

Key Features - Senate Proposal August 10, 2023

Resources

- Net available GF resources total \$2.6 billion GF; including:
 - An unappropriated balance in Chapter 769, 2023 Session, of \$847.9 million.
 - An increase of \$3.0 billion GF from the excess revenue collected in FY 2023.
 - An increase of \$87.2 million GF in various balances designated for reversion.
 - An increase of \$45.0 million to reflect higher sports betting revenue in FY 2024.
 - An increase of \$200.0 million to reflect higher interest income revenue in FY 2024.
 - A net reduction of \$2.0 billion in tax policy actions.
- Tax policy actions reduce available GF resources by \$2.0 billion and includes:
 - A deposit of \$906.8 million from excess FY 2023 revenue to the 2023 Individual Income Tax Rebate Fund for a rebate of \$200 for single and \$400 for married filers.
 - A deposit of \$1.0 billion from excess FY 2023 revenue to the Pass-Through Entity Tax (PTET) Refund Fund for the issuance of refunds in FY 2024.

- A reduction of \$48.1 million to increase the standard deduction in tax year 2023 from \$8,000 to \$8,500 for single filers and \$16,000 to \$17,000 for married filers.
- A reduction of \$10.3 million to increase the 163(j) business interest deduction from 30 to 50 percent.
- A reduction of \$51.3 million to recognize higher than originally estimated costs for the 2022 and 2023 tax policy legislation.
- The proposal provides ongoing tax relief of almost \$180.0 million annually in the next biennium in addition to the ongoing \$1.2 billion that was adopted last year.
- Under the Senate compromise, the biennial unappropriated balance is \$29.6 million and buffers the compromise spending plan if tax policy actions actually reduce revenue more than expected.

Agriculture and Forestry

- Includes \$458,500 GF to establish a restricted wholesale Beer Distribution Company and \$1.1 million GF for hemp product registration and regulation to support legislative initiatives passed during the 2023 General Assembly Session.

Commerce and Trade

- Provides \$125.0 million GF for matching grants for localities to develop business ready sites for economic development projects. , which includes \$50.0 million GF reserved for this purpose from the FY 2022 surplus.
- Includes \$75.0 million GF for the Business Ready Sites Acquisition Fund to create and maintain a portfolio of project ready sites for economic development in the Commonwealth.

- Provides \$8.5 million GF for the York County Cruise Line Tourism Project to support the initial phase of a major cruise line tourism commitment to Yorktown.
- Includes \$10.0 million GF to complete planning, design, and site acquisition work to develop an inland port in the Mount Rogers Planning District.

Labor

- Provides \$500,000 GF to support the director's office for the recently established Department of Workforce Development and Advancement.

Public Education

- Provides an additional \$619.0 million GF to support K-12 education and school divisions.
 - Includes the net use of \$85.0 million in residual FY 2023 Lottery Profits for public education.
- Includes \$270.6 million GF to fully eliminate the support cap implemented in FY 2010.
- Provides \$350.0 million GF for one-time operation support distributed as a per-pupil amount based on the weighted number of at-risk students and weighted average daily membership. Funds require no local match and can be carried forward into the 2024-2026 biennium.
- Provides \$58.4 million GF to fund the state's share of a 2.0 percent salary increase beginning January 1, 2024.
- Includes \$20.0 million GF for school safety and security grants.

- Provides \$3.0 million GF to support equipment costs related to the establishment of the Chesapeake Regional Career and Technical Center and \$1.8 million NGF to continue supplemental funding to Accomack and Northampton counties.

Higher Education

- Increases total investments by \$187.5 million GF to support access, affordability, completion, and workforce initiatives.
- Provides \$75.0 million GF in institutional operational funding to meet the growing need for student support services; address increased costs resulting from inflation; refine or create programs that meet current and future workforce needs; and minimize cost increases.
- Includes \$75.0 million GF to support need-based financial aid and a Pell initiative to attract and retain low-income students.
- Includes \$14.0 million GF for the costs associated with merging Eastern Virginia Medical School with Old Dominion University.
- Provides \$9.5 million GF in workforce related investments, including: funding for nursing programs at public institutions and specific workforce program initiatives at the community colleges and higher education centers.
- Includes \$5.0 million GF to support the Workforce Credential Grant for high-demand jobs and \$8.0 million GF for workforce development at the community colleges.

Other Education

- Provides \$5.0 million GF for additional state aid to local public libraries.

Health and Human Resources

Medicaid

- Captures \$110.3 million GF in savings based on the enhanced federal match related to the federal public health emergency and the latest expenditure forecasts, including the Health Care Fund. The federal match rate will be phased out by the end of calendar year 2023.
- Provides nearly \$72.7 million total funds (\$30.1 million GF) to increase rates on January 1, 2024, for personal care (five percent), behavioral health services (10 percent), and early intervention services (12.5 percent).
- Includes \$7.6 million GF to add 500 developmental disability waiver slots effective January 1, 2024, increasing the total number of slots in FY 2024 to 1,100.

Behavioral Health

- Provides \$182.3 million (\$164.0 million GF) for behavioral health services, which includes:
 - \$58.0 million GF to expand crisis receiving centers and crisis stabilization units;
 - \$30.0 million GF to expand Permanent Supportive Housing for the seriously mentally ill, doubling the current size of the program.

- \$18.0 million GF for increasing compensation at Community Services Boards, effective January 1, 2024, to help with recruitment and retention.
- \$20.0 million GF to expand mobile crisis teams and support hospital-based psychiatric alternatives.
- \$27.2 million (\$8.7 million GF) to increase Medicaid community-based behavioral health care rates by 10 percent.
- Includes \$29.0 million GF for school-based mental health pilots, reimbursement for law enforcement related to temporary detention orders, childrens' mental health services, providing an inflationary increase for STEP-VA services, housing for the seriously mentally, and expanding the Virginia Mental Health Access Program in pediatric offices.

Other Health and Human Resources

- Provides \$9.5 million GF for healthcare workforce programs to support accelerated nursing programs, nurse preceptors, and expand loan repayment for behavioral healthcare professionals.
- Provides \$7.3 million GF to increase the Auxiliary Grant rate on January 1, 2024, which supports low-income Virginians in assisted living facilities.

Natural Resources

- Fulfills the required deposits to the Water Quality Improvement Fund (WQIF) based on fiscal year end revenues exceeding estimates and discretionary balances.
 - Includes \$131.0 million GF for the FY 2022 deposit (Part A and B), and \$304.0 million GF for FY 2023 (Part A).

- Includes funding for local stormwater encroachment management in the City of Virginia Beach (\$17.0 million).
- Supports the preservation, education, civic, and arts missions of historically significant schools and other organizations (\$2.8 million).
- Provides for additional land preservation and enhancements of Culpeper Battlefield and New Market Battlefield (\$6.25 million).

Public Safety

- Provides \$20.0 million GF the second year for community violence intervention and prevention initiatives, including:
 - \$10.0 million for the Firearm Violence Intervention and Prevention Fund;
 - \$10.0 million for a new Safer Communities Program for localities disproportionately impacted by homicides; and
 - Establishing the Office of Safer Communities at the Department of Criminal Justice Services to support research, best practices, and technical assistance for communities.
- Provides \$20.0 million GF for the Bold Blue Line law enforcement officer recruitment and training initiative.
- Includes \$13.3 million GF for victims of crime, including:
 - \$10.0 million GF designated for victims of mass violence, held in Central Appropriations while a work group makes recommendations to the General Assembly on the parameters of a Mass Violence Care Fund;
 - \$2.0 million GF for a Witness Protection Program; and

- \$1.3 million GF for Victim Witness Grant Programs.
- Provides \$1.7 million GF for the Internet Crimes Against Children Task Forces, including \$1.2 million for the southern region and \$517,000 for the northern region.

Transportation

- Provides \$150.0 million reserved for this purpose by the 2022 General Assembly for completion of Interstate 64 traffic flow improvements.
- Directs up to \$260.0 million GF from FY 2023 year end balances for Interstate 81 corridor safety and enhancement projects, in accordance with Code of Virginia provisions for transportation funding.

General Government

Employee Compensation

- Includes \$59.4 million in FY 2024 to raise the base salary by 2.0 percent for state employees, including adjunct faculty and graduate teaching assistants at institutions of higher education, and state-supported local employees effective in the January 1, 2024, paychecks. This increase is in addition to the 5.0 percent received in the July 1, 2023, paychecks.
- Increases compensation for certain constitutional officers, effective in the January 2024 payment to localities, including:
 - \$7.6 million GF for Sheriffs' offices;
 - \$4.0 million GF for Commonwealth's Attorneys' offices; and
 - \$593,507 GF for Circuit Court Clerks' offices.

- Increases compensation for certain employees in the Judicial Department, effective in the January 1, 2024, paychecks, including:
 - \$3.7 million GF for Public Defender Offices; and
 - \$1.0 million GF for District Court Clerks and Deputy Clerks.

Other

- Reserves \$279.1 million GF for the statutorily required deposit to the Revenue Reserve Fund based on the excess revenue from FY 2023.
- Restores previously unfunded positions in Commissioners of the Revenue offices (\$931,301 GF) and Treasurer offices (\$2.0 million GF), effective in the January 2024 payment to localities.
- Increases the jail per diem payment for local responsible inmates by \$2 (\$2.9 million).
- Provides \$500,000 to establish a Department of Corrections Ombudsman at the Office of the State Inspector General.

Capital Outlay

- Provides \$355.2 million GF for capital projects.
 - Increases the maintenance reserve program by \$23.0 million.
 - Includes planning or pre-planning for ten higher education institutions.
 - Provides \$30.0 million to support local stormwater projects and \$25.0 million for state-owned dam rehabilitation.
 - Includes \$200.0 million to supplement previously authorized capital construction projects for cost overruns.