

The Governor's Key Budget Policy Choices

Comparing proposed amendments to 2022-2024 budget to current budget



The House Appropriations and Senate Finance committees are currently considering the governor's proposed amendments to the 2022-2024 budget (FYs 2023 and 2024). The charts below provide a summary level assessment of key general fund changes compared to the current budget (Chapter 2).

After the spending and revenue changes below, there is an unappropriated balance of \$15.4 million.

Changes to current budget

All dollar figures represent proposed combined FY23 and FY24 changes in general fund spending. NGF = non-general funds

Tax Policy Decisions		
Tax Payer Relief Fund	One time GF transfer to Taxpayer Relief Fund to be used to effect and continue tax policy changes in the budget, or to be used in future years	\$128.0 million
Tax conformity	Updates state revenue estimates for federal tax changes	-\$0.5 million
Business interest expense deduction	Increases business interest expense deduction from 30% to 50% effective tax year (TY) 2024	-\$10.3 million
Military retirement subtraction	Removes age limit on military retirement subtraction effective TY24	-\$37.8 million
Standard deduction	Increases standard deduction to \$18,000 for joint filers and \$9,000 for single filers effective TY24	-\$94.9 million
Qualified business income deduction	Allows a 10% deduction (half of the federal deduction) for QBI effective TY23	-\$162.1 million
Individual income tax rate	Reduces top individual income tax rate from 5.75% to 5.5% effective TY24	-\$333.3 million
Corporate income tax rate	Decreases corporate income tax rate from 6% to 5% effective TY23	-\$362.1 million
Reserves & Capital		
Revenue Stabilization (Rainy Day) Fund	Deposits \$406.0m to the Revenue Stabilization Fund (RSF) in FY24, which combined with the \$498.7m set aside in the revenue reserve fund in FY22 for this purpose makes up the constitutionally-required RSF deposit in FY24	\$406.0 million
Revenue reserve	Transfers \$498.7m from the Revenue Reserve Fund to the Revenue Stabilization Fund as previously planned	
Capital	Increases state funding for capital projects by \$815m, which includes \$505m in GF cash for capital, \$127m in federal funds for a new Army Aviation Support Center, and \$183m in other NGF capital spending; also provides \$100m FY22 contingent appropriation (not included in total)	\$504.5 million
Economic Development		
Site development	Appropriates funds to identify and acquire one or more Commonwealth-owned industrial sites, or for deposit into Business Ready Sites Funds; FY24 funding contingent on revenue	\$450.0 million
GO Virginia	Expands Virginia Talent Pathways program for qualifying regions and funds grants for talent pathway development in FY24	\$24.5 million
Virginia Economic Development Incentive Grant	Increases appropriation to support revised incentive payment schedule with additional \$1m NGF in FY23	\$1.7 million
Washington Commanders	Provides funding to plan and evaluate the potential relocation of the Washington Commanders	\$0.5 million

The Governor's Key Budget Policy Choices

Comparing proposed amendments to 2022-2024 budget to current budget



Health Care

Adjust Medicaid/FAMIS/CHIP utilization and inflation	Lowers spending forecast over the biennium and reduces projected cost of medical procedures for individuals involuntarily committed largely due to temporary increase in federal Medicaid match	-\$395.3 million
Medicaid reimbursement rates	Increases Medicaid reimbursement rates for personal care, respite, companion, and Early Intervention services	\$42.7 million
Adjust Health Care Fund appropriation	Increases GF appropriation to Health Care Fund	\$17.3 million
Developmental Disability Waivers	Adds 500 developmental disability waiver slots beginning in FY24	\$15.2 million
Medicaid procurement	Funds one-time costs to evaluate health insurer contract bids to serve Virginia's managed care program	\$1.7 million
Long-term care facilities	Reduces ARPA appropriation for a temporary increase in per diem rates for long-term facilities by \$4.9m NGF	
Medicaid/FAMIS/CHIP redetermination	Provides \$30m NGF to increase DMAS and DSS capacity to redetermine Medicaid/FAMIS/CHIP eligibility related to the end of the federal continuous coverage provision	
State funding for abortion services	Removes language that allows state-funded abortion in cases of certain fetal abnormality diagnoses currently allowed in state law	

Health care workforce

Earn to Learn Nursing Education Acceleration	Provides funding for program to promote partnerships between educational and health institutions with the goal of increasing number of certified nurses	\$30.0 million
Health care workforce scholarships and loan repayment	Increases funding for scholarship and loan repayment programs for child and adolescent psychiatrists, psychiatric nurse practitioners, psychiatrists, nursing preceptors, and nurses	\$18.5 million
Health care workforce plan	Provides funding for a contractor to develop a statewide strategic plan to meet Virginia's health care workforce needs	\$0.3 million

Behavioral health

Comprehensive crisis services	Increases funding to crisis receiving centers and crisis stabilization units	\$58.3 million
State mental health facilities safety and security	Provides funding for safety and security renovations at Eastern State Hospital and duress systems at state mental health facilities	\$20.9 million
Mobile crisis units	Provides one-time funding to contract with private providers to establish mobile crisis units in underserved areas	\$20.0 million
Psychiatric emergency alternative	Provides funding for hospital-based psychiatric emergency programs or psychiatric care in emergency departments with the goal of decreasing admissions to state mental health facilities already at/over capacity	\$20.0 million
School-based mental health	Increases funding for technical assistance and grants to community-based providers for integrating and providing school-based services	\$15.0 million
SMI housing	Increases funding for supervised residential care for individuals with serious mental illness diagnoses	\$8.0 million
Behavioral health consultant	Provides funding for a consultant to help with implementing a plan to transform behavioral health	\$0.8 million
Direct care staff salary & bonus	Reduces ARPA appropriation for direct care staff bonuses (\$17.5m NGF) in FY22 and salary adjustments (\$23.6m NGF) in FY23	
Fentanyl Awareness	Provides \$5m NGF to conduct a public awareness campaign about fentanyl targeted to youth	
Reduction of PPE	Reduces ARPA appropriation for personal protection equipment at DBHDS facilities by \$450,000 NGF in FY22 and \$1.2m NGF in FY23	

The Governor's Key Budget Policy Choices

Comparing proposed amendments to 2022-2024 budget to current budget



Housing

Local housing inspection program	Provides funds for local building authorities to increase permit capacity	\$10.0 million
Flood damage in Buchanan and Tazewell	Provides \$11.4m NGF from the Low-Income Energy Efficiency Program Fund to provide financial relief to residents of Buchanan and Tazewell impacted by flooding	

For supportive housing for individuals with serious mental illness, see Health Care section on page 2.

PreK-12 Education

Updated estimates

Sales tax revenue for K-12	Updates funding for new sales tax revenue estimates	\$168.0 million
ADM updates	Updates funding for new average daily membership estimates	\$71.2 million
Lottery revenue & balances	Reduces GF support for K-12 based on expected increase in FY24 lottery revenue; uses lottery balances to offset reduction in FY23 lottery estimate	-\$4.3 million
Other technical updates	Updates state K-12 funding based on changed enrollment, program participation, and other estimates	\$6.8 million

Funding proposals

Bonuses for teachers and school staff	Recruitment, retention, and performance bonuses	\$105.2 million	
	Performance	Bonus payment of \$5,000 in FY24 to "top performing" teachers identified by the Dept of Education in conjunction with local school divisions based on student academic growth as demonstrated by SOLs, through-year growth assessments, or other measures	\$50.0 million
	Retention	State share of a 1% retention bonus on Sep 1, 2023 for SOQ-funded instructional and support positions	\$45.2 million
	Recruitment	One-time payments for teachers hired for hard-to-fill positions or hard-to-staff schools between Jul and Sep 2023	\$10.0 million
Reading specialists	Provides the state share of funding for one reading specialist for each 550 students in grades 4 and 5 beginning in FY24	\$16.9 million	
Math specialists & training	Provides funding for state share of 1 math specialist for divisions with elem/middle schools that rank in the lowest 10% statewide on the Spring 2021 math SOL. Funds may be used to help currently employed instructional personnel meet licensure requirements to be endorsed as a math specialist	\$7.2 million	
Communities In Schools (CIS)	Provides one-time support for CIS to expand programs	\$1.0 million	
Preschool pilot	Creates pilot program for full-day, year-round services for at-risk children in the Lenowisco and Crater planning districts through the Mixed Delivery preschool program	\$20.0 million	
Lab schools initiative	Increases funding for the College Partnership Laboratory Schools Fund to be distributed by the Board of Ed. for per-pupil costs for approved college lab schools; adds language allowing the Dept of Ed to use some funds for lab school program administration	\$50.0 million	

The Governor's Key Budget Policy Choices

Comparing proposed amendments to 2022-2024 budget to current budget



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

Virginia Community College System	Provides funds to increase the availability of industry recognized credentials to high school students (\$15m) and establish or expand career placement centers on community college campuses (\$3m)	\$18.0 million
Mental health	Provides funding for contracted mental health services for K-12 and college students	\$9.0 million
Internship program	Increases funding for the Innovative Internship Fund and Program	\$5.0 million
G3 program	Provides one-time funds to promote awareness of G3 and FastForward programs	\$3.0 million
Tuition assistance grant (TAG) program	Increases the TAG online award to \$3,750 in FY24 and benchmarks it at 75% of the on-campus award amount (up from 50%)	
Eastern Virginia Medical School	Provides one-time funding to support Eastern Virginia Medical School and Old Dominion University merger	\$10.0 million
Virginia Commonwealth University	Provides funding to help Massey Cancer Center pursue Comprehensive status designated by the National Cancer Institute	\$5.0 million
UVA-Wise	Funds study to examine feasibility of UVA-Wise becoming a research institution and supports new initiatives to increase number of fully-licensed teachers	\$0.8 million
Capital improvements	Provides GF cash for colleges, universities, and research lab, including \$43.3m for Jefferson Lab	\$71.3 million
Additional GF cash for capital	Additional GF cash is provided for higher ed and state agency capital planning, construction, and equipment as part of central capital outlay pools. <i>See Capital section on page 1 for GF total</i>	

For higher ed student financial assistance within the Dept of Health, see Health care workforce section on page 2.

Social Services

Child protective services	Provides funding to reduce caseloads, increase staffing, increase supervision and support at local departments, and provide staff for the state child protective services hotline	\$8.3 million
Social services technology	Provides funding for new virtual desktop system; adds mandatory carry-forward language for unspent Comprehensive Child Welfare Information System funding; provides \$10m NGF to replace child support information system	\$3.8 million
Foster care and adoption subsidies	Increases max. foster care payments and adoption subsidies by 5%	\$2.3 million
Kinship Navigator program	Expands the Kinship Navigator program from 6 to 12 programs and funds all programs using GF dollars after current federal grants expire	\$0.9 million

Unemployment Insurance

UI Trust Fund	Provides GF money to increase trust fund balance	\$100.0 million
Appeals and improvements	Provides additional \$12.4m ARPA funds for UI appeals and system improvements	

The Governor's Key Budget Policy Choices

Comparing proposed amendments to 2022-2024 budget to current budget



Policing and Criminal Legal System

Law enforcement recruitment initiative	Provides \$30m in one-time funding to Operation Bold Blue Line; authorizes DCJS to bolster recruiting and training efforts for attracting law enforcement including sign on bonuses, coverage of relocation expenses, advertisement, and more	\$30.0 million
Operation Ceasefire Grant Fund	Provides \$20m in one-time funding for Operation Ceasefire Grant Fund	\$20.0 million
Virginia Mass Violence Care Fund	Creates and provides funding to the Virginia Mass Violence Care Fund	\$10.0 million
State Police information technology	Provides funds for Phase Two transformation of IT environment and replace Va Criminal Information Network server and software	\$10.7 million
State Police positions	Provides funds for 46 sworn positions and 21 civilian positions for state police	\$5.3 million
Lawrenceville Correctional Center	Provide additional one-time funding for operations	\$5.3 million
Law enforcement custody of TDO/ECO	Provides funds to assist in the cost of maintaining custody and transportation of individuals subject to temporary detention orders (TDO) and Emergency Custody Orders (ECO)	\$4.1 million
Nursing Positions for DOC	Funds 37 additional registered nurse positions to provide 24-hour medical coverage at eight DOC facilities	\$3.9 million
Bon Air Juvenile Correctional Center and Housing Contracts	Provides funds to expand operational capacity at the Bon Air JCC and enter lease agreements for operation of three local juvenile detention centers	\$3.7 million
Specialty dockets	Provides funding to support specialty treatment dockets for Veterans, Behavioral Health, and Drug Treatment	\$3.5 million
Witness Protection Program	Provide support for witness protection program	\$2.5 million
Drug Offender Assessment and Treatment Fund	One-time funding to offset anticipated shortfall. The fund supports 30 probation and parole positions	\$1.3 million
Software database to stop organized retail crime	Provides funds and five positions to support a software database to address organized retail crime in the commonwealth	\$0.8 million
Funding for proposed legislation	Sets aside funds for proposed felony legislation (Woodrum Amendment)	\$0.6 million
Internet Crimes Against Children Task Force	Provides funding to expand operations of the Northern and Southern Virginia Internet Crimes Against Children Task Force	\$0.6 million
Court of Appeals judges and staff	Provides funds to support additional judges and associated staff in the Court of Appeals to address increased caseload	\$0.4 million
Body Worn Camera Grant	Removes 50% local match requirement for Body Worn Camera Grant	
Criminal Fund Surplus	Requires the Director of DPB to authorize the reversion of \$32.9m to the general fund	\$32.9 million

For all public safety salary adjustments, please see Compensation section on page 6.

The Governor's Key Budget Policy Choices

Comparing proposed amendments to 2022-2024 budget to current budget



Water Quality		
Major water projects	Provides \$151m for wastewater projects; \$100m for Richmond Sewer Overflow; and \$5.5m for Poor Creek Upgrades	\$256.5 million
Resilient Virginia Revolving Loan Fund	Provides loans/grants to local governments to finance or refinance the cost of resilience projects; FY24 funding contingent on revenue	\$200.0 million
Water Quality Improvement Fund	Makes deposit based on excess FY22 GF; add'l deposit for Ag. Best Management	\$137.1 million
Drinking water	Backfills deficit w/in Office of Drinking Water (\$1.1m); increase funds for state match (\$3.4m)	\$4.5 million

Compensation		
Merit-based bonuses for teachers	Provides \$5,000 bonuses for some teachers based on performance evaluations identified by the Dept of Ed and local school divisions	\$50.0 million
Retention bonus for instructional and support positions	Provides state share of one-time retention bonus payments on Sep 1, 2023 for certain funded instruction and support positions	\$45.2 million
State employees merit-based bonuses	Provides some top-performing state employees a bonus of up to 10% of their salary on Dec 31, 2023, based on their most recent evaluations; contingent on FY23 revenue	\$100.0 million
Bonus for state employees	Provides a one-time bonus of \$1,500 to all full-time state employees on Dec 1, 2023	\$99.8 million
Salary increase for sworn deputy sheriffs and regional jail officers	Provides funding to address compression issues and raise salaries for sworn deputy sheriffs and regional jail officers	\$13.9 million
Salary increase for Department of Corrections positions	Provides funding to increase salaries of vacant probation, parole, and security positions within the DOC to meet minimum salaries established by previous legislation	\$8.6 million
Salary compression for state police	Provides funding to address salary compression for Va State Police	\$2.0 million
Virginia Marine Police	Funding to address salary compression for Virginia Marine Police	\$1.8 million
Salary compression for wildlife resources law enforcement positions	Provides funding to address salary compression issues for law enforcement positions in the Dept of Wildlife Resources	\$1.2 million
Bon Air Juvenile Correctional Center recruitment bonuses	Provides one-time funding to allow the DOC to offer sign-on bonuses for resident specialist recruitment positions at Bon Air JCC	\$0.3 million
Salary adjustments for public defender offices	Provides funding to address salary compression and help with recruitment and retention issues at public defender offices	\$7.4 million
Increase per diem for retired recalled judges	Increases daily per diem for retired judges who are recalled to work from \$250 to \$400	\$1.7 million
Increase salary for non-attorney staff at Office of the Attorney General	Increases salary for non-attorney staff at the Office of the Attorney General to address compression issues and help reduce staff turnover	\$0.6 million
State food services and environmental employees	Increases salaries for lowest-paid state food and environmental services employees to help reduce turnover and vacancies	\$9.0 million
Salary adjustments for Virginia School for the Deaf and the Blind	Funds salary adjustments to help with recruitment and retainment at the Virginia School for the Deaf and the Blind	\$1.1 million