

Key Budget Policy Choices

Comparing the introduced and money committee budgets to current budget



The House Appropriations and Senate Finance & Appropriations committees have released their proposed changes to the introduced 2026-2028 budget (FYs 2027 and 2028) and finalized amendments for FY2026. The charts below provide a summary level assessment of key General Fund changes proposed by the money committees and former Gov. Youngkin compared to the current budget. FY 2026 funding that was successfully vetoed in May 2025 is not included in the baseline.

Key differences in caboose (FY26)

	Introduced		Signed	
Compensation	Funds 2% bonus to state & supported locals & state share for SOQ teachers & support staff	\$230.8m	Funds \$1,500 bonus to state & supported locals & state share for SOQ teachers & support staff	\$234.8m
Federal tax conformity	Conforms to federal tax changes (see FY27-28 tax section for more details) Removes fixed date conformity starting 2026	-\$101.6m	Conforms to some changes; deconforms from others (see FY27-28 tax section) Moves conformity date to Dec. 2025 except for extenders; removes code language on rolling conformity	\$121.7m
Redistricting	Change not included		Creates new districts; updates election reporting timeline	

All dollar figures represent proposed combined FY27 and FY28 changes in general fund spending. NGF = non-general funds

Totals for FY27 & FY28 budget

	Introduced	House Appropriations	Senate Finance
Official rev. est.	\$67,381.0m	\$68,618.6m	\$69,303.3m
Carryforward	\$2,124.7m	\$2,316.4m	\$2,816.4m Includes expected \$500m FY26 surplus
Other resources	\$1,784.6m	\$1,940.0m	\$1,981.6m
Unappropriated	\$305.4m	\$15.2m	\$17.6m

Proposals for FYs 27 & 28 compared to current budget

Tax Policy Choices						
Federal conform	HB29/SB29 changes; FY27-28 impacts					
Charitable deduction floors	Conforms (1% for corp.; 0.5% for individuals)	\$99.8m	Same as introduced	\$99.8m	Same as introduced	\$99.8m
Other provisions	Conforms to misc.	\$33.4m	Same as introduced	\$33.4m	Same as introduced	\$33.4m
100% Special depreciation	Conforms to 50% of allowance	-\$177.6m	Deconforms from allowance		Deconforms from allowance	
Deductability, research expenses	Conforms to instant write-off; no retro or catch-up	-\$163.1m	Deconforms; maintains 5-year write-off		Deconforms; maintains 5-year write-off	
Itemized Deduction Limit	Conforms; repeals Pease limit	-\$54.0m	Deconforms; maintains Pease		Deconforms; maintains Pease	
Section 179 Limit	Conforms to increase	-\$35.4m	Deconforms		Deconforms	
Business interest deduction	Conforms to calc change	-\$30.8m	Conforms; cuts state deduct. to 20% disallowed interest	\$173.1m	Conforms; cuts state deduct. to 20% disallowed interest	\$173.1m
Opportunity Zones	Conforms to changes	-\$4.1m	Same as introduced	-\$4.1m	Same as introduced	-\$4.1m

"Tax Policy Choices" continued on next page ...

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	Introduced	House Appropriations	Senate Finance
Tax Policy Choices, continued			
Deduction, overtime income	Allows 25% of fed. deduct. in TY26, 50% eff. TY27 -\$165.0m	Not included	Not included
Deduction, tipped income	Allows 25% of fed. deduct. in TY26, 50% eff. TY27 -\$53.5m	Not included	Not included
Deduction, car loan interest	Allows 25% of fed. deduct. in TY26, 50% eff. TY27 -\$53.3m	Not included	Not included
Market based sourcing	Changes sales factor calc for corp. inc. tax (eff. TY27) -\$29.1m	Not included	Not included
Data Center Sales & Use Tax (SUT) exemption	Extends sunset 15 years; could be used thru 2065 based on facility size/ employment agreement	Maintains sunset; limits to no co-located CO ₂ generators eff. FY28 & clean energy standards eff. FY30	Eliminates SUT exemption eff. FY27; directs portion of new rev to WMATA Cap. Fund; raises add'l \$118m K12 transfers, \$292m for transpo fund \$977.1m
Tax rebates	Not included	Not included	Provides nonrefund. one-time (\$100 single/\$200 joint) -\$499.0m
Revenue changes from legislation	Change not included	Assumes impact: skill games (HB1272), fantasy contest (HB145) \$267.8m	Assumes impact: cannabis excise tax (SB542), Braille label credit (SB96), firearm/ ammo SUT (SB763) \$168.4m
Standard deduction	Makes SD of \$8,750 single filers/ \$17,500 joint permanent	Same as introduced	Increases to \$9,200 single/ \$18,400 joint thru 2030 -\$159.4m
Sale of property	Revenue not assumed	Assumes state-owned sale \$35.0m	Revenue not assumed
Sports betting	Not included	Not included	Assumes reforecast \$30.0m
EITC	Makes 20% refundable EITC perm.	Same as introduced	Extends refundable EITC to 2030
Reg'l Transient Occupancy Tax	Not included	Not included	Increases from 3% to 4%; generates NGF revenues for WMATA Capital Fund
Local SUT	Change not included	(No budget amendment, House passed HB334)	Allows localities to levy voter-approved SUT up to 1% for school construction
Housing			
Va housing funds	Not included	Creates new fund (HB820), directs workgroup, makes add'l deposit to Trust Fund \$37.5m	Makes add'l deposit to Trust Fund, \$20.6m for pilot program (SB490) \$50.0m
Homeless srvcs	Increase not included	Increases funds for rapid rehousing & Continuum of Care lead agencies \$14.0m	Transfers \$9.1m from LIEEP fund to city of Charlottesville for transitional housing
Eviction reduction	Increase not included	Increases Program support \$10.0m	Increases Program support \$13.0m
Residential dev. infrastructure	Not included	Funds pilot in FY27 (HB196) \$5.0m	Not included
Local Trust Fund	Not included	Provides funding to PWC \$5.0m	Not included

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Health Care			
Medicaid reimbursement rates	Pauses inflation updates to provider rates -\$238.2m	Pauses inflation adjust.; reqs new rehab hospitals rates; defers nursing home update to Jul 2030 -\$238.2m	Pauses inflation adjust.; reqs new rehab hospitals rate; delays nursing home update to Jul 2028 -\$238.2m
Medicaid insurers (MCO)	Requires review and adjustments of payment -\$45.8m	Requires pymt review & adjust; reduces MCO profit; -\$76.2m	Requires pymt review & adjust; funds review of MCO -\$44.8m
FAMIS Prenatal	Eliminates program -\$29.5m	Maintains program	Maintains program
Medicaid dental	Creates \$2k/yr adult limit -\$23.6m	Same as introduced -\$23.6m	Same as introduced -\$23.6m
Medicaid PBM	Delays statewide PBM contract to 2027	Delays until Jul 2027; provides funds, staff & captures savings -\$1.3m	Delays contracting with PBM until July 2027
Medicaid work reporting (HR1)	Allocates \$134m NGF to implement work reporting requirements	Allocates \$134m NGF; req. Secs of HHR & Labor to support those newly subject	Allocates \$134m NGF; sets up work req task force
Abortion services	Removes language that allows state-funded abortions for certain cases	Change not included	Change not included
Behavioral health			
Crisis Services	Cuts community stabiliz. services; limits mobile unit time & reimbursement -\$108.0m	Limits comm. stabiliz. srvcs time until svcs end (2028); limits time & reimburse. for crisis services -\$84.0m	Same as introduced; asks CSBs to model "no barriers approach" for ECO & TDOs -\$108.0m
DD Waivers	Increases rates per DOJ settlement \$59.3m	Same as introduced \$59.3m	Increases rates w/ add'l services \$81.7m
ABA Services	Mandates 20 hr/wk limit and autism diagnosis for services -\$67.6m	Mandates 20 hr/wk limit; allows provisional autism diagnosis for 5 and under -\$58.0m	Same as introduced -\$67.6m
SUD Funding	Increase not included	Increase not included	Increases funding \$23.1m
Marcus Alert	Removes lang mandating certain reqs to establish program in localities	Removes lang; increases funds to enact in all Va CSBs \$15.6m	Removes lang; increases funds to enact in all CSBs by Jul 2028 & FTE to evaluate \$11.7m
Behav. health	Delays redesign until Jan 2027	Delays redesign until Jul 2027 or until current clients are newly placed	Delays redesign until Jul 2027
Other			
Safety net	Increase not included	Increases free clinic funds \$10.0 m	Increases free clinic funds \$10.0m
ACA premiums	Not included	Funds 2027 reduction program (138%-200% FPL) \$79.1m	Replaces expired fed. subsidies, prioritizing <400% FPL, in 2026 if feasible \$200.0m
Public health (PH)	Not included	Boosts VDH-led PH srvcs & Ryan White prog.; creates child vaccine workgroup \$45.0m	Boosts VDH-led PH srvcs & Ryan White prog.; creates child vaccine workgroup \$32.5m
Sickle cell	Not included	Funds treatment & network (HB1391, HB1418) \$11.1m	Funds network & services (SB813) \$5.7m

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K-12 Education			
Per-pupil for divs	FY27: \$9,477 FY28: \$9,620	FY27: \$9,876 FY28: \$9,683	FY27: \$9,629 FY28: \$9,955
Updated data	Updates funding per new data; reduces VRS \$214m from lower rates \$543.8m	Same as introduced \$543.8m	Updates per data center reform & new data; includes \$214m VRS reduct. \$705.2m
Compensation, SOQ instuct. & support staff	Funds state share of 2% raise each year (see above for VRS) \$381.7m	Same as introduced \$381.7m	Funds state share of 3% raise ea. yr (see above for VRS); reqs reg. JLARC report \$575.0m
Flexible funding	Increase not included	Provides one-time funds conting. on 2% div raises & MOE, including \$100m for low-income students \$400.4m	See Lottery-funded PPA below
Students with disabilities	Funds IEP enhancements \$2.0m	More than doubles flex. add-on to 9.25% (Level I) & 17.5% (Level II); funds IEP enhancements \$150.4m	Increases flex. add-on to 5.75% (Level I) & 6.25% (Level II); Funds IEP enhancements \$27.6m
	Expansion not included	Expands eligibility for SISNA (regional schools) \$10.0m	Expansion not included
Low income add-on	Increase not included	See flexible funding above	Boosts max concentration weight to 39.9% (FY27) & 52.1% (FY28); includes \$20m Lottery \$98.7m
School construction	Increases casino tax transfer to School Construct. Fund by \$127m ; total 2-yr transfer est. \$347m (see also Literary)	Make \$127m casino transfer (sales tax referendum bill passed House, HB334; see also Literary)	Makes \$127m casino transfer; allows sales tax for construction referendum in every locality (see also Literary)
Lottery and Literary	Transfers \$172m from Literary to School Construct. Fund; ends Literary Fund set-aside for construct. loans	Ends Literary Fund \$\$ for construction loans	Transfers \$172m from Literary to School Construct. Fund; provides up to \$50m Literary for construction loans
	Supplants GF w/ Literary -\$285.0m	Supplants GF w/ Literary -\$457.0m	Supplants GF w/ Literary -\$235.0m
	Backfills GF for lower Lottery forecast \$35.2m	Backfills GF for lower Lottery forecast, adjusted for Dec revenues \$20.2m	Backfills GF, adds \$60m to Infrastructure & Ops PPA from skill games bill \$35.2m
School improve.	Plan & reporting not included	Requires plan & reporting for program	Plan & reporting not included
School breakfast	Increase not included	Increase not included	Boosts reimburse. by 22¢ \$17.6m
Comm. Schools	Increase not included	Increase not included	Increases Planning Grant \$ \$5.0m
Joint Subcomm.	Increase not included	Provides funding & data collection for development of implementation plan \$0.3m	Provides funding for RFP to support new funding formula development \$1.3m
LCI	Changes not included	Strikes error correction language	Adds data center equip. starting FY29
VDOE systems	Funding not included	Funding not included	Funds statewide financial system; may use unspent \$ for new assessment system \$50.0m
Other funding	Provides small targeted increases \$1.4m	Implements bills & targeted increases, incl. \$70k for restorative practices \$11.2m	Implements bills & targeted increases \$29.0m

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Early Childhood Care & Education			
Shift from VPI to Child Care Subsidy Program	Moves \$138m from VPI to CCSP to increase slots. VPI funding is increased due to rebenchmarking (included in K-12 technical updates)	Moves \$138m from VPI to CCSP to increase slots; includes lang. to shift \$\$ to reduce waitlists. VPI funding increases due to rebenchmarking (included in K-12 technical)	Same as introduced
Digital wallet	Funds costs to build & maintain e-subsidy accounts \$1.0m	Not included	Not included
Employer match	Pilots match of employer contributions to digital wallets \$1.0m	Funds public-private cost-sharing prog. for families <125% of AMI \$25.0m	Funds public-private cost-sharing, w/ state match for families <85% SMI \$50.0m
Subsidy cliff	Change not included	Change not included	Funds phased subsidy cuts for families > 85% SMI \$3.6m
Educator licensure	Increases grants for incentives for provisionally licensed ECCE educators \$0.2m	Same as introduced \$0.2m	Same as introduced \$0.2m
Labor & Compensation			
State & state-supported local employees salary	Funds 2% increases eff. Jul 2026 & Jun 2027 for state empl.; funds 2% increase for faculty (incl. adjs), GTAs & state-supported locals \$402.9m	Same as introduced \$402.9m	Funds 3% salary increase \$560.7m
State employee health insurance	Adjusts Rx benefits to curb cost increases; funds state share of remaining premium increases \$243.5m	Same as introduced; adds add'l benefits \$244.2m	Same as introduced; adds add'l benefits \$244.7m
K-12 salary	Funds state share of 2% increase in FY27 and FY28 \$381.7m	Same as introduced \$381.7m	Provides state share of 3% increase in FY27 and FY28 \$575.0m
Minimum wage	Adjusts state pay for inflation-related increases \$1.8m	Adjusts state pay per HB1 \$16.3m	Adjusts pay per SB1; provides raises for other home care workers \$49.4m
Collective bargaining	Not included	Creates Public Employee Relations Board \$20.0m	Creates Public Employee Relations Board \$6.5m
Paid leave	Not included	Authorizes PFML loan (HB1207) & funds labor enforcement, incl. paid sick \$12.2m	Authorizes PFML loan (SB2) & funds labor enforcement, incl. paid sick \$7.7m
DOC, facility staff	Increase not included	Increase not included	Funds \$1,000 bonus \$7.8m
Office of AG	Increase not included	Funds compression adjust. \$7.1m	Funds compression adjust. \$7.1m
CA paralegals	Increase not included	Increase not included	Increases salaries \$3.3m
Guard. ad litem	Increases hourly rates \$3.0m	Increases hourly rates \$6.0m	Increase not included
Senate leg. staff	Increase not included	Increase not included	Funds full 2nd LA benefits \$3.0m
Lawmakers	Increase not included	Increases compensation to \$45,000 eff. 2028 \$2.1m	Increases compensation to \$45,000 eff. 2028 \$2.1m

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Policing and Criminal Legal System						
Criminal Fund, indigent defense	Increases funds to pay court-appointed attorneys & other legal represent.	\$40.8m	Same as introduced	\$40.8m	Same as introduced	\$40.8m
Public defenders	Increase not included		Increase not included		Funds 45 support staff postions for 2 years	\$7.4m
Safer Communities Program	Change not included		Transfers \$20m GF from Op Ceasefire to program; expands eligibility		Increases funds; prohibits SRO use; add'l comm. violence reduct. grant \$	\$25.1m
Domestic Violence & SA Programs	Change not included		Offsets fed. cuts for Victims of Crime Act program grants	\$12.0m	Change not included	
Court-appointed advocates	Increase not included		Increases funding	\$4.8m	Increases funding	\$4.8m
Sheriff offices	Provides add'l funding for 71 deputy positions & 18 admin support positions	\$9.2m	Increase not included		Provides funds for admin positions	\$1.4m
Body worn cams	Increase not included		Funds purchase for level 5 facilities	\$2.2m	Funds purchase for level 4 and 5 facilities	\$2.8m
Temp. (TDO) & Emer. Custody Order (ECO) transportation	Provides one-time funding to reimburse local LEAs for transporting people under TDOs & ECOs	\$2.0m	Not included		Same as introduced	\$2.0m
SROs	Change not included		Adjusts funds based on use	-\$4.5m	Adjusts funds based on use	-\$9.1m
Video conferencing	Provides add'l funding for judicial video conferencing	\$3.4m	Same as introduced	\$3.4m	Increase not included	
Court date reminders	Not included		Funds court reminder system (HB885)	\$1.7m	Not included	
Marijuana sentencing	Change not included		Funds modification support (HB26)	\$1.6m	Funds modification support (SB62)	\$1.6m
Earned sentence credit	Change not included		Funds system upgrade (HB361)	\$0.8m	Change not included	
Rights restoration	Not included		Funds implementation upon release (HB964)	\$0.2m	Not included	
Court debt repayment	Change not included		Funds community service payment option (HB16)	\$0.2m	Change not included	
Fines & fees bills	Change not included		Funds IT costs related to bills (HB268, HB17, HB1142)	\$0.07m	Funds IT costs related to bill (SB180)	\$0.07m

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Social Services						
Supplemental Nutrition Assistance Program (SNAP)	Provides funds for reduction of federal SNAP admin support in H.R.1	\$100.4m	Provides funds for reduction of federal SNAP admin support in H.R.1	\$152.7m	Same as introduced	\$100.4m
	Not included		Funds SNAP benefit cost share in H.R.1; assumes 10%+ error rate	\$211.0m	Funds SNAP benefit cost share in H.R.1; assumes 8-10% error rate	\$135.0m
	Funds salary increases & 14 new positions to address error rate	\$3.6m	Same as introduced	\$3.6m	Funds salary increases, positions & task force to address state error rate; includes language to evaluate local error rates	\$5.6m
Child Protective Services (CPS)	Creates & funds centralized intake system	\$32.7m	Creates & funds centralized intake system	\$25.6m	Funds centralized intake system study	\$1.0m
Local Dept. of Social Services	Funds salary floor increase	\$6.9m	Same as introduced	\$6.9m	Same as introduced	\$6.9m
	Funds state oversight and takeover of certain offices	\$3.4m	Same as introduced	\$3.4m	Same as introduced	\$3.4m
	Not included		Creates statewide workforce support prog.	\$1.2m	Not included	
Foster Care	Reduces funding for relative maintenance program to reflect use	-\$12.0m	Same as introduced	-\$12.0m	Same as introduced	-\$12.0m
	Adjusts subsidy pymt funds per child welfare forecast	-\$5.8m	Same as introduced	-\$5.8m	Same as introduced	-\$5.8m
CACs	Supplants child advocacy center GF w/ TANF NGF	-\$3.2m	Supplants child advocacy center GF w/ TANF NGF	-\$1.2m	Supplants child advocacy center GF w/ TANF NGF	-\$0.2m
Other						
Capital	Provides \$2.66B in cash & debt authority; includes \$890m in GF cash, \$539m in NGF cash, \$1.1B in state-supported debt & \$124m in other debt	\$890.0m	Provides \$2.62B in cash & debt authority; includes \$884m in GF cash, \$516m in NGF cash, \$1.1B in state-supported debt & \$112m in other debt	\$884.0m	Provides \$3.25B in cash & debt authority; includes \$1.34B in GF cash, \$678m in NGF cash, \$1.1B in state-supported debt & \$124m in other debt	\$1,338.2m
Contingency funds	Creation not included		Creates fund in case of fed. funding reduction	\$200.0m	Creates Medicaid cost reserve	\$90.0m
FY26 revenue surplus	Contingent approps of surplus not included		Contingent approps of surplus not included		Assumes \$500m in budget; directs add'l post-deposit surplus to Pell (max. \$35m) & cap. bonds supplanting (max. \$500m)	
Richmond CSO	Not included		Provides sewer proj. funds	\$50.0m	Provides sewer proj. funds	\$50.0m
WQIF	Provides funds above mandatory deposit	\$36.2m	Provides funds for wastewater treatment projects	\$188.9m	Provides add'l funds, incl. for Hampton Roads project	\$236.2m



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