

The Governor's Key Budget Policy Choices

Comparing the introduced 2024-2026 budget to current budget



The House Appropriations and Senate Finance committees are currently considering the governor's proposed 2024-2026 budget (FYs 2025 and 2026) and amendments to the budget for FY 2024. The charts below provide a summary level assessment of key general fund changes proposed by the governor compared to the FY 2024 budget as approved in Chapter 1, Acts of Assembly 2023, Special Session I.

All dollar figures represent proposed combined FY25 and FY26 changes in general fund spending. NGF = non-general funds

*Deposits are not compared to FY24 spending

Proposed amendments to current (FY24) budget

K-12 Direct Aid	Updates Direct Aid based on new data	-\$193.1 million
	Reduces (supplants) GF support for K12 based on higher Lottery estimate	-\$89.5 million
Medicaid/FAMIS	Reduces funding for Medicaid/FAMIS/CHIP program primarily due to reduced utilization and managed care rates	-\$135.6 million
Children's Services Act	Funds projected growth for services provided through the Children's Services Act	\$36.4 million
Health Care Fund	Increase GF to offset decrease in Virginia Health Care Fund	\$28.5 million
Housing	Reduces funding for permanent supportive housing on one-time basis	-\$10.0 million
Sports Teams	Creates Sports and Entertainment Authority, Campus, and Financing Fund; allows Authority to issue bonds; directs corporate and personal income and certain sales tax revenue from Campus to Authority Financing Fund; exempts Authority from personnel and procurement procedures	
Total reduction		-\$392.5 million

Governor's proposal for FYs 25 & 26 compared to current budget

Total GF spending	\$62,929.6 million
Unappropriated balance	\$8.7 million

Revenue & Resources

Official revenue estimates		\$57,768.3 million
Carryforward from previous budget		\$2,353.8 million
Revenue Stabilization and Reserve Funds	Returns combined limit for Revenue Stabilization and Reserve Funds to 15% (was temporarily raised to 20% through FY24) and transfers excess amounts to GF, boosting starting balances	\$805.0 million
Other transfers and balance changes		\$2,011.2 million

Tax policy decisions

Personal income tax rate	Reduces individual rates (2% to 1.75%, 3% to 2.65%, 5% to 4.4%, 5.75% to 5.10%)	-\$3,458.7 million
State sales tax rate	Increases state sales tax rate by 0.9 percentage points	\$1,819.4 million
Sales tax expansion	Expands sales tax base to "new economy" products (e.g. streaming services and digital downloads)	\$714.0 million
Dealer discount	Doubles the dealer discount	-\$35.0 million
Earned Income Tax Credit	Increases non-refundable EITC from 20% to 25%	-\$29.0 million
Ed. Improvement Scholarships Tax Credit	Increases EISTC cap from \$25 million to \$30 million	-\$10.0 million

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K-12 Education

Funding for school divisions

Direct Aid (summary)	Total change in state GF for direct aid for public education	-\$294.5 million
Federal offset	Reduces state funding for schools in upcoming two years based on one-time federal pandemic funding received in FY2022 due to unaddressed quirk in rebenchmarking formula	-\$388.0 million
Other rebenchmarking	Makes typical updates to state funding for schools (rebenchmarking adjusted for federal offset noted above)	\$548.5 million
Grocery tax hold harmless	Eliminates payments meant to protect K-12 funding from impact of elimination of sales tax on groceries and personal hygiene products	-\$229.0 million
Sales tax	Assumes higher sales tax for K-12 based on taxing more digital sales of goods and services	\$85.7 million
	Makes typical adjustments to forecast	-\$63.1 million
Other updates	Makes additional typical updates to state funding for schools	-\$187.8 million
Compensation	Provides state share of 1% bonus in FY25 (requires division to provide bonus or equivalent action averaging at least 1%) and up to 2% salary increase in FY26 (requires average salary increase of at least 1%)	\$175.2 million
School construction	Uses Literary Fund money for teacher retirement, allowing reduced GF support for schools, while reducing Literary Fund availability for school construction/modernization	-\$300.0 million
	Makes additional one-time payment in Literary Funds to teacher retirement, further reducing available resources for construction/modernization by -\$235m (see "Retirement")	
	Appropriates \$160m of projected casino revenue for School Construction Assistance Program	
Retirement	Reduces teacher retirement contribution to board-certified rate; adjusts non-professional retirement rates	-\$114.3 million
	Makes one-time deposit* of \$235m NGF Literary Funds and \$115m GF to teacher retirement (see "School construction")	\$115.0 million
Reading specialists	Funds one specialist per 550 students in grades 4-5 and one per 1,100 students in grades 6-8	\$61.2 million
Diploma Plus grants	Provides grants up to \$2,000/student for attainment of high-demand industry-recognized credentials	\$40.0 million
Other policy initiatives	Provides funding for lower-cost initiatives such as addressing funding issues for three school divisions and increasing funding for Communities in Schools	\$7.4 million

Other K-12

Lab Schools	Provides ongoing funding for College Partnership Laboratory Schools Fund	\$60.0 million
Assessments	Provides money to contract for a new statewide assessment system	\$40.0 million
Student mental health	Increases funding for school-based mental health within HHR secretariat; removes pilot language	\$15.0 million
	Provides funding to contract with a telehealth provider for students grade 6-12	\$14.4 million
Office of School Quality	Reduces funding	-\$3.8 million

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Early Childhood Education

Child Care Subsidy Program	Increases funding to address end of federal pandemic aid; extends Superintendent of Public Ed's authority to relax rules on staff ratios and class sizes. Funds "digital wallet" program	\$412.1 million
Mixed-Delivery childcare	Increases funding for public-private delivery of early learning for ages 0-5; allows transfer of funds to VPI or Child Care Subsidy Program, if nec.	\$53.5 million
Early learning capital funding	Provides one-time funding for grant program to increase supply of early learning facilities in high-need areas	\$25.0 million
Virginia Preschool Initiative and Early Childhood Expansion	Allows transfer of funding to Child Care Subsidy Program and Mixed-Delivery based on nonparticipation. Eliminates the LCI cap for these programs. Increases per pupil grant	

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

Recruitment and retention of Pell-eligible students	Ends funding for recruitment/retention program for Pell Grant students after FY25	-\$37.5 million
Campus safety and security initiatives	Funds campus safety and security initiatives at higher ed institutions	\$16.6 million
New Economy Workforce Credential Grant	Provides additional funds for program	\$9.2 million
Regional career placement centers	Provides funds for VCCS career placement offices	\$7.8 million
Student mental health	Provides ongoing funds for student mental health at higher education institutions	\$6.0 million
Virginia military survivors and dependents education	Provides additional funds for Virginia Military Survivors and Dependents Education Program (VMSDEP) stipends program	\$4.0 million
Network2Work	Eliminates funding for program at VCCS that connects job seekers to training and career resources	-\$4.0 million
New College Institute	Eliminates funding in FY25 and requires comprehensive business plan	-\$2.8 million
Fast Flex BSN program at JMU	Provides funds to accelerate number of nursing graduates	\$2.0 million
Two-Year College Transfer Grant Program	Reduces funding for program	-\$1.6 million
Virtual Library of Virginia	Increases funds for maintaining access to online databases & journals	\$0.9 million
Excellence and Innovation Program	Eliminates funding for program	-\$0.4 million
TAG (private colleges)	Increases distance learning grants to 75% of on-campus amount	

Workforce Development

Department of Workforce Development	Provides one-time funding to establish new Department of Workforce Development and Advancement Transfers some functions from VEC and DOLI to the new Department of Workforce Development and Advancement	\$3.2 million
Registered apprenticeships	Creates new grant programs with limits, including max grant of \$2,000/apprentice and includes other restrictions	\$4.0 million
Hampton Roads Workforce Programs	Funds a new program to connect job-seekers in southeastern Virginia to health care skills training and supportive services Reduces funding for Hampton Roads Skilled Trades Rapid On-ramp Network for Growth (STRONG)	\$1.0 million -\$1.0 million
Advanced manufacturing	Discontinues funding for the Advanced Manufacturing Talent Investment Program and Fund	-\$5.0 million

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Health Care

Medicaid/FAMIS/CHIP forecast	Increases Medicaid/FAMIS/CHIP spending forecast due to use, inflation	\$745.3 million
Health Care Fund Appropriation	Increases GF to offset decrease in Virginia Health Care Fund	\$497.4 million
Children's Services Act	Increases Children's Services Act spending forecast	\$99.5 million
Reinsurance Program	Provides state share of program to reduce ACA marketplace premiums	\$52.0 million
Nursing	Provides funding for Earn to Learn Nursing Program & scholarships and loan repayment	\$9.9 million
Weight loss medication	Eliminates Medicaid funding for weight loss drugs for people > 40 BMI	-\$8.8 million
Medicaid texting pilot	Provides funding for a pilot program that texts Medicaid members prior to renewal to ask if continued enrollment is desired	\$0.05 million

Right Help, Right Now

DD Waiver Slots	Funds 3,096 additional FIS waivers and 344 additional CL waiver slots	\$150.3 million
Mobile crisis units and psychiatric emergency programs	Provides one-time funds to establish additional mobile crisis units and psychiatric emer. programs (equal to one-time funding incl. in FY24)	\$20.0 million
BH Loan Repayment	Provides additional funding for BH Loan Repayment Program	\$10.0 million
Alternative transportation and custody	Provides funding for alternatives to the transportation and custody of individuals who are involuntary committed	\$9.5 million
Crisis services	Provides funding for expansion and modernization of comprehensive crisis services and mobile crisis teams	\$35.6 million
Mental health center staff	See Compensation	
Student behavioral health	See K-12 & Higher Ed	

Behavioral health

State facilities	Provides funding to repair, renovate, and upgrade DBHDS facilities	\$35.0 million
Marcus Alert	Provides funding for additional localities to establish community care teams to respond to BH crises	\$7.8 million
Peer wellness	Provides funding to establish two peer wellness programs	\$6.7 million
Early intervention	Increases funding to Part C early intervention program for infants and toddlers to meet federal requirement	\$5.2 million

Transportation

Transportation Partnership Opportunity Fund (sports deals)	Dedicates at least \$200m in transpo funds over the next 6 years and \$20m GF in FY25; includes language directing half of new state transpo revenue from digital sales tax go to this Fund. Some transpo costs for the proposed Potomac Yards arena would likely come from this fund, although it is not limited to that use	\$20.0 million
I-81	Provides GF in FY24 for lane-widening and includes language directing to I-81 improvements half of new state transpo revenue from digital sales tax up to \$400m or through July 2031	\$70.0 million
WMATA	Allows funding for WMATA to grow more than 3% in FY25 if certain conditions are met by WMATA and increases WMATA operating/capital estimate by approx. \$40m/year (over 20%). (Available funds for Mass Transit are up due to revenue growth.) No funding change is proposed for the separate WMATA Capital Fund	

NOTE: Section does not include capital outlay for transpo (primarily NGF port improvements), technical changes, or most NGF changes

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Policing and Criminal Legal System

Carceral program closures	Captures savings from the closure of Augusta Correctional, Haynesville Field Unit, Stafford CCAP, and Sussex II	-\$118.6 million
Transition Lawrenceville Correctional Center to State Management	Provides funds to transition facility to state run prison	\$42.9 million
Savings of jail per diem costs	Adjusts appropriation to correspond with fewer state responsible inmates and jail closures	-\$22.4 million
DOC Career Program for Correctional Officers	Provides funds to recruit and retain corrections officers	\$18.9 million
Law Enforcement Recruitment and Wellness Program	Provides one-time funds to support recruitment and wellness efforts	\$18.0 million
Vacant Sheriff and Constitutional Officer Positions	Removes funds for vacant positions; deposits \$9.4m in FY25 into Constitutional Officer Reserve Fund	-\$9.4 million
DOC operational costs	Funds rising cost of food, utilities, and operational costs of state prisons	\$8.0 million
Victim-Witness Grant Program	Increases GF support for program to offset special fund decreases	\$7.2 million
Salary increase for State Police	Provides 1.4% pay raise for sworn positions	\$6.0 million
DOC increase salaries for vacant security positions	Increases salaries for vacant correctional officer positions	\$5.8 million
DOC full body scanners	Funds purchase of new scanners and upgrades to existing scanners in prisons	\$4.1 million
Appeals caseload increase	Funds new court positions for expected caseload increase due to 2021 legislation expanding right-to-appeal	\$3.8 million
Sexual Assault and Domestic Violence Programs	Increases GF support for grant program	\$3.5 million
Airplanes for State Police	Funds the purchase of three new airplanes	\$3.3 million
Supreme Court specialty dockets	Funds veteran, behavioral health, and planning dockets	\$2.3 million
Aid to prevent hate crimes	Increases competitive grants for security measures related to hate crimes; makes grants available to institutions and non-profits instead of localities	\$2.0 million
DOC nonpersonal services Budget	Reduces Nonpersonal Services Budget	-\$2.0 million
Juvenile Justice budget	Reverts general fund appropriations	-\$1.5 million
DCR law enforcement positions	Funds four additional law enforcement positions	\$1.4 million
Medical transport services, Sussex	Offsets emergency medical transport for state-responsible inmates housed at DOC facilities	\$1.0 million
Sec Public Safety discretionary spending	Removes funds for Flood Control study	-\$1.0 million
Impaired driving enforcement training	Provides ongoing funds and six positions for program	\$0.9 million
Woodrum Amendment	Funding for 2024 legislation that may increase need for prison beds	\$0.4 million
Witness Protection Program	Provides ongoing funding for program	\$0.4 million

Capital

Capital	Provides cash and debt authority for \$2.1B in capital maintenance and projects. Includes \$917m GF cash, \$750m NGF cash, \$335m in state-supported borrowing, & \$134m in other borrowing (FY24 spending not subtracted)	\$916.6 million
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Compensation

State Worker Salary Increases and bonuses

Bonuses for state workers	Gives full-time state and state-supported employees two bonuses equal to 1% of an employee's salary effective Dec. 1 of 2024 and 2025	\$109.0 million
Teacher pay raises	Provides state share of 2% salary increase for SOQ-funded instructional and support positions effective July 1, 2025	\$122.4 million
Salary increases	Funds a 1% salary increase for state, effective June 10, 2025, and state-supported employees effective July 1, 2025	\$59.6 million
Teacher/staff bonuses	Provides state share of 1% bonuses for SOQ-funded positions in FY25	\$52.8 million
State mental health facilities	Provides targeted salary adjustments to reduce turnover for clinical, food, and environmental staff at state mental health facilities	\$36.6 million
Salary increases for vacant correctional officer positions	Raises salaries for vacant correctional officer positions that were not included in 2022 salary increases, to be filled at increased salary levels	\$5.8 million
Minimum wage increase	Funds projected inflation-based min. wage increases in 2025 and 2026	\$4.4 million

VRS changes

Teacher retirement deposit	Deposits GF plus \$235m NGF to reduce unfunded liabilities	\$115.0 million
Teacher retirement savings	Captures savings for contribution rates for teacher/staff retirement	-\$114.3 million
State employee retirement savings	Captures savings for contribution rates for state employee retirement	-\$15.2 million
Post-employment benefit adjustments	Captures savings from changes in contribution rates	-\$5.6 million

Additional actions

Savings from vacant positions	Captures temporary savings from vacant positions funded by Comp. Board, with language creating reserve fund with first years savings to use as positions are filled in the future	-\$9.4 million
State Police	Provides 1.4% raise to address salary compression	\$6.0 million

Social Services

Foster care

Kinship care	Provides additional funding for relative maintenance payment program, kinship and alternative living arrangement supports	\$16.0 million
COL adjustments	Raises maximum maintenance payments by 7%	\$7.0 million
Child welfare forecast	Adjusts funding for subsidy payments	\$3.2 million

Safety net

SNAP	Funds admin costs for new perm. summer EBT program for children	\$5.4 million
Income verification	Increases funding for the income verification for benefits contract to account for cost increases related to contract renewal	\$11.9 million
TANF	Provides funding and adjustments to address projected TANF block grant shortfall	\$10.2 million
	Reduces funding in TANF UP benefits appropriation	-\$3.7 million
Family First Prevention Services Act	Reduces unspent appropriation	-\$10.0 million
Fatherhood campaign	Provides funding for fatherhood programs and public media campaign	\$4.0 million

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Water Quality

WQIF	Deposit to Water Quality Improvement Fund and accounts for reduced deposit from tax on watercraft fuel sales	\$136.1 million
Community Flood Preparedness	Deposit to Virginia Community Preparedness Fund	\$100.0 million
Norfolk Coastal Storm Risk Management	Provides GF and \$21m treasury loan contingent on revenues of a casino gaming establishment being directed to the project	\$73.9 million
Richmond Sewer Overflow	Provides funding for Richmond Combined Sewer Overflow Project	\$50.0 million
Resilient Virginia	Deposit to Resilient Virginia Revolving Loan Fund	\$25.0 million
Chesapeake Bay	Provides funding for monitoring and assessment of Chesapeake Bay	\$8.5 million
Dam Safety + Flood Prevention	Deposit to Dam Safety, Flood Prevention and Protection Assistance Fund	\$6.5 million
Clean Water Revolving Loan	Reduces funding to reflect required state match to receive federal funding	-\$3.0 million
Cap WQIF Reserve	Language allows an exception to mandatory WQIF Reserve deposit if the Reserve has a balance of more than \$100m	

Note: Deposits are not compared to FY24 spending

Economic Development

Business Ready Sites	Deposit to BRS Program fund	\$200.0 million
	Deposit to BRS Acquisition fund	\$25.0 million
Grant Funds	Deposit to Major Headquarters Workforce Grant Fund	\$85.0 million
	Deposit to Advanced Shipbuilding Grant Fund	\$8.0 million
	Deposit to Investment Performance Grant	\$6.7 million
	Deposit to Technology Development Grant Fund	\$5.6 million
	Deposits to various economic development grants funds	\$16.6 million
Commonwealth Development Opportunity Fund	Deposit of funds for use to attract economic development prospects to locate or expand in Virginia	\$39.5 million
Virginia Economic Development Partnership	Deposit to VEDP to create marketing program to attract and retain workforce	\$15.0 million
Mount Rogers Planning District	Deposit of funds for the development of an inland port	\$10.0 million
Governor's Motion Picture Opportunity Fund	Deposit of funds for use of governor to attract film industry production to Virginia	\$10.0 million
Virginia Jobs Investment Program	Deposits funds and makes them available for eligible businesses	\$9.3 million
Sports teams	Deposit to Secretary of Finance to develop relevant capabilities, conduct planning, and evaluate potential economic incentives to attract sports teams to the state (also see FY24/caboose and transportation sections)	\$0.5 million

Note: Deposits are not compared to FY24 spending