

Key Budget Policy Choices

Comparing the introduced, House, Senate, and conference budgets



House and Senate negotiators have released their proposal for the 2026-2028 budget (FY27–28). The charts summarize key General Fund changes proposed by former Gov. Youngkin, the House, Senate, and conferees compared to the current budget. FY 2026 funding vetoed in May 2025 is excluded from the baseline.

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	Senate	Conference
Revenue est.	\$67,381.0m	\$68,618.6m	\$69,303.3m	\$70,344.5m
Carryforward	\$2,124.7m	\$2,316.4m	\$2,816.4m, incl. expected \$500m FY26 surplus	\$2,316.4m
Other resource	\$1,784.6m	\$1,940.0m	\$1,981.6m	\$2,627.2m
Unapprop.	\$305.4m	\$15.2m	\$17.6m	\$179.9m

Proposals for FYs 27 & 28 compared to current budget

Tax Policy Choices							
Fed. conform	via HB29/SB29; FY27-28 impacts						
Charitable deduct. floors	Conforms (corp, 1% ; indiv., 0.5%)	\$99.8m	Same as introduced	\$99.8m	Same as introduced	\$99.8m	Same as introduced \$99.8m
Misc. changes	Conforms	\$33.4m	Same as introduced	\$33.4m	Same as introduced	\$33.4m	Same as introduced \$33.4m
Large breaks for businesses	Mostly conforms	-\$376.1m	Deconforms		Deconforms		Deconforms
Itemized Deduct. Limit	Conforms; repeals Pease	-\$54.0m	Deconforms; maintains Pease		Deconforms; maintains Pease		Deconforms; maintains Pease
Business int. deduction	Conforms to calc change	-\$30.8m	Conforms; cuts disallowed to 20%	\$144.4m	Conforms; cuts disallowed to 20%	\$144.4m	Conforms; cuts disallowed to 20% \$145.3m
Opport. Zones	Conforms	-\$4.1m	Same as introduced	-\$4.1m	Same as introduced	-\$4.1m	Same as introduced -\$4.1m
New individual income tax loopholes	Allows car loan interest, overtime & tip income deduct (25% of fed. in TY26, 50% eff. TY27)	-\$271.8m	Not included		Not included		Not included
Standard deduction	Makes SD of \$8,750 for single filers/ \$17,500 for joint filers permanent		Same as introduced		Increases to \$9,200 single/ \$18,400 joint until 2030	-\$159.4m	Increases to \$9,200 /\$18,400 (TY27), \$9,300/\$18,600 until TY30 -\$171.0m
EITC	Makes 20% refundable perm.		Same as introduced		Extends 20% refund. to 2030		Extends 20% refund. to 2030
Market-based sourcing	Changes sales factor calc. for corp. inc. tax (eff. TY27)	-\$29.1m	Not included		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; bars co-located CO ₂ emitting generators eff. FY28; ties to clean energy standards eff. FY30	Unknown	Ends exemption eff. FY27; directs some rev to WMATA Cap. Fund; tranfers add'l \$118m to K-12 & \$292m to transpo	\$977.1m	Creates electricity use tax thru jul 2028; caps at \$600m/yr; directs jt. subcomm. study by 12/15/26 \$1.2B

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Tax rebates, nonrefund.	Not included	Not included	Provides one-time (\$100 sing./\$200 jt) -\$499.0m	Not included
Cannabis excise tax	Not included	Not included	Assumes revenue from cannabis excise tax (SB542) \$71.1m	Assumes retail market & excise tax rev; add'l \$18m incl. in transfers \$35.0m
State prop.	Rev. not assumed	Assumes sale \$35.0m	Rev. not assumed	Assumes sale \$44.8m
Sports bets	Not included	Not included	Assumes reforecast \$30.0m	Adjusts forecast \$25.0m
Short-term lodging	Not included	Not included	Raises tax 3% → 4%; generates NGF for WMATA Cap. Fund	Not included
Local SUT	Change not included	(No budget amendment, House passed HB334)	Allows voter-approved SUT up to 1% for school construction	Allows voter-approved SUT up to 1% for school construct. (or public transpo for PD8)

Labor & Compensation				
State & state-supported locals salary	Funds 2% raise ea. yr for state empl. & 2% for faculty (incl. adjs), GTAs & locals \$402.9m	Same as introduced \$402.9m	Funds 3% raises for state employees (incl. higher ed) & 2% for locals \$560.7m	Funds 3.5% raises for state employees (incl. higher ed) & locals \$713.9m
State employ. health insurance	Adjusts Rx benefits; funds state share of prem. increases \$243.5m	Same as introduced; adds add'l benefits \$244.2m	Same as introduced; adds add'l benefits \$244.7m	Funds one-time deposits and updated premiums \$582.4m
K-12 salary	Funds state share of 2% raise each yr \$381.7m	Same as introduced \$381.7m	Funds state share of 3% raise each yr \$575.0m	Funds state share of 4% raise each yr \$769.6m
Minimum wage	Adjusts state pay for inflation-related increases \$1.8m	Adjusts state pay (HB1) \$16.3m	Adjusts pay (SB1); funds other home care worker raises \$49.4m	Adjusts pay per leg.; funds other home care worker raises \$49.4m
Collective bargaining	Not included	Creates Relations Board \$20.0m	Creates Relations Board \$6.5m	Not included
Paid leave	Not included	Authorizes PFML loan (HB1207); funds labor enforce. incl. paid sick \$12.2m	Authorizes PFML loan (SB2); funds labor enforcement, incl. paid sick \$7.7m	Authorizes PFML loan (SB2/HB1207); funds labor enforce., incl. paid sick \$10.1m
DOC, facility	Increase not included	Increase not included	Funds \$1k bonus \$7.8m	Funds \$1k bonus \$7.8m
Office of AG	Increase not included	Funds compression adjust. \$7.1m	Funds compression adjust. \$7.1m	Funds compression adjust. \$7.1m
CA paralegals	Increase not included	Increase not included	Increases salaries \$3.3m	Increases salaries \$3.3m
Guardian AL	Increases hourly \$3.0m	Increases hourly \$6.0m	Increase not included	Increases hourly \$4.5m
Senate leg. staff	Increase not included	Increase not included	Funds full 2nd LA benefits \$3.0m	Increase not included
Lawmakers	Increase not included	Increases pay to \$45,000 eff. 2028 \$2.1m	Increases pay to \$45,000 eff. 2028 \$2.1m	Increases pay up to \$50,000 eff. 2028 \$2.1m

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Health Care								
Medicaid reimburse. rates	Pauses inflation updates to provider rates	-\$238.2m	Pauses inflation adjust.; reqs rehab hospitals rate update; defers nursing home update to Jul 2030	-\$238.2m	Pauses inflation adjust.; reqs new rehab hospitals rate update; delays nursing home update to Jul 2028	-\$238.2m	Pauses inflation adjust.; reqs rehab hospital rate update; gives one-time nursing home reimburse. increase & delays update to Jul 2030	-\$203.2m
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 MCO review	-\$44.8m	Requires pymt review & adjust; funds MCO review reduces MCO profit	-\$75.2m
FAMIS	Cuts prenatal	-\$29.5m	Maintains prenatal		Maintains prenatal		Maintains prenatal	
Medicaid statewide PBM	Delays statewide pharmacy benefit manager (PBM) contract to 2027		Delays to Jul 2027; provides \$ & staff; captures savings	-\$1.3m	Delays PBM contract to July 2027		Delays contract to Jan 2028; funds implementation	\$2.2m
H.R. 1: Work reporting support	Not included		Requires Secs of HHR & Labor to provide work support; funds outreach	\$0.5m	Sets up work req task force		Reqs Secs of HHR & Labor to provide work support; sets up task force; funds outreach & workforce training	\$3.5m
Abortion services	Removes language allowing some state-funded abortions		Change not included		Change not included		Change not included	
Crisis Services	Cuts community stabiliz. services; limits mobile unit time & reimbursement	-\$108.0m	Limits community stabiliz. svc time until svc end (2028); limits crisis svc. time & reimburse.	-\$84.0m	Same as introduced; asks CSBs to model “no barriers approach” for ECO & TDOs	-\$108.0m	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 and services	\$81.7m	Increases rates and services	\$81.7m
Applied Behavioral Analysis services	Limits to 20 hr/wk & requires autism diagnosis for services	-\$67.6m	Limits to 20 hr/wk; allows provisional autism diagnosis for kids ≤5	-\$58.0m	Same as introduced	-\$67.6m	Limits to 20 hr/wk; allows 1-yr provisional autism diagnosis for kids ≤5	-\$58.0m
Marcus Alert	Removes language mandating certain reqs to establish program in localities		Removes lang.; increases funds to enact in all Va CSBs	\$15.6m	Removes lang.; adds funds to enact in all CSBs by Jul 2028 & add eval prog.	\$11.7m	Removes lang.; funds statewide implementation support	\$11.4m
Safety net facilities	Increase not included		Increases free clinic funds	\$10.0 m	Increases free clinic funds	\$10.0m	Increases free clinic & FQHC funds	\$15.0m
ACA premiums	Not included		Funds 2027 reduction program (138%-200% FPL)	\$79.1m	Replaces expired federal; 2026 target; <400% FPL priority	\$200.0m	Funds 2027 reduction program (138%-250% FPL)	\$150.0m
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	\$33.5m	Boosts VDH-led PH srvcs & Ryan White prog.; creates child vaccine workgroup	\$55.4m

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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		Not yet available	
Updated data	Updates funding; reduces VRS \$214m from lower rates	\$543.8m	Same as introduced	\$543.8m	Updates, incl. data center reform; has \$214m VRS reduct.	\$705.2m	Updates funding; reduces VRS \$214m from lower rates	\$553.9m
Salary, SOQ instruct. & support staff	Funds state share of 2% raise each yr	\$381.7m	Same as introduced	\$381.7m	Funds state share of 3% raise ea. yr; reqs JLARC report	\$575.0m	Funds state share of 4% raise ea. yr; reqs JLARC report	\$769.6m
Flexible funding	Increase not included		Provides one-time funds if 2% div raises & MOE	\$400.4m	See Lottery-funded PPA below		Provides one-time flexible per-pupil \$	\$60.0m
Students with disabilities	Funds IEP enhancements	\$2.0m	More than doubles flex. add-on; funds IEP enhancements	\$150.4m	Increases flex. add-on; funds IEP enhancements	\$27.6m	More than doubles flex. add-on; funds IEP enhancements	\$150.4m
SISNA	Expansion not included		Expands eligibility	\$10.0m	Expansion not included		Expands eligibility	\$10.0m
Low income add-on weight	Increase not included		One-time \$100m in flex funding above		Boosts conc. max; plus \$20m Lottery	\$98.7m	Boosts concentration max	\$28.9m
Construction (also see Literary)	Adds \$127m casino tax to School Construct. Fund; 2-yr est. \$347m		Make \$127m casino transfer (sales tax option passed House, HB334)		Makes \$127m casino transfer; allows local sales tax for construction		Makes \$127m casino transfer; allows sales tax for constr. (plus public transpo in PD8)	
Lottery and Literary	Transfers \$172m Literary to School Construct. Fund; ends Literary set-aside for construction loans		Ends Literary Fund set-aside for construction loans		Transfers \$172m Literary to School Construct. Fund; provides up to \$50m Literary for construction loans		Same as introduced	
	Supplants w/ Lit.	-\$285.0m	Supplants w/ Lit.	-\$457.0m	Supplants w/ Lit.	-\$235.0m	Same as intro.	-\$285.0m
	Backfills GF for lower Lottery forecast	\$35.2m	Backfills GF for lower Lot., adjusted for Dec revenues	\$20.2m	Backfills GF, adds \$60m flex PPA from skill games	\$35.2m	Backfills GF for lower Lottery forecast	\$25.2m
Schl improve.	Change not included		Requires plan & reporting		Change not included		Requires plan & reporting	
Breakfast	Increase not included		Increase not included		Ups reimburse. 22¢	\$17.6m	Ups reimburse. 22¢	\$17.6m
Comm. Schools	Increase not included		Increase not included		Increases Planning Grant \$	\$5.0m	Increases Planning Grant \$	\$5.0m
Joint Subcomm.	Increase not included		Provides funds & data collection for implement. plan	\$0.3m	Supports new funding formula development RFP	\$1.3m	Supports new funding formula development RFP	\$1.3m
LCI	Changes not included		Strikes error correction language		Adds data center equip. starting FY29		Clarifies error correction language	
Finance system	Funding not included		Funding not included		Funds financial sys.; allows unspent \$ for assessments	\$50.0m	Funding not included	
Other funding	Provides small targeted increases	\$1.4m	Funds bills & targeted increases, incl. restorative practices (\$70k)	\$11.2m	Implements bills & targeted increases	\$29.0m	Implements bills & targeted increases; incl. restorative practices (\$70k)	\$29.4m