

Make no mistake about it: those numbers are good for Virginia — and they come down to a few things that we all need to consider.

First, prudent budgeting. The Commonwealth deliberately assumes our most volatile revenue — non-withholding, the taxes paid outside a paycheck — won't grow much. And that conservatism leaves real upside in most forecasts.

Second, strong markets. Despite the very real challenges families are facing, the S&P 500 ended the year up 21%, driving non-withholding growth of nearly $510 million — 6.8 percent, and $347 million above forecast.

And third, our labor market. In the wake of DOGE's slashing of our federal workforce, Virginia continued to lose jobs in FY26.
Normally that would mean weak withholdings. It didn't, for two reasons: (1) wages grew for the jobs we held, and (2) many of the job losses were early, forced retirements — which softens the impact --- at least in the numbers --- because retirees continue to pay income tax.

The numbers are good this year overall and that is a good thing. But a good year isn't necessarily a guarantee of the next one.

Virginia lost roughly 43,600 jobs last fiscal year – with roughly half coming from the Professional and Business Services sector and the other half from the federal government. And Moody's Analytics expects our employment to stay essentially flat over the next two years.

Additionally, some of our sales-tax strength was really just the result of inflation and higher prices.

And while markets climbed last year, recent history shows us that they can fall just the same — as they did in 2009, when this same kind of revenue dropped nearly 20%, and then another 17% the year after.

The lesson here is an old one, but it bears repeating: when times are good, it is tempting to budget as if they'll stay that way forever.

But preemptive, thoughtful long-term planning is what keeps Virginia's balance sheet healthy in both directions.

It's how we protect our long-held AAA bond rating from all three major rating agencies — and why I will always be a responsible steward of every tax dollar entrusted to us.

So yes — despite the economic chaos coming out of Washington, Virginia remains resilient.

But that is not luck. It is the product of steady, deliberate choices.

And because of these choices, we are already seeing results just seven months into my administration.

A few weeks ago, CNBC named Virginia the No. 3 state in the country for business — that's up from the year before.

And in the majority of the categories they measured, Virginia ranked in the top 10.

We are No. 2 in the nation for infrastructure. We are the only Top 5 overall state to also be top 5 in Education. And of critical importance: we rose 6 spots from last year in their metrics on Cost of Living.

Since January, we've announced more than $5 billion in new business investment and more than 3,000 new jobs across the Commonwealth.

This is a story of economic resilience, and it extends to much of the legislation our partners in the General Assembly passed, and I signed into law this year.
I am particularly appreciative of the legislators — especially those serving on this Joint Committee — who championed these new laws.

Together, our work is delivering results for working families across the Commonwealth.

For too long, Virginians have been forced to choose between their paychecks and their families — between going back to work just days after surgery or missing the first weeks of a newborn's life.

But now, Virginia will be the first state in the South to offer paid family and medical leave, and more than three million workers will have access to 12 weeks of paid leave to welcome a new baby, care for an ailing parent, or recover from a serious illness without sacrificing their paycheck.

We've also established a statewide paid sick leave policy because right now, more than one million workers — more than a third of Virginia's private-sector workforce — have no access to paid sick days. That will soon change here in the Commonwealth.

We are also, at long last, raising Virginia's minimum wage to $15 an hour — a measure that was vetoed by my predecessor time and time again.

But we didn't stop there. If you're a doctor or a nurse serving your community, you can no longer be trapped by a non-compete that keeps you from finding a better job.

If you've been underpaid and worried a future employer would use that against you, that practice ended on July 1.

And if you lost your job through no fault of your own, you'll receive more in unemployment benefits.

Because at a moment in our history when Washington is manufacturing chaos and uncertainty, Virginia has chosen a different path: bold, purposeful, and pragmatic governance focused on making life more affordable and building long-term economic strength.

We see this in Virginia's bipartisan budget — a budget we passed together.

The final budget is truly something to be proud of:

We invested two billion new dollars in public education funding — the largest investment in Virginia's history.

Teachers and school support staff are getting a 4 percent raise, and other public employees are getting a 3.5 percent raise this year and again next year.

We established a new state park.

Over 100,000 Virginians will be able to afford health coverage due to new state subsidies.

And we have record investments for early childhood education, record investments for housing, record funding for wastewater treatment and drinking water, and we fully-funded agricultural Best Management Practices — or

BMPs.

And while federal trade policies are creating chaos and uncertainty for Virginia's number one private industry — agriculture — our choices here in Virginia have provided support and steadiness.

That is what it means to work together in the face of federal uncertainty. That is what it means to deliver results for our fellow Virginians.

On issue after issue, this budget reflects a thoughtful approach to governance — especially on an issue that is on everyone's mind right now.

In this bipartisan budget, we created a first-of-its-kind energy consumption tax on data centers, and it's not the only way Virginia is leading on this issue.

Earlier this month, the State Corporation Commission agreed with my push to order data centers to shoulder the cost of new transmission infrastructure built exclusively for their facilities. This will save Virginia families hundreds of millions of dollars over time.

But as the legislators here know, that was just the start.

Because this past session, the General Assembly passed and I signed into law new tools for localities to weigh what a data center means for the homes, schools, water, and farmland around it — because localities need valuable information when deciding what to build in their communities or how to set the highest standards.

The General Assembly passed and I signed into law stricter emissions standards for the diesel generators that back up these facilities — because clean air is not negotiable.

The General Assembly passed and I signed into law transparency requirements for how much water they use — because access to clean water is a right written into Virginia's Constitution.

The General Assembly passed and I signed into law new a requirement for DEQ to develop the first ever noise regulations — because quality of life matters.

The General Assembly passed and I signed into law protections so that a data center's costs stay with the data center — including in our cooperative territories — because Virginia families shouldn't foot the bill data center-related infrastructure projects.

The General Assembly passed and I signed into law a measure that puts these facilities to work funding zero-carbon energy — because development done the right way can drive innovation while also lowering costs.
And the General Assembly passed and I signed into law a plan to study how we capture and reuse the heat these facilities throw off — because Virginia can, and must, lead the country on energy and the environment.

Together, we have taken some meaningful steps to ensure our approach here in Virginia is thoughtful and deliberate

And looking ahead to next year, there is more to be done — and Virginia should be leading the nation in setting the highest standards for data center energy usage, water consumption, community benefit, and we should be driving innovation across all sectors.

But no matter how deliberate or purposeful we may endeavor to be in policy or approach, the chaos thrust upon Virginia by terrible policy choices in Washington are impacting us — and will into the future.

At a time when families are already struggling to afford healthcare and groceries, the President and his allies in Congress — including some of our fellow Virginians — have made the deepest cuts to Medicaid and SNAP in history.

Because of this President's signature legislation, H.R.1 — the so-called "One Big Beautiful Bill" — Virginia families are facing hunger and hundreds of thousands risk of losing their medical coverage.

More than 300,000 Virginians on Medicaid risk losing coverage.

Behind that number is someone seeking treatment for cancer. A fellow Virginian simply looking to fill a prescription. A family one hard month away from an empty dinner table.

While this bill passed Congress along partisan lines, the hurt it will cause to hardworking Virginians, young families, rural health clinics, safety net hospitals and ultimately, Virginia's economy knows no party.

The members of these committees know for a fact that the so-called "One Big Beautiful Bill" is already massively impacting the choices we are making here in Virginia — as we try to mitigate its harm.

We also know that this is just the beginning, because this law will continue to shift monumental costs from the federal government to the states — to our state's budget — while eking away at our country's healthcare system as additional elements go into effect year over year — with some of the most damaging elements cynically set to go into effect after the 2026 and 2028 elections.

We have to be honest with ourselves about this. Because we cannot be good stewards of this Commonwealth if we look away from it, or if we sugarcoat its ramifications.

Here in Virginia, we will have to spend millions of dollars complying with new bureaucracy and red tape from Washington — dollars that should be improving access to care, strengthening our schools, fixing our roads, and keeping our communities safe.
In May, I visited Virginia Highlands Community College in Abingdon and sat down with faculty and students training to be nurses and pharmacists — the next generation of healthcare providers for rural Virginia.

And just last week, I was in Alexandria, at a nonprofit community center called Neighborhood Health, talking with providers and patients alike.

These two communities are more than 350 miles apart. On paper, they might not seem to have much in common. But the so-called "One Big Beautiful Bill" hangs over them both just the same.

Because from Abingdon to Alexandria and everywhere in-between, this law pulls billions out of the same healthcare system all of us depend on.

And the damage won't stop with them. A recent report from the Joint Commission on Health Care identified 13 Virginia hospitals at serious risk of closure because of the "One Big Beautiful Bill."

So make no mistake about it: hospitals across the Commonwealth will almost certainly be forced to close service lines — and some may shut their doors for good.

Not only will this put some communities at an economic disadvantage, but the overall loss in coverage will make healthcare more expensive and less accessible for ALL Virginians — not just those on Medicaid.

And when I took office in January, there was no infrastructure in place to deal with this bill. While other states had been preparing since it was signed last summer, Virginia had not.
So, we got to work. At the agency level and in the budget.

Virginia's Secretary of Health and Human Resources Marvin Figueroa is hosting a series of roundtable discussions with key community partners raise awareness and share ideas about how to combat the devastating cuts imposed by this law.

And our budget sets aside over $500 million to contend with the worst of it. This includes:

$225 million in a new Federal Contingency Fund to help Virginia respond to federal funding reductions and protect critical services if additional cuts are enacted in Washington.

We reserved $350 million as cushion for higher-than-expected state Medicaid costs.

And to help stabilize our healthcare system amid loss of federal subsidies, we put forth $150 million toward ACA premium assistance, which will help those who may otherwise be uninsured, and will also cut monthly premiums for eligible Virginians by about 70 percent starting next year.

The reality is that state funds simply cannot make up the gap the federal government is leaving us.

But we can be pragmatic, and thoughtful, and steady in how we govern through it.
And I can pledge that our Commonwealth will do everything in our power to contend with these catastrophic federal policies.

You may have noticed that members of my Administration have been doing a lot of listening tours and a lot of visits, all across Virginia because we serve ALL Virginians in EVERY community.

And it is incumbent upon us to engage directly with communities in every corner of the Commonwealth about issues that impact them every single day.

Secretary of Education Jeffery Smith and Superintendent of Schools Jenna Conaway heard directly from more than 2,200 Virginians who described school as it looks from where they sit.

Secretary of Public Safety and Homeland Security Stanley Meador has engaged with local law enforcement and first responders as part of our Unified Readiness regional events designed to help better coordinate emergency response on both the state and local levels.

Our statewide Unified Readiness event will be in October, and all General Assembly members are invited.

Secretary of Commerce and Trade Carrie Chenery and her team have hosted nine regional meetings with economic development leaders and local officials as we prepare to release a comprehensive statewide economic development plan built on what they heard.

Similarly, Chief Energy Officer Josephus Allmond is currently engaging across the Commonwealth as we develop Virginia's Energy Plan, which will also be released this fall.

And our Secretary of Agriculture and Forestry Katie Frazier continues to be ever-present across Virginia's farms and forests.

And at the core of so much of what we have heard across Virginia is a desire to just have things work.

Because it became very clear to me when I took office that there are some things that have not been working.

To start, Virginia's rights-restoration process had been slowed to a crawl — moving backwards from digital to analog — when the previous administration removed the online portal. This forced people to fill out hardcopy applications, adding to a system that was already backlogged — creating a literal pile of paper in the Patrick Henry Building.

So, we implemented a more streamlined process, and in a little over six months we restored the voting rights of 66,000 Virginians who had paid their debt to society and simply wanted a chance to exercise their right to vote.

But it's not just the processes they broke, it's the dollars wasted.

We uncovered a $52 million loss at the Department of Social Services on a failed effort to replace the Commonwealth's antiquated child support enforcement system.

Virginia paid serious money and all we got were tools that barely worked. My predecessor might have thought it was okay to just write off losses like this one — but I don't. It's not a corporate balance sheet we're dealing with; it's taxpayer dollars.

But it wasn't the only time Virginia paid for deliverables that we didn't get. Millions more were lost at the Department of Professional and Occupational Regulation, on a licensing system that was never delivered.

Examples like these are precisely why we created through a budget amendment the Virginia Digital Service, which will focus on modernizing state government technology so that we can better serve our fellow Virginians.

It is unacceptable that there are some agencies that still have to collect paper checks because they don't have an online system set up for payment. It is unacceptable that some agencies with shared jurisdiction can't share their data with one another.

I know legislators hear from constituents about the frustrating and time-consuming experiences they have interacting with state systems all the time — whether starting a new business, enrolling in essential benefits, or applying for a permit. I know you care deeply about these issues.

We've got a lot of work to do, but I am committed to making more progress in the coming months.

Some of these issues of good governance might not be glamorous or get headlines every day. But it exemplifies the notion that if you see a problem, it is your obligation to fix it. Full stop.

That is what this administration is all about. That is what public service is all about.

And to Chair Torian, Chair Lucas, Chair Watts, Speaker Scott, and the members of this joint committee: none of this hard work gets done without our ongoing partnership.

Not one budget line item, not person's voting rights restored, not one rural health clinic getting caught before it fell — none of it happens without the people in this room working together.

We should all be proud of the progress we've made in a short amount of time.

As our Secretary of Labor Jessica Looman recently said to me, we have finished the first semester of our freshman year, and we have seven more semesters to go.

I'm excited about what lies ahead, and I sincerely hope you are too.

Because the work we are doing together can show that even though Washington is dysfunctional, Virginia doesn't have to be.
We can choose to deliver pragmatic, steady, and effective governance.

At the end of the day, I'm an optimist. I know we can do this together.

We have the ingredients to remain resilient in the days ahead.

So let's keep building. Let’s get to work. Together. Thank you.

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