

The Governor's Key Budget Policy Choices

Comparing proposed amendments to 2024-2026 budget to current budget



The House Appropriations and Senate Finance and Appropriations committees are currently considering the governor's proposed changes to the 2024-2026 budget (FYs 2025 and 2026). The charts below provide a summary level assessment of key general fund changes proposed by the governor compared to the current budget (Chapter 2, Acts of Assembly 2024, Special Session I).

All dollar figures represent proposed combined FY25 and FY26 changes in General Fund spending. NGF = non-General Funds

Revenue and Resources		
Total GF Resources		\$69,449.9 million
Official revenue estimates		\$62,055.0 million
Total transfers and other balances		\$7,394.9 million
	<i>Revenue Reserve Fund</i>	Makes withdrawals and shifts from temporary 20% limit on combined reserves to a 15% limit by end of FY26
		\$1,008.0 million
	<i>Skill games</i>	Removes skill games transfer to reflect failed legislation
		-\$112.5 million
Total reserve deposits	Makes required deposit to Revenue Reserve Fund for surplus revenues collected in FY24	-\$292.5 million
Unappropriated balance		\$14.8 million
Net GF spending (Excludes reserve deposit)		\$69,142.7 million

Proposed amendments to current budget

Tax Policy Choices		
Car tax credit fund	Creates fund for three years for a refundable credit equivalent to local personal property tax paid on a personal-use vehicle up to \$150 if filing single, \$300 if filing married starting tax year (TY) 2025	-\$1,103.0 million
Tax on tips	Creates income tax exemption for tipped income, effective TY26	-\$35.0 million
Estimated tax payments	Increases estimated tax payments threshold from \$150 to \$1,000, eff. TY26	-\$11.5 million
Tax interest rate	Reduces Virginia interest rate on under- and overpayment by 2 percentage points to equal IRS amount, starting third quarter of 2025	-\$10.0 million
Educ. Improvement Scholarship Tax Credit	Assumes full utilization	-\$8.0 million
Other adjustments	Assumes revenue increase from increased Dept. of Tax staffing and procedures	\$4.3 million
Standard deduction	Eliminates end date for existing standard deduction	\$0
Market-based sourcing	Changes calculation of sales factor for corporate income tax, eff. TY26	Unknown

Appropriations to Tax Department		
Revenue management system	Provides funding for Integrated Revenue Management replacement (one-time)	\$131.0 million
Other systems	Provides funding for additional systems replacements	\$4.7 million
Additional personnel and security initiatives	Increases funding for IT security initiatives and positions, as well as additional personnel for error resolutions and appeals divisions	\$4.5 million

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Other		
Capital	Increases GF cash for capital projects by \$1.37B, including \$400m to supplant Water Quality Improvement Fund (WQIF) bonds and \$967m in other GF spending; boosts NGF cash for capital by \$166m and reduces total borrowing by \$162m; net increase in capital of \$1.37B	\$1,367.2 million
Richmond City Sewer Project	Directs some of the required WQIF deposit from 2024 surplus revenue towards Richmond's combined sewer overflow project (one-time)	\$50.0 million
Early Childhood & K-12 Education		
Updated data	Funds changes to direct aid based on updated enrollment & other data	\$152.4 million
Lottery supplanting	Reduces GF support for schools based on \$63m increase in Lottery forecast	-\$63.3 million
	<i>Net adjustments</i>	<i>\$89.1 million</i>
Testing	Funds contracts for test development, administration, scoring, and reporting, and other costs for the Standards of Learning testing program (\$61m one-time)	\$66.0 million
"Off-track" & "needs intensive support" schools	Establishes School Performance and Support Framework Resource Hub; provides \$50m for infrastructure, technical training, and evidence-based supports for schools and school divisions identified as Needs Intensive Support or Off Track (one-time); provides \$1m ongoing funding for regional support specialists in math, literacy, and science	\$51.3 million
Data tool	Shifts funding for Virginia's Visualization and Analytics Solution from expiring federal funds to state funds	\$5.0 million
Vision screening	Increases funding for screening	\$0.2 million
School construction grants	Appropriates \$140m from the School Construction Fund and \$150m from the Literary Fund for competitive construction grants (one-time)	
Private school vouchers	Creates "Opportunity Scholarship" private school voucher program. \$5,000 per student	\$50.0 million
College Partnership Lab Schools	Provides funds to Historically Black Colleges or Universities to design, launch, and operate lab schools; allows private HBCUs who are otherwise excluded (one-time)	\$25.0 million
Child care subsidy program	Boosts funding by \$13m including \$5m ARPA and \$8m GF; reverts unallotted funds (language); increases copays; imposes time limits for parents seeking a job; disqualifies enrollment of most school-age children; directs revision of attendance requirements	\$8.0 million
Mixed-Delivery child care	Increases copays; imposes time limits for parents seeking a job; directs revision of attendance requirements	
Virginia Preschool Initiative	Shifts costs to some localities by removing LCI cap; directs revision of attendance requirements; reduces GF allocation by \$13m	-\$13.0 million
Early learning capital	Funds grants to increase the supply of quality early learning spaces in childcare and early learning deserts.; shifts the \$1m for state employee childcare facility to this grant fund, providing a total of \$15m (one-time)	\$14.0 million
Out-of-school time	Creates workgroup to review the structure of all publicly funded out-of-school time learning and extracurricular programs, including the Child Care Subsidy Program and 21st Century Learning Grant Program	
Dual-model mental health services delivery	Broadens language in \$15m/year appropriation for school-based health clinics to allow use for technical assistance to school divisions re: mental health and grants to school divs to contract for community-based mental health services	

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

Va Military Survivors & Dependents Education Program (VMSDEP)	Appropriates FY24 GF surplus and assumes ongoing funding for waiver programs; appropriates \$120m NGF from the Defined Benefit 529 Programs to offset the impact of programs	\$90.0 million
	Provides additional funding to maintain VMSDEP stipends based on projections	\$9.4 million
SCHEV nursing grants	Establishes a grant program to increase the number of nursing graduates	\$12.0 million
HSI nursing grants	Provides tuition assistance to nursing students at Hispanic-Serving Institutions; DACA students or others who are ineligible for federal financial aid are not eligible for this program	\$1.5 million
ODU student lifecycle pathways initiative	Provides state support the first year for the student lifecycle pathways initiative (one-time)	\$5.0 million
VCU cancer research	Provides funding in the first year for VCU's cancer research (one-time)	\$4.0 million
New College Institute	Directs the Board of Directors to collaborate with key stakeholders in developing a sustainability plan; ends operations funding after FY26	
Tuition language	Forbids tuition and certain fee increases for in-state undergrads in FY26; limits future increases in those charges to the lower of inflation or 2.5%; does not impact mandatory non-education fees	

See Workforce Development for additional Higher Education Budget amendments

Workforce Development

College and Career Ready Virginia (CCRV) Program	Supports and expands the CCRV Program to include noncredit workforce training and credentialing through the VCCS FastForward Program; transfers \$20m NGF from the reappropriated G3 Program balances to the CCRV Fund; includes language changes to program funding, eligibility, and reimbursements	\$15.0 million
G3 Program Changes	Reappropriates unspent G3 funds and allows transfers from G3 to the CCRV Program or Fund; makes a one-time \$20m transfer (see above)	
New Economy Workforce Credential Grant	Provides additional funding for the New Economy Workforce Credential Grant Program (one-time)	\$3.5 million
Technical and career education, Dept of Corrections	Provides funding for mobile classroom trailers to expand career and technical education programs (one-time)	\$2.1 million
Workforce portal marketing	Markets a new workforce portal designed to connect potential applicants with available employment and training opportunities (one-time)	\$2.1 million
Re-entry job placement	Provides funding and five positions to expand a re-entry job placement program	\$0.4 million

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Health Care

Medicaid/FAMIS reforecast	Funds Medicaid/FAMIS for updated utilization and inflation	\$720.5 million
Adjust Healthcare Fund	Reduces GF costs associated to Healthcare Fund which offsets state Medicaid/CHIP funding	-\$33.4 million
Children's Services Act	Funds revised forecast for Children's Services Act costs	\$105.4 million
DD services/admin/quality	Increases funding for specific developmental disability services and positions	\$5.7 million
Medicaid funding reserve	Provides funding for and establishes a Medicaid reserve fund requiring any new Medicaid initiative to set aside additional funding on top of biennium costs; initiatives without additional reserve amount will be delayed; governor may access fund to offset Medicaid shortfalls	\$1.0 million
Medicaid eligibility & processing	Provides funding to comply with federal application, eligibility, enrollment, and renewal processes (one-time)	\$0.7 million
Medicaid/FAMIS cost-sharing	Adds language removing all cost-sharing, including co-insurance and deductibles for those enrolled in Medicaid/CHIP (Co-payments were already forbidden)	
State funding for abortion services	Removes language that allows state-funded abortion in cases of certain fetal abnormality diagnoses currently allowed in state law	
Public health, drinking water	Provides funding to ensure compliance with state and federal drinking water regulations	\$1.8 million

Maternal Health

Perinatal health hub	Provides funding for two-year grants to community-based providers to reduce maternal and infant mortality (one-time)	\$2.5 million
Community health workers & doulas	Provides additional funding for community health workers and doulas at local health districts in localities with highest rates of maternal mortality	\$1.0 million
Maternal health media campaign	Provides funding to raise awareness of warning signs of maternal health concerns (one-time)	\$0.5 million

Behavioral health

Adult psychiatric access line	Provides funding to contract with Medical Society of Virginia to maintain access phone line	\$1.5 million
Crisis co-responders	Increases funding for "Marcus Alert" crisis co-response program	\$1.2 million
Youth Mental Health Matters	Provides funding for awareness campaign on youth mental health, substance use, and social media (one-time)	\$1.0 million

Compensation

Police and sheriffs' dispatchers salary	Provides a pay step increase for sworn police positions and a 9.3% salary increase for sheriffs' dispatchers and supervisors	\$4.6 million
Trade positions	Increases salaries for trades positions at state mental health facilities and training centers	\$2.4 million
Workers' compensation premiums	Adjusts funding for the workers' compensation premiums based on the latest actuarial report	-\$1.0 million

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Social Services

Child Protective Services	Provides funding to implement recommendations from the Office of the State Inspector General to improve child protective services; includes funding for enhancing the Interactive Voice Response system (one-time)	\$8.0 million
Income verification	Provides funding to supplement existing support for employment and income verification services	\$7.3 million
	Directs DSS to study cost-effective alternatives to current verification services contract	
TANF	Provides additional funding for TANF Unemployed Parents program	\$3.8 million

Foster care

Special needs adoptions	Increases funding for special needs adoptions	\$9.4 million
Cost of living adjustments	Raises the maximum payments for foster care families and adoption assistance by three percent	\$1.5 million
Title IV-E adoption subsidies	Reduces funding for Title IV-E adoption subsidies	-\$2.3 million
Child welfare forecast	Adjusts funding for foster care and adoption subsidy payments	-\$27.3 million

Housing

Disaster Assistance Fund	Establishes fund and provides GF for disaster-related life, safety, and housing costs (one-time); uses and removes remaining RGGI funding from LIEEP Fund	\$25.0 million
Low-Income Energy Efficiency Program Fund	Ends Manufactured Parks and Down Payment Assistance pilot programs funded by the LIEEP fund; transfers remaining RGGI funding in LIEEP Fund to newly established Disaster Assistance Fund	

Transportation

Interstates	Makes I-81 appropriation from FY24 surplus as required by Item 470 (one-time)	\$175.0 million
WMATA	Updates WMATA Funding	-\$11.1 million
Army Aviation road construction	Supports the construction of two connector roads at the Army Aviation Support Facility (one-time)	\$2.5 million
Dredging project	Provides funding to support dredging Back Creek off the York River (one-time)	\$1.0 million
Electric vehicle chargers	Provides money for new equipment to begin inspecting electric vehicle chargers (one-time)	\$0.7 million
Tolling	Adjusts residential eligibility language for 100% Elizabeth River Crossing toll relief and allows fund transfer to 50% relief program; eliminates tolls for use of the George P. Coleman Bridge	

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Policing and Criminal Legal System

Special Conservators of the Peace (SCOPS)	Increases funding and allows funding to be used for private hospitals to contract SCOPS for enforcing emergency custody or temporary detention orders	\$35.2 million
School resource officers	Increases support for the School Resource Officer Incentive Grants Fund (one-time)	\$6.8 million
Inmate medical & dental	Provides funding for increased medical and dental costs, equipment, and personnel for inmates	\$5.0 million
Temporary Detention and Emergency Custody Orders transportation	Provides funding to reimburse local law enforcement agencies for time spent transporting individuals under TDOs and ECOs	\$3.5 million
Juvenile justice	Provides funding to address increases in youth admissions and placements and to cover rising costs associated with committed youth	\$3.1 million
Mandated criminal sealing legislation	Increases funding and positions to meet sealing legislation requirements passed by the General Assembly	\$3.0 million
Communications infrastructure grants	Provides funding to help localities purchase public safety radio and communications equipment (one-time)	\$2.5 million
Woodrum amendment	Funds anticipated incarceration costs associated with administration legislative proposals	\$1.0 million
Public defenders	Provides an additional \$2.5m NGF to localities for public defenders	
Earned sentence credits	Limits earned sentence credits to 4.5 for every 30 days served on a sentence for some people	
Sanctuary cities	Requires facility officials overseeing incarcerated individuals to comply with detainer requests from ICE and provide at least 48-hour pre-release notice, and bans limits on cooperation with ICE; threatens financial penalties for noncompliance	

Economic Development

Business Ready Sites Program	Increases funding for the Virginia Business Ready Sites Program	\$50.0 million
Virginia Innovation Partnership Authority (VIPA)	Increases VIPA funding for investments in identified regional clusters; includes language to establish a taskforce to recommend and approve listed grants (one-time)	\$35.0 million
Sports Tourism Grant Program	Provides funds to establish grant program, with \$500k designated to promote a major sporting event in the Bristol area (one-time)	\$5.0 million
New Economic Development Initiative	Provides appropriation for an anticipated incentive payment for a project contingent on 2025 legislation	\$1.4 million
Southwest Virginia tourism	Increases tourism grant funding to support the St. Paul Visitor Center and the Spearhead Trails initiative (one-time)	\$0.7 million