

The Governor's Key Budget Policy Choices

Comparing the introduced 2022-2024 budget to the current budget



The House Appropriations and Senate Finance committees are currently considering Gov. Northam's 2022-2024 budget (FYs 2023 and 2024) and amendments to the budget for FY 2022. The charts below provide a summary level assessment of key general fund changes proposed by Gov. Northam for the enacted FY 2022 budget as approved in Chapter 552, Acts of Assembly 2021, Special Session I, and for the FY 2023 and FY 2024 budget compared to the enacted budget.

Except in the top FY22 section, all dollar figures represent proposed combined FY23 and FY24 changes in general fund spending. NGF = non-general funds

Proposed amendments to current (FY22) budget

Updated revenue forecast and conformity adjustments	\$3,098.8 million
Additional changes to resources	\$1,195.6 million
Additional voluntary deposit to the Revenue Reserve	\$563.9 million
Additional capital allocation	\$211.4 million
Deposit into transportation trust fund	\$115.8 million
Medicaid and FAMIS adjustments	-\$785.6 million
Reducing GF appropriations for additional lottery proceeds	-\$152.5 million
Business-ready sites	\$150.0 million
Other adjustments	\$184.1 million
Carryforward to next year's budget	\$4,166.9 million

Governor's proposed changes for FYs 23 & 24 compared to current budget

Tax Policy Decisions		
Worker misclassification program	Increased audit capacity	\$0.7 million
Tax conformity	Conforms to recent federal tax changes	-\$36.2 million
Accelerated Sales Tax	Eliminates Accelerated Sales Tax program	-\$202.8 million
Refundable Earned Income Tax Credit (EITC)	Provides partially refundable EITC (15% of federal EITC)	-\$315.0 million
Sales tax	Eliminates state share of sales tax on groceries and menstrual products	-\$370.2 million
One-time rebates	Provides rebates of \$250 to individuals or \$500 to couples	-\$1,048.6 million

Reserves, VRS Deposits, & Cash for Capital		
Revenue Stabilization Fund (RSF)	Makes mandatory deposit to the RSF in FY23	\$1,127.7 million
Virginia Retirement System (VRS)	Provides a one-time payment to VRS in FY23 to decrease unfunded liabilities contingent on meeting or exceeding rev. forecast	\$924.0 million
Reserve limits	Includes language to override 15% statutory limit to permit larger combined RSF and Revenue Reserve balances	
Capital projects	Uses GF cash instead of borrowing to fund capital projects	\$2,544.7 million

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Health Care

Program reforecasts

Medicaid forecast	Increases funding for Medicaid program due to revised utilization and inflation, Health Care Fund, and Medicare premiums forecasts	\$858.5 million
Children's Medicaid/FAMIS forecast	Increases funding for Children's Medicaid and Virginia's FAMIS program due to forecasted utilization and inflation	\$52.5 million

Services

Medicaid reimbursement rates	Increases Medicaid reimbursement for developmental waiver services, dental services by 5% starting FY24, obstetrics and gynecology services by 15%, children's vision services by 30%, and primary care services, excluding services provided in ED, to 80% of the FY21 Medicare rate	\$334.4 million
Developmental Disability Waiver slots	Funds additional 200 Community Living and 1,000 additional Family and Individual Support waiver slots over biennium	\$39.0 million
E-referral system	Funds contract for an integrated e-referral system which will allow government agencies, medical providers, and community-based partners to refer clients to public health and social services	\$16.0 million
Care coordination	Provides funding to provide care coordination services for incarcerated individuals who are Medicaid eligible 30 days prior to release	\$2.4 million
Preventative care	Provides funding for coverage of preventative services and vaccines for all adults enrolled in Medicaid	\$2.3 million
Children's Medicaid/FAMIS copays	Provides funding to eliminate out-of-pocket co-payments for families accessing health care through Virginia's FAMIS program and adults in fee-for-service Medicaid	\$0.8 million

Behavioral health

BH system study	Provides funding in FY24 for future recommendations of a study of Virginia's behavioral health system which will be completed in 2023	\$100.0 million
STEP-VA	Provides funding for implementation of three remaining services, local infrastructure, and regional management related to STEP-VA	\$50.5 million
Permanent supportive housing	Increases funding for permanent supportive housing for individuals with serious mental illness	\$30.3 million
Crisis system	Funds continued implementation of crisis system transformation; additional \$20m of ARPA funds are appropriated for FY23	\$24.0 million
Updating state facilities	Provides funding to replace access and security systems, fire alarm systems, and windows at state mental health facilities	\$19.6 million
Discharge program	Increases funding to expand discharge and therapeutic intervention services from 5 to 7 days a week at Central State Hospital and Southern Virginia Mental Health Institute	\$10.1 million
Marijuana education	Provides funding for marijuana misuse prevention and education	\$6.5 million
Marcus Alert	Expands Marcus Alert system to 5 additional localities	\$6.0 million
Virginia Mental Health Access Program (VMAP)	Provides funding to expand VMAP training to early intervention, emergency department, and urgent care medical providers	\$5.7 million
Substance use disorder (SUD) Treatment	Continues expanded SUD workforce and innovation programs; \$5m in ARPA funds are used during FY23	\$5.0 million
Virginia Health Care Foundation (VHCF) pilot program	Provides one-time funding for pilot program with VHCF to remove cost barriers for social workers and counselors seeking licensure in FY23	\$3.0 million
Harm reduction services	Expands harm reduction services in central region, incl. sterile needle distro/exchange, counseling, testing, & naloxone distro	\$2.7 million

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Education

Updated enrollment and revenue projections, hold harmless

Rebenchmarking	Updates education funding to reflect more current estimates of enrollment, instructional expenditures, & other technical adjustments	\$331.6 million
Sales tax	Increases projected sales tax revenues for K-12 schools	\$273.3 million
Virginia Preschool Initiative (VPI) rebenchmarking	Updates VPI funding to reflect more current estimates of student enrollment, instructional expenditures, & other technical adjustments	\$27.4 million
Enrollment and participation	Reflects actual and projected changes in enrollment, incl. English Learner students, summer school, and lottery-funded programs	-\$11.8 million
Lottery	Increases projected lottery revenues by \$147.5m NGF and decreases state GF investment by corresponding amount (supplanting)	-\$147.5 million
Sales tax	Reflects the projected decrease in state payments to local school divisions from eliminating the state tax on groceries	-\$158.0 million
Hold harmless	Holds school divisions harmless for rebenchmarking data affected by COVID-19	\$354.5 million
	Holds school divisions harmless for elimination of the state tax on groceries (one-time)	\$158.0 million

Major initiatives

Salary increase	Provides state share of 5% salary increases each year effective July 1, 2022 and 2023, for funded SOQ instructional and support positions	\$751.0 million
School construction and modernization	Provides one-time grants to local school divisions for non-recurring costs related to school construction, renovations, and other expenditures in FY23. Ongoing support listed under Literary Fund below	\$500.0 million
At-Risk Add-on	Increases Virginia's supplement for students from families with low income up to 1-49.5% more in FY23 and 1-36% more in FY24	\$268.5 million
Literary Fund	Provides GF dollars for teacher retirement, allowing the Literary Fund to be used for school construction loans or interest rate subsidies	\$166.0 million
Early Reading Intervention	Expands Early Reading Intervention program to include students in 4th & 5th grade	\$63.1 million
Early childhood & preK	Provides funding for early childhood and preK programs, incl. expanding access to VPI for 3-year-old children, expanding the Mixed Delivery grant program, & programs to recruit and retain educators	\$44.3 million
Teachers for English Learners	Increases instructional positions for English Learner students from 20 positions to 22 positions for every 1,000 students	\$20.2 million
Community Schools Fund	Provides one-time funding in FY23 to establish grant program for school divisions to implement community school initiatives, incl. student support and community and family engagement	\$10.0 million

Criminal Legal System

Marijuana control authority	Provides funding to staff and operate the Va. Cannabis Control Authority	\$33.6 million
Violence prevention and response	Provides funding to establish the Virginia Center for Firearm Violence Intervention and Prevention	\$27.4 million
	Increases funding for mental health and educational services for people who are incarcerated, pre-release and post-release services, and community-based services	\$28.4 million
	Increases services for victims of human trafficking and other crimes	\$0.8 million
Marcus Alert	Expand Marcus Alert system to 5 additional localities	\$6.0 million
District court staff	Funds additional district court clerk positions	\$15.7 million
Compensation	Provides salary increases. See details in "compensation" section on pg. 5	\$235.1 million

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Higher Education (excludes debt-funded capital projects; includes university-based research initiatives)

HBCU operating	Increases support for financial aid and scholarships at Norfolk State (\$20m), Virginia State (\$20m), Virginia Union and Hampton Univ. (\$20m); includes \$31m for improvements to programs/services at NSU & VSU	\$90.9 million
HBCU capital	Funds facility upgrades at Virginia's public HBCUs using GF dollars	\$170.0 million
Affordable access	Increases funding for public colleges and universities to provide affordable access (add'l \$40m for NSU/VSU reported above)	\$154.0 million
Financial aid at public colleges and universities	Increases funding for need-based undergraduate financial aid	\$166.8 million
	Increases funding for graduate financial aid	\$10.0 million
Tuition Assistance Grant program	Increases the maximum annual undergraduate TAG award to \$4,500 in the first year and \$5,000 in the second year	\$21.4 million
Military stipends	Increases funding for Va. Military Survivors & Dependent Educ. stipend	\$10.8 million
G3	Funds G3 Innovation Grants at community colleges	\$38.0 million
Cancer Center and research	Increases funding for UVA Cancer Center (\$27m) and VCU cancer research (\$5m)	\$31.7 million
Focused ultrasound	Provides funds for focused ultrasound at UVA (\$4m) and Va Tech (\$4m)	\$8.0 million
Workforce development	Expands Network2Work program at community colleges	\$8.6 million
UVA Wise	Enhances programs to promote rural economic development	\$11.5 million
Other	Other increases in GF operating support for higher education	\$87.0 million

Water Quality

Water Quality Improvement Fund	Provides a one-time mandatory deposit for the Fund based on FY21 excess GF; removes one-time funding associated with FY20 excess GF	\$251.3 million
DEQ Stormwater	Provides increased funding to the Department of Environmental Quality Stormwater Local Assistance Fund in FY23	\$100.0 million
Community waterworks	Provides funding to support small community waterworks	\$2.0 million
Water sampling	Provides funding to create a Water Sampling Verification Program	\$3.0 million
ARPA funds	Provides \$289m for drinking water improvements for low-income homeowners, particular localities, and small and disadvantaged communities	

Social Services

Information systems	Funds improved child support, child welfare, other information systems	\$61.4 million
Child welfare subsidies	Provides funding to cover foster care and adoption subsidy and maintenance payments and an increase to maximum payments by 5%	\$40.6 million
TANF forecast	Provides GF for TANF activities in order to prevent a structural deficit; also reduces some TANF activities.	\$16.9 million
Navigator program	Funds a pilot program in the Office of New Americans that competitively award grants to immigrant- and refugee-serving organizations to provide intensive case management	\$8.0 million
Mandated child welfare services	Provides increased funding for mandated child welfare services	\$5.0 million
Violence prevention fund	Provides additional appropriation for the Virginia Sexual and Domestic Violence Prevention Fund	\$2.7 million
Utility payments	Appropriates \$181.5m NGF dollars for the Percentage of Income Payment Program, which provides utility payments to eligible households with low incomes	
ARPA funds	Provides \$22m for critical network infrastructure using flexible relief funds; appropriates dedicated funds for AmeriCorps and family violence prevention/ services	
	Provides \$11m to food banks to continue the Virginia Agriculture Food Assistance Program and other improvements	

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Housing

Virginia Housing Trust Fund	Increases funding to create or preserve affordable housing units	\$190.0 million
Energy efficiency	Funds Housing Innovations in Energy Efficiency (HIEE) program using \$190m RGGI NGF	

Compensation

K-12 salaries	Provides state share of 5% salary increases each year effective July 1, 2022 and 2023, for funded SOQ instructional and support positions	\$751.0 million
State employee and state-supported locals	Provides funding for 5% salary increase each year for state employees (incl. adjunct faculty and GTAs) and state-supported local employees	\$806.8 million
Criminal legal system salary increases		\$235.1 million
State Police	Funds a compensation plan with higher starting salaries and compression adjustments	\$48.4 million
Local law enforcement	Increases starting salaries for sheriff's deputies and regional jail officers and provides compression adjustments. No increase in "599" funding for local police depts	\$89.5 million
Correctional staff	Increases starting salaries, increases minimum salaries for supervisors, and funds compression adjustments	\$85.2 million
Judicial staff	Increases base salaries and seniority adjustments for magistrates	\$8.0 million
	Increases salaries for legal aid staff	\$4.0 million
State health facility staff	Increases salaries for direct care staff at state health facilities in FY24 (ARPA funds used for FY23)	\$84.0 million
Additional salary adjustments	Increases pay for lowest-paid employees to conform to new min. wage	\$12.7 million
Retirement	Provides a one-time payment to VRS in FY23 to decrease unfunded liabilities contingent on meeting or exceeding rev. forecast	\$924.0 million
	Maintains annual VRS contribution rate despite reduced actuarial rate for most agencies; fully funds increases where recommended	\$27.0 million
Employee health insurance	Funds employer share of state employee health insurance premiums	\$40.7 million

Economic Development

Major HQ Workforce Grant Fund	Provides funding for future incentive payments (Amazon HQ2)	\$85.0 million
International Trade Plan	Provides funding to implement Va. International Trade Plan	\$10.5 million
Enterprise Zones	Provides additional funding for Enterprise Zones program	\$7.4 million
Motion Picture Opportunity Fund	Provides additional funding for Motion Picture Opportunity Fund	\$7.0 million
Regional Innovation Fund	Provides funding for Regional Innovation Fund	\$6.0 million
Community Development Financial Institutions Fund	Provides additional funding and continues funding for staffing	\$5.6 million
Talent Accelerator	Provides additional funding for Talent Accelerator program	\$4.7 million
Virginia International Raceway	Provides funding for water line project	\$4.0 million
Funding adjustments	Adjusts and eliminates funding to reflect updated payment and performance schedules	-\$23.6 million
Rebuild VA	Provides \$100m in ARPA funds for Rebuild VA grants	
Derelict Structures Fund	Provides \$22.5m in ARPA funds	
Broadband	Provides \$9.5m in ARPA funds to support broadband expansion	